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Cook County Recorder

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REGULATORY AGREEMENT AND
DECLARATION OF RESTRICTIVE COVENANTS

By and Among

CHICAGO HOUSING AUTHORITY,

WEST MAYPOLE, L.P.

and

LASALLE BANK NATIONAL ASSOCIATION,

as Trustee

\$13,450,644

Chicago Housing Authority
Multi-Family Housing Revenue Bonds, Series 2002A1
(Westhaven Park Apartments—Phase I)

\$2,942,322

Chicago Housing Authority
Multi-Family Housing Revenue Bonds, Series 2002A2
(Westhaven Park Apartments—Phase I)

and

\$3,560,000

Chicago Housing Authority
Multi-Family Housing Revenue Bonds, Series 2002B
(Westhaven Park Apartments—Phase I)

Dated as of December 1, 2002

Recording Requested By and When
Recorded Sent to:

Matthew R. Lewin
Chapman and Cutler
111 West Monroe Street
Chicago, Illinois 60603

Box 430

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REGULATORY AGREEMENT AND DECLARATION
OF RESTRICTIVE COVENANTS

THIS REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS (including the Exhibits attached hereto) dated as of December 1, 2002 (this "Agreement"), by and among CHICAGO HOUSING AUTHORITY, a municipal corporation, body corporate and politic duly organized and validly existing under the Constitution and the laws of the State of Illinois (the "Issuer"), WEST MAYPOLE, L.P., a limited partnership duly organized and validly existing under the laws of the State of Illinois (the "Borrower"), and LASALLE BANK NATIONAL ASSOCIATION, a national banking association duly organized and validly existing under the laws of the United States of America, as trustee (the "Trustee") under that certain Indenture of Trust dated as of December 1, 2002 between the Issuer and the Trustee (the "Indenture");

WITNESSETH:

WHEREAS, the Borrower will be the record owner of 15 buildings and related improvements, furnishings, equipment and related property to be installed therein, located in Chicago, Illinois, on two parcels of land leased from the Issuer and legally described in *Exhibit A-1* attached hereto (the "East Parcel") and *Exhibit A-2* attached hereto (the "West Parcel") and made a part hereof, comprising in the aggregate 155 units of housing for residential rental purposes, a portion of such units which are to be rented to individuals and families of low or moderate income (such building, improvements, furnishings, equipment and related property being individually referred to as the East Project (with respect to the East Parcel) and the West Project (with respect to the West Parcel); and

WHEREAS, the East Project and the West Project are individually referred to as a "Project" and collectively as the "Projects," and

WHEREAS, the construction of the Project will be financed in part with proceeds of the sale of the \$13,450,644 Multi-Family Housing Revenue Bond, Series 2002A1 (Westhaven Park Apartments Project—Phase I) (the "Series 2002A1 Bonds"), its \$2,942,522 Multi-Family Housing Revenue Bond, Series 2002A2 (Westhaven Park Apartments Project—Phase I) (the "Series 2002A2 Bonds") and its \$3,560,000 Multi-Family Housing Revenue Bonds, Series 2002B (Westhaven Park Apartments—Phase I) (the "Series 2002B Bonds") and together with the Series 2002A1 Bonds and the Series 2002A2 Bonds, the "Bonds"); and

WHEREAS, interest on each series of Bonds is excludable from gross income of the owners thereof for federal tax purposes, provided, among other things, the Project continuously complies with Section 142(d) of the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations promulgated thereunder (the "Regulations"); and

WHEREAS, compliance of the Project with the requirements of Section 142(d) of the Code and the Regulations for treatment of each series of Bonds as "exempt facility bonds" used to provide a qualified residential rental project (as defined therein) is within the control of the Borrower; and

WHEREAS, it is necessary for the Borrower to agree to this Regulatory Agreement, and thereby consent to be regulated as herein set forth to preserve the exclusion of interest on each series of Bonds from gross income of the owners thereof under Section 103(a) of the Code and the Regulations:

NOW, THEREFORE, in consideration of the mutual promises and covenants hereinafter set forth, and of other valuable consideration, the Issuer, the Borrower and the Trustee hereby agree, as follows:

Section 1. Term of Restrictions. (a) *Occupancy Restrictions:* The term of the Occupancy Restrictions set forth in Section 3 (the "Occupancy Restrictions") with respect to each Project shall

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commence on the first day after the construction and installation of such Project by the Borrower on which at least 10% of the residential units in such Project are first occupied and end with respect to such Project on the latest of the date (i) which is 15 years after the date on which at least 50% of the residential units in such Project are first occupied following the construction and installation thereof by the Borrower, (ii) which is the first day on which no Bond or other tax-exempt private activity bond (as defined in Section 141(a) of the Code) issued with respect to such Project is outstanding (including any refunding of any such obligations), or (iii) on which any assistance provided with respect to such Project under Section 8 of the United States Housing Act of 1937, as amended, terminates (which Occupancy Restrictions period is hereinafter referred to as the "Qualified Project Period" for such Project).

(b) The Rental Restrictions set forth in Section 4 hereof with respect to each Project shall remain in effect during the Qualified Project Period for such Project set forth in paragraph (a) of this Section 1.

(c) Notwithstanding the provisions of paragraphs (a) and (b) of this Section 1, this Regulatory Agreement and all other restrictions hereunder shall cease to apply in the event of an involuntary noncompliance caused by fire, seizure, requisition, foreclosure, transfer of title by deed in lieu of foreclosure, change in a federal law or an action of a federal agency after the date of issue of the Bonds which prevents the Trustee from enforcing the provisions of this Regulatory Agreement, or condemnation or similar event, provided that within a reasonable time period either (i) the Bonds are retired; or (ii) any insurance proceeds or condemnation award or other amounts received as a consequence of such event are used to provide a project which meets the requirements of Section 142 of the Code and applicable Regulations, or any successor law or regulation. However, the provisions of this subsection (c) shall cease to apply (and the provisions of subsections (a) and (b) shall apply for the remainder of the Qualified Project Period) in the event of foreclosure, transfer of title by deed in lieu of foreclosure, or similar event if, at any time subsequent to such event and during the Qualified Project Period, the Borrower or any transferee or assignee of a Project or a related person to any of the foregoing (as defined in Section 147(a)(2) of the Code) (a "Related Person") obtains an ownership interest in such Project for federal tax purposes.

(d) This Regulatory Agreement shall terminate with respect to each Project upon the earlier of (i) termination of the Occupancy Restrictions and the Rental Restrictions, as provided in subsections (a) and (b) of this Section 1 for such Project, or (ii) termination pursuant to the provisions of subsection (c) of this Section 1 for such Project, or (iii) delivery to the Issuer, the Borrower and the Trustee of an opinion of nationally recognized municipal bond counsel ("Bond Counsel") in form and substance satisfactory to the Issuer to the effect that continued compliance with the Rental Restrictions for such Project and Occupancy Restrictions for such Project is not required in order for interest on the Bonds to remain excludable from the gross income of the owners of the Bonds for federal income tax purposes.

(e) Upon delivery by the Borrower to the Trustee of an opinion of independent counsel acceptable to the Trustee that the conditions to termination of this Regulatory Agreement have been met, the Trustee shall, upon request by the Borrower or its assigns, file any documentation necessary to remove this Regulatory Agreement from the real estate records of the County.

Section 2. Project Restrictions. The Borrower represents and warrants as of the date hereof, and covenants that:

(a) The Borrower has reviewed the provisions of this Regulatory Agreement with its counsel and understands said provisions.

(b) Any functionally related and subordinate facilities (e.g., parking areas, laundry facilities, tenant offices, physical therapy rooms, dining rooms, meeting rooms, common areas, swimming pools, tennis courts, etc.) (the "Related Facilities") to each Project will be made available to all tenants of such Project on an equal basis. Fees charged to residential tenants for

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use of the Related Facilities will be commensurate with fees charged for similar facilities at similar residential rental properties in the surrounding area and, in no event will any such fees charged to tenants of a Project be discriminatory or exclusionary as to the low income tenants of the Project. No Related Facilities will be made available to persons other than tenants or their guests. Parking, if available, will be made available to all tenants on a first come, first served basis.

(c) For the Qualified Project Period, the Borrower shall not: (1) except upon a sale or transfer of a Project in accordance with the terms of this Regulatory Agreement, encumber any portion of a Project or grant commercial leases of any portion thereof or permit the conveyance, transfer or encumbrance of any portion of a Project (except for apartment leases), it being understood that the terms of the financing will be subordinate to this Regulatory Agreement; or (2) demolish any part of a Project or substantially subtract from any real or personal property of a Project, *provided*, that nothing herein shall prohibit the Borrower from granting operating leases and/or licenses of those facilities constituting part of a Project which are functionally related and subordinate to the residential units, such as laundry or recreational facilities, for the purpose of providing for the operation of such facilities for the benefit of such Project.

(d) For the Qualified Project Period, the Borrower shall exercise reasonable diligence to comply with the requirements of this Regulatory Agreement and shall correct any noncompliance within 60 days after such noncompliance is first discovered or would have been discovered by the exercise of reasonable diligence.

(e) To cause each Project to meet the requirements of this Regulatory Agreement, if and to the extent necessary, in the opinion of Bond Counsel, to preserve the exclusion of interest on the Bonds from gross income of the owners thereof for federal income tax purposes, or if and to the extent necessary, in the opinion of the Trustee to assure that units occupied by Qualifying Tenants (as hereinafter defined) will not remain vacant for more than six (6) months after the date ready for occupancy following any occupancy and then vacancy thereof, the Borrower hereby grants to the Trustee the option, for the Qualified Project Period, to lease from time to time, each such lease to be for a term of not more than 12 months, up to 40% of the units in each Project for a rental of \$1.00 per unit per year for the purpose of subleasing such units, in accordance with the customary lease terms of the Borrower (except as to rental) to persons of low income in accordance with Section 3(a) hereof in order to ensure that at least 40% of the total number of units in such Project are rented to (or, only after the initial occupancy, held available for immediate occupancy by) Qualifying Tenants. After the Trustee has been reimbursed for any reasonable and necessary expenses incurred in connection with such sublease, any net rental paid under any such sublease shall be paid monthly to the Borrower promptly upon receipt thereof.

(f) Each Project consists of a building or structure or several proximate buildings or structures of similar construction each containing one or more similarly constructed residential units located on a single tract of land or contiguous tracts of land which are owned, for Federal tax purposes, at all times by one person, and may include facilities functionally related and subordinate thereto. Each such building or structure is a discrete edifice or other man-made construction consisting of an independent foundation, outer walls and roof and containing one or more similarly constructed units.

(g) All of the units in each Project contain complete living, sleeping, eating, cooking, and sanitation facilities for a single person or a family. Each unit contains a kitchen that includes a stove, cooking range, full-size refrigerator and sink.

(h) None of the units in either Project will at any time be utilized on a transient basis, or used as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, hospital, nursing home, sanitarium, rest home or trailer park or court.

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Section 3. Occupancy Restrictions. Pursuant to Section 142 of the Code, the Issuer has elected, and the Borrower hereby agrees, that the requirements of subparagraph B of such Section 142(d)(1) of the Code shall apply to the Project. The Borrower represents, warrants and covenants that:

(a) At all times during the Qualified Project Period, at least 40% of the completed residential units in each Project shall be continuously occupied (or, only after the initial occupancy thereof, treated as occupied as provided herein) by individuals whose aggregate adjusted income (computed in the manner described in Section 1.167(k)-3(b)(3) of the Regulations, prior to its removal by T.D. 8474, 1993-1 C.B. 242) does not exceed 60% of the median gross income, adjusted for family size, for the area in which such Project is located, determined in a manner consistent with determinations of lower income families and median gross income under Section 8 of the United States Housing Act of 1937, as amended (a "Qualifying Tenant"); provided, that if all the occupants of a unit are students (as defined in Section 1.51(c)(4) of the Code), no one of whom is entitled to file a joint return under Section 6013 of the Code, the occupants of that unit shall not be deemed to be "Qualifying Tenants." The determination of whether an individual or family meets the income requirement set out above shall be made at the earlier of the time occupancy commences or the execution of the current lease with respect thereto and on an annual basis thereafter and shall be based upon Income Certifications (as hereinafter defined). Any residential unit occupied by an individual or family who is a Qualifying Tenant shall continue to be treated as occupied by a Qualifying Tenant during their tenancy in such unit, even though they subsequently cease to be of low or moderate income, unless the most recent determination of their income indicates that their income exceeds 140% of the applicable income limit (whether as a result of an increase in income or a decrease in family size or otherwise) and after such determination but before the next determination any residential unit of comparable or smaller size in such Project is occupied by a new resident whose income exceeds the then applicable income limit. Any residential unit vacated by a Qualifying Tenant shall be treated as occupied by a Qualifying Tenant until reoccupied, other than for a temporary period not to exceed 31 days, at which time the character of such unit with respect to occupancy by a Qualifying Tenant shall be redetermined. In applying the foregoing 40% requirement, .40 shall be multiplied by the total number of completed residential units, and if the resulting number contains a fraction, it shall be rounded up to the next highest whole unit.

(b) Each individual or family who is intended to be a Qualifying Tenant and who is currently occupying a residential unit or who has signed a lease shall be required to sign and deliver to the Borrower, the "Certification of Income" attached hereto as Exhibit B (the "Income Certification") in which the prospective Qualifying Tenant certifies that he and his family, if applicable, are Qualifying Tenants and pursuant to the lease signed by a Qualifying Tenant, the tenant shall be required to submit, at least annually, a new Income Certification on the basis of the current income of the tenant. Thereafter, as a condition to occupancy, each individual or family who is intended to be a Qualifying Tenant shall, prior to occupying a residential unit or signing a lease, be required to sign and deliver to the Borrower, an Income Certification in which the prospective Qualifying Tenant certifies that he and his family, if applicable, are Qualifying Tenants and pursuant to the lease signed by a Qualifying Tenant, said tenant shall be required to submit, at least annually, a new Income Certification on the basis of the current income of the tenant. In addition, such Qualifying Tenant shall be required to provide whatever other information, documents or certifications, including employment verifications and income tax returns, as are reasonably deemed necessary by the Borrower or the Trustee to substantiate the initial or subsequent Income Certification.

(c) The Borrower shall use or cause to be used, in renting any residential units in each Project to a prospective Qualifying Tenant, a lease that provides for termination of the lease and consent by such person to immediate eviction, subject to applicable provisions of Illinois law,

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for failure to qualify as a Qualifying Tenant as a result of any material misrepresentation made by such person with respect to the Income Certification.

(d) All Income Certifications will be maintained on file at each Project so long as any Bonds are outstanding and for five (5) years thereafter with respect to each Qualifying Tenant who occupied a residential unit in such Project during the period the restrictions hereunder are applicable, and the Borrower shall, upon request, make such Income Certifications available for inspection by the Trustee.

(e) On the first day of the month after any residential unit in a Project is available for occupancy and quarterly thereafter, the Borrower will submit to the Issuer and the Trustee the "Certificate of Continuing Program Compliance," in the form attached hereto as *Exhibit C*, executed by the Borrower stating the percentage of completed residential units in each Project which were occupied or held available for occupancy by Qualifying Tenants (but only after initial occupancy by a Qualifying Tenant) at all times during the preceding month or quarter, as appropriate, and identifying Qualifying Tenants who commenced or terminated occupancy in each Project during such month or quarter, as appropriate.

(f) On the annual anniversary of the issuance of the Bonds (or at such other times, as prescribed by the Secretary of the United States Treasury Department), the Borrower will submit to the Secretary of the United States Treasury Department, a certificate in the form that the Secretary prescribes that each Project continues to meet the requirements of Section 142 of the Code.

Section 4. Rental Restrictions. The Borrower represents, warrants and covenants that once available for occupancy, each residential unit in each Project will be rented or available for rental on a continuous basis to members of the general public (other than residential units for a resident manager and/or maintenance personnel and residential units for individuals or families of low or moderate income as provided for in Section 3). Each Qualifying Tenant occupying a unit in a Project shall be required to execute a written lease which shall be effective for a term of at least six (6) months. The cost of meals and other services will not be included in the rent.

Section 5. Transfer Restrictions. For the Qualified Project Period, the Borrower shall not sell, transfer, assign, convey, change title to or otherwise dispose of either Project or any interest therein (a "Transfer"), in whole or in part, except in accordance with the terms of the Loan Agreement dated as of December 1, 2002 by and between the Issuer and the Borrower (the "Series 2002A Agreement") and the Financing Agreement dated as of December 1, 2002 by and among the Issuer, the Trustee and the Borrower (the "Series 2002B Agreement") (collectively, the "Agreements"). Further, any such sale, transfer, assignment, conveyance, change in title or other disposition shall only be permitted if: (1) the Borrower shall not be in default hereunder; (2) the purchaser or assignee shall execute any necessary or appropriate document reasonably requested by the Trustee with respect to assuming its obligations under this Regulatory Agreement and the Agreements (the "Assumption Agreement"), which document shall be recorded in the Cook County Recorder's Office; (3) the Trustee shall have received an opinion of Bond Counsel, which opinion is acceptable to the Trustee, to the effect that such transfer will not adversely affect the exclusion of the interest on the Bonds from gross income of the owners thereof for federal income tax purposes; (4) the Borrower shall deliver to the Trustee a certificate, acceptable in form to the Trustee, to the effect that the Borrower did not develop either Project with the intention of sale upon completion; (5) the Borrower shall deliver to the Trustee an opinion of counsel to the transferee that the transferee has duly assumed the obligations of the Borrower under this Regulatory Agreement and that such obligations and this Regulatory Agreement are binding on the transferee; and (6) such other conditions are met as are set forth in or referred to in the Agreements or as the Trustee may reasonably impose as part of the Assumption Agreement (i) to protect the exclusion of the interest on the Bonds from gross income of the owners thereof for federal income tax purposes; (ii) to ensure that such Project is not acquired by a person which has pending against it, or which has a history of, building code violations, as

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identified by county, state or federal regulatory agencies; and (iii) to provide that indemnification of the Trustee pursuant to Section 10 of this Regulatory Agreement and elsewhere is assumed by the purchaser or assignee. Once the Assumption Agreement has been delivered and all conditions of this Section 5 have been satisfied, the Trustee shall deliver a release to the Borrower with respect to any future compliance with the provisions of this Regulatory Agreement with respect to such Project, and the Issuer shall have delivered a release with respect to the Loan Agreement (subject to any further transfer restrictions in the Agreements). The Borrower shall deliver the Assumption Agreement to the Trustee at least ten (10) business days prior to a proposed Transfer.

Section 6. Enforcement. (a) The Borrower shall permit, after three (3) business days prior notice, any duly authorized representative of the Trustee to inspect any books and records of the Borrower regarding the Projects and with respect to the incomes of Qualifying Tenants which pertain to compliance with the provisions of this Regulatory Agreement.

(b) In addition to the information provided for in Section 3(e), the Borrower shall submit any other information, documents or certifications reasonably requested by the Issuer or the Trustee which the Issuer or the Trustee deems reasonably necessary to substantiate continuing compliance with the provisions of this Regulatory Agreement.

(c) The Issuer, the Trustee and the Borrower each covenants that it will not knowingly take, fail to take or permit any action within its control that would adversely affect the exclusion of interest on the Bonds from gross income of the owner thereof for federal income tax purposes. Moreover, each covenants to take any lawful action within its control (including amendment of this Regulatory Agreement as may be necessary, in the opinion of Bond Counsel) to comply fully with all applicable rules, rulings, policies, procedures, regulations or other official statement promulgated or proposed by the Department of the Treasury or the Internal Revenue Service from time to time pertaining to obligations issued under Section 142(d) of the Code and affecting either Project.

(d) If the Borrower shall fail to observe or perform any covenant, condition or agreement contained herein on its part to be observed or performed, and such failure continues for 60 days after the Borrower discovers, or by the exercise of reasonable diligence should have discovered, or receives notice from the Issuer or the Trustee of, such failure, then and in such event, the Trustee and, to the extent permitted by the Indenture, any owner of a Bond shall be entitled, individually or collectively, and in addition to all other remedies provided by law or in equity:

(i) to compel specific performance by the Borrower of its obligations under this Regulatory Agreement, it being recognized that the beneficiaries of the Borrower's obligations hereunder cannot be adequately compensated by monetary damages in the event of a default by the Borrower; and

(ii) to cause the Borrower to pay to the Trustee an amount equal to all rent received by the Borrower with respect to the units occupied, or held available for occupancy by, Qualifying Tenants, if such units are knowingly or negligently rented to persons who do not comply with the requirements of such units. Such payment shall be paid by the Trustee to the Issuer, and shall not reduce the amount due under the Agreements.

(e) The Borrower and the Trustee each acknowledge that the primary purpose for requiring compliance with the restrictions provided in this Regulatory Agreement is to preserve the exclusion from gross income for federal income tax purposes of interest on the Bonds to the Bondholders, and that the Trustee on behalf of the Bondholders, who are declared to be third party beneficiaries of this Regulatory Agreement, shall be entitled, for any breach of the provisions hereof, to all remedies both at law and in equity in the event of any default hereunder.

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(f) In the enforcement of this Regulatory Agreement, the Trustee may rely on any certificate delivered by or on behalf of the Borrower or any tenant with respect to either Project.

Section 7. Covenants to Run with the Land; Successors Bound. The Borrower hereby subjects each Project to the covenants, reservations and restrictions set forth in this Regulatory Agreement. The Trustee and the Borrower hereby declare their express intent that the covenants, reservations and restrictions set forth herein shall be deemed covenants, reservations and restrictions running with the land to the extent permitted by law and shall pass to and be binding upon the Borrower's successors in title to each Project throughout the term of this Regulatory Agreement. Each and every contract, deed, mortgage, or other instrument hereafter executed covering or conveying a Project or any portion thereof or interest therein shall conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instrument.

Section 8. Recording and Filing. The Borrower shall cause this Regulatory Agreement and all amendments and supplements hereto to be recorded and filed in the conveyance and real property records of Cook County, Illinois and in such other places as the Trustee may reasonably request. This Regulatory Agreement shall be recorded in the grantor-grantee index to the name of the Borrower as grantor and to the name of the Trustee as grantee. The Borrower shall pay all fees and charges incurred in connection with any such recording.

Section 9. Indemnification. The Borrower shall be required and hereby agrees to pay, indemnify and hold the Issuer and the Trustee, and their respective officers, members, council members, directors, officials and employees (except for claims arising out of acts or omissions of the Issuer or the Trustee, respectively, resulting from negligence or willful misconduct) and the owners of the Bonds harmless from, any and all loss, damage, cost, expense, suit, judgment, action, injury or liability which they, or any of them, may offer or incur (including without limitation any costs, fees and expenses, including reasonable attorneys' fees, costs and expenses incurred in connection with the enforcement of this Regulatory Agreement) by reason of (a) the design, construction, installation, operation, use, occupancy, maintenance, or ownership of the Projects (including compliance with laws, ordinances and rules and regulations of public authorities relating thereto); or (b) any written statements or representations with respect to the Borrower, the Projects or the Bonds made or given to the Issuer or the Trustee, or any underwriters or purchasers of any of the Bonds, by the Borrower, or any of its partners, agents or employees, including, but not limited to, statements or representations of facts, financial information or Borrower affairs; or (c) any fraudulent act by or on behalf of the Borrower or any officer or employee of the Borrower, including without limitation any intentional misrepresentation of, or intentional failure to disclose, a material fact in connection with the issuance and sale of the Bonds or the application of the proceeds thereof; or (d) any violation of the restrictions contained in Section 2 or the Occupancy Restrictions contained in Section 3 and the continuance of such violation of Section 2 or Section 3 for 30 days after written notice of such violation shall be given to the Borrower by the Issuer or the Trustee or any owner of the Bonds, or 45 days after the date such violation should have been discovered by the Borrower by exercise of reasonable diligence; or (e) any violation of the Rental Restrictions contained in Section 4 or the Transfer Restrictions contained in Section 5.

The Borrower also shall pay and discharge and shall indemnify and hold harmless the Trustee from (x) any lien or charge upon payments by the Borrower to the Trustee hereunder and (y) any taxes (including, without limitation, all ad valorem taxes and sales taxes), assessments, impositions and other charges in respect of any portion of the Projects. If any such claim is asserted, or any such lien or charge upon payments, or any such taxes, assessments, impositions or other charges, are sought to be imposed, the Trustee shall give prompt notice to the Borrower, and the Borrower shall have the sole right and duty to assume, and will assume, the defense thereof, with full power to litigate, compromise or settle the same in its sole discretion; provided, that the Trustee shall have the right to employ separate counsel in any such action or proceeding and to participate in the defense thereof; but unless such separate counsel is

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employed with the reasonable approval and consent of the Borrower, or pursuant to a court order, the Borrower shall not be required to pay the fees and expenses of such counsel.

Section 10. Agent of the Trustee. The Issuer and the Trustee shall have the right to appoint an agent or administrator to carry out any of their respective duties and obligations hereunder, and shall inform the other parties hereto of any such agency appointment by written notice.

Section 11. No Conflict with Other Documents. The Borrower warrants that it has not executed and will not execute any other agreement with provisions contradictory to, or in opposition to, the provisions hereof, and that, in any event, the requirements of this Regulatory Agreement are paramount and controlling as to the rights and obligations herein set forth and supersede all other requirements in conflict herewith.

Section 12. Each Bond Issue Deemed to Finance Projects. Proceeds of each issue of the Series 2002A1 Bonds, the Series 2002A2 Bonds and the Series 2002B Bonds shall be deemed to finance both the East Project and the West Project pro rata as provided in the Agreements.

Section 13. Interpretation. Any terms not defined in this Regulatory Agreement shall have the same meaning as terms defined for purposes of Section 142 of the Code and in the Regulations, the Indenture and the Loan Agreement.

Section 14. Amendment. This Regulatory Agreement may be amended by the parties hereto to reflect changes in the Code, the Regulations and revenue rulings promulgated thereunder, or in the interpretation thereof, subject to the opinion of Bond Counsel that such amendment will not adversely effect the exclusion from gross income of the interest on the Bonds for federal income tax purposes.

Section 15. Severability. The invalidity of any clause, part or provision of this Regulatory Agreement shall not affect the validity of the remaining portions of this Regulatory Agreement.

Section 16. Notices. Any notice, demand or other communication required or permitted hereunder shall be in writing and shall be deemed to have been given if and when personally delivered and receipted for, or, if sent by private courier service or sent by overnight mail service, shall be deemed to have been given if and when received (unless the addressee refuses to accept delivery, in which case it shall be deemed to have been given when first presented to the addressee for acceptance), or on the first day after being sent by telegram, or on the third day after being deposited in United States registered or certified mail, return receipt requested, postage prepaid. Any such notice, demand or other communication shall be addressed to a party at its address set forth below or to such other address the party to receive such notice may have designated to all other parties by notice in accordance herewith:

The Borrower:

West Maypole, L.P.
c/o Brinshore Development, LLC
666 Dundee Road, Suite 1104
Northbrook, Illinois 60062
Attention: David Brint
Facsimile: (847) 562-9401

and to:

c/o The Michaels Development Company, Inc.
One East Stow Road
Marlton, New Jersey 08053
Attention: Sinclair S. Cooper
Facsimile: (856) 988-5817

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with copy to: Applegate & Thorne-Thomsen
322 South Green Street, Suite 412
Chicago, Illinois 60607
Attention: Ben Applegate
Facsimile: (312) 421-6162

with copy to: The Richman Group Capital Corporation
599 West Putnam Avenue
Greenwich, CT 06830
Attention: David Salzman

The Trustee: LaSalle Bank National Association
135 South LaSalle Street
Chicago, Illinois 60603
Attention: Corporate Trust Department

The Issuer: Chicago Housing Authority
626 West Jackson Blvd.
Chicago, Illinois 60661
Attention: Chief Executive Officer

Section 17. Governing Law. This Regulatory Agreement shall be construed in accordance with and governed by the laws of the State of Illinois, and, where applicable, the laws of the United States of America.

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IN WITNESS WHEREOF, the parties hereto have caused this Regulatory Agreement to be signed and sealed by their respective, duly authorized representatives, as of the day and year first above written.

CHICAGO HOUSING AUTHORITY

By: [Signature]
Title: Chairman

ATTEST:

By: [Signature]
Title: Chief Executive Officer

LASALLE BANK NATIONAL ASSOCIATION,
as Trustee

By: [Signature]
Title: ASSISTANT VICE PRESIDENT

WEST MAYPOLE, L.P., an Illinois limited partnership

By: WEST MAYPOLE PARTNERS, LLC, an Illinois limited liability company, General Partner

By: BRINSHORE, INC., an Illinois corporation, Member

By: [Signature]
Title: PRESIDENT

By: THE MICHAELS DEVELOPMENT COMPANY, INC., a New Jersey corporation, Member

By: [Signature]
Title: VICE PRESIDENT

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21419219

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

I, Antonette Sallis a Notary Public, do hereby certify that Sharon Gist Gilliam, personally known to me to be the same person whose name, as Chairman of the Chicago Housing Authority, a municipal corporation, body politic and corporate, and Terry Peterson, personally known to me to be the same person whose name, as Chief Executive Officer of said Chicago Housing Authority, subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that they, being thereunto duly authorized, signed, and delivered the said instrument as the free and voluntary act of said Authority and as their own free and voluntary act, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 17th day of December, 2002.



Antonette H. Sallis
Notary Public in and for
County of Cook, State of Illinois

(SEAL)

My commission expires: 9/15/05

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STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

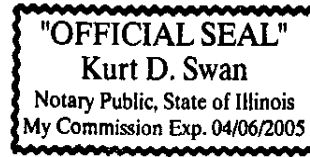
I, KURT D. SWAN, a Notary Public, do hereby certify that Alvita C. Griffin, personally known to me to be the same person whose name is, as an Assistant Vice President of LaSalle Bank National Association, subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that he/she, being thereunto duly authorized, signed, and delivered the said instrument as the free and voluntary act of said corporation and as his/her own free and voluntary act, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 19th day of December, 2002.

Kurt D. Swan
Notary Public in and for

(SEAL)

My commission expires:



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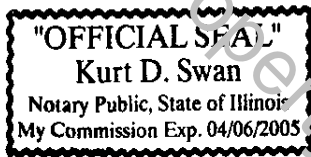
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Property of Cook County Clerk's Office

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

I, KURT D. SWAN, a Notary Public, do hereby certify that David B. Brint, personally known to me to be the same person whose name is, as President of Brinshore, Inc., an Illinois corporation, as one of the Members of West Maypole Partners LLC, an Illinois limited liability company, the General Partner of West Maypole, L.P., an Illinois limited partnership, subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that he/she, being thereunto duly authorized, signed and delivered the said instrument as the free and voluntary act of said corporation and as his/her own free and voluntary act, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 19th day of December 2002.



Kurt D. Swan
Notary Public in and for

(SEAL)

My commission expires:

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STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

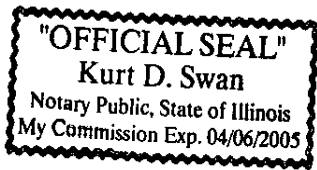
I, KURT D SWAN, a Notary Public, do hereby certify that John O'Donnell, personally known to me to be the same person whose name is, as Vice President of The Michaels Development Company, Inc., a New Jersey corporation, an Illinois corporation, as one of the Members of West Maypole Partners LLC, an Illinois limited liability company, the General Partner of West Maypole, L.P., an Illinois limited partnership, subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that he/she, being thereunto duly authorized, signed and delivered the said instrument as the free and voluntary act of said corporation and as his/her own free and voluntary act, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 19th day of December 2002.

Kurt D. Swan
Notary Public in and for

(SEAL)

My commission expires:



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EXHIBIT A-1

DESCRIPTION OF EAST PARCEL

LOTS 1, 3, 4, AND 5 MAYPOLE RESUBDIVISION BEING A RESUBDIVISION AND CONSOLIDATION IN BLOCKS 2 AND 3 IN PAGE AND WOOD'S SUBDIVISION OF BLOCKS 50, 63 AND 64, IN THE SUBDIVISION OF LOTS 5 AND 6 IN SAID BLOCK 3 IN PAGE AND WOOD'S SUBDIVISION, INCLUDING EAST-WEST VACATED ALLEYS AND VACATED WEST MAYPOLE AVENUE, IN THE CANAL TRUSTEES' SUBDIVISION OF SECTION 7, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED NOVEMBER 7, 2002 AS DOCUMENT NUMBER 0021230668, IN COOK COUNTY, ILLINOIS.

PINs: 17-07-415-022
17-07-418-022
17-07-423-012
17-07-423-013
17-07-423-001

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EXHIBIT A-2

DESCRIPTION OF WEST PARCEL

LOTS 2, 3, 4, 5, 8, 9 AND 11 IN BELL RESUBDIVISION, BEING A RESUBDIVISION AND CONSOLIDATION OF PART OF CAMPBELL'S SUBDIVISION OF BLOCK 55, AND OF WILSON AND BATES' SUBDIVISION IN CAMPBELL'S SUBDIVISION OF BLOCK 55, INCLUDING EAST-WEST VACATED ALLEY AND VACATED WEST MAYPOLE AVENUE IN SAID BLOCK 55, IN THE CANAL TRUSTEES' SUBDIVISION OF SECTION 7, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED NOVEMBER 7, 2002 AS DOCUMENT NUMBER 0021230667, IN COOK COUNTY, ILLINOIS.

PINs: 17-07-317-044
17-07-321-034
17-07-321-035

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EXHIBIT B

CERTIFICATION OF INCOME

NAME OF DEVELOPMENT: Westhaven Park Apartments—_____ Parcel

ADDRESS OF DEVELOPMENT: _____

DATE: _____

The undersigned does hereby declare, depose and certify, under penalty of perjury, as follows:

If additional space is needed in filling out this form, attach sheets identifying the additional information referenced to the appropriate line number.

Line:

1.	2.	3.	4.	5.
Name of Head of Household, Spouse and Members of Your Family living in Unit	Relationship to Head of Household	Age	Social Security Number	Place of Employment
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

Each line hereinafter is for the income of all of the above persons during the 12-month period beginning on this date or, if you signed a lease prior to this date, the date of the signing of your lease or the latest anniversary date of the signing of your lease, whichever is applicable. Please refer to Part I of the Instruction Sheet for detailed explanations as to the income information required. Part II of the Instruction Sheet provides information on income which may be excluded.

- 6. (a) Wages, salaries, tips, etc. \$ _____
- (b) Interest, dividends, and other net income of any kind from real or personal property (also enter on line 13(b)) \$ _____

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- 7. Net income from the operation of a business or profession \$ _____
- 8. The full amount of periodic amounts received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic receipts, including a lump-sum amount or prospective monthly amounts for the delayed start of a periodic payment \$ _____
- 9. Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay \$ _____
- 10. Welfare assistance (*i.e.*, welfare or other payments to families or individuals, based on need, that are made under programs funded, separately or jointly, by federal, state or local governments) \$ _____
- 11. Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from organizations or from persons not residing in the unit \$ _____
- 12. All regular pay, special pay, and allowances of a member of the Armed Forces \$ _____

The individual incomes of all the persons listed in Line 1 above during the 12-month period beginning this date is as follows:

Names	Totals
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____

13. If any of the persons described above has any income of any kind from real property, savings, stocks, bonds, and other forms of capital investment (excluding interests in Indian trust land and excluding equity accounts in the Department of Housing and Urban Development ("HUD") homeownership programs), provide the following:

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(a) The total value of all such assets owned by all such persons \$ _____

(b) The total amount of income expected to be derived from such assets in the 12-month period commencing this date or, if you signed a lease prior to this date, the date of the signing of your lease or the latest anniversary date of the signing of your lease (from line 6(b)) \$ _____

14.(a) Will all of the persons listed in Column 1 above be or have they been full time students during five calendar months of this calendar year (i) at an educational organization which normally maintains regular faculty and curriculum and normally has a regularly enrolled body of pupils or students in attendance at the place where its educational activities are regularly carried on, or (ii) in institutional on-farm training under the supervision of an accredited agent of an educational organization described in clause (i) or of a state or political subdivision of a state?

Yes _____ No _____

(b) If the answer to 14(a) is yes, is any such person married and eligible to file a joint federal income tax return?

Yes _____ No _____

I/WE, the undersigned, state that I/WE have read and answered fully and truthfully each of the preceding questions for all persons who are to occupy the unit in the above apartment development for which application is made, all of whom are listed above, and I/WE declare under penalty of perjury that the foregoing representations are true and correct.

HEAD OF FAMILY

SPOUSE

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

Notary Public [SEAL]

My commission expires:

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INSTRUCTION SHEET

Part I of this Instruction Sheet contains line-by-line instructions to assist your completion of the Certification of Income. The Certification of Income is a statement of the total anticipated amounts, monetary or not, which go to, or on behalf of, the Head of the Family or Spouse (even if temporarily absent) or to any other member of the family who proposes to live in the unit during the 12-month period commencing on this date or, if you signed a lease prior to this date, the date of the signing of your lease or the latest anniversary date of the signing of your lease, whichever is applicable, including (i) amounts which are anticipated to be received from a source outside the Family during the 12-month period commencing on this date and (ii) all net income derived from assets to which any member of the Family has access. Excluded therefrom is income specified in PART II of this section.

PART I:

1. "Family" means two or more persons related by blood, marriage, adoption, or operation of law.

6. (a) Provide the total of all wages, salaries, commissions, tips, bonuses, over-time pay, fees and other compensation for personal services, without regard to payroll deductions.

(b) For this purpose, expenditures for amortization of capital indebtedness shall not be deducted to determine income. An allowance for depreciation of assets may be deducted based on straight-line depreciation as provided in regulations of the United States Treasury. Any withdrawal of cash or assets from an investment will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested by the Family.

7. For this purpose, expenditures for business expansion or amortization of capital indebtedness shall not be deducted to determine the net income from a business. An allowance for depreciation of assets used in a business or profession may be deducted based on straight-line depreciation as provided in regulations of the United States Treasury. Any withdrawal of cash or assets from the operation of a business or profession will be included in net income from a business or profession except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the Family.

8. Periodic amounts do *not* include deferred periodic amounts from supplemental security income and social security benefits that are received in a lump sum amount or in prospective monthly amounts.

9. Payments in lieu of earnings does *not* include lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains and settlements for personal or property losses.

10. If the Welfare Assistance payment includes an amount specifically designated for shelter and utilities that is subject to adjustment by the Welfare Assistance agency in accordance with the actual cost of shelter and utilities, the amount of Welfare Assistance income to be included as income shall consist of:

(i) the amount of the allowance or grant exclusive of the amount specifically designated for shelter or utilities, plus

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(ii) the maximum amount that the Welfare Assistance agency could in fact allow the Family for shelter and utilities. If the Family's Welfare Assistance is ratably reduced from the standard of need by applying a percentage, the amount calculated under this paragraph shall be the amount resulting from one application of the percentage.

12. This does *not* include the special pay to a Family member serving in the Armed Forces who is exposed to hostile fire.

13. The amount entered on line 13(a) should include the net cash value after deducting reasonable costs that would be incurred in disposing of real property, savings, stocks, bonds or other forms of capital investment,

(a) *excluding* an interest in Indian trust land, equity accounts in HUD ownership programs, the value of necessary items of personal property such as furniture and automobiles, the value of a trust fund which is not revocable by, or under the control of, any member of the Family or household, so long as the fund continues to be held in trust and the value of a home currently purchased with assistance under 24 C.F.R. Part 982, subpart M (limited, however, to the first 10 years after the purchase date of the home), but

(b) *including*, in the case of the disposition of any business or family assets for less than fair market value (including a disposition in trust, but not in a foreclosure or bankruptcy sale) during the two years preceding the date of this certificate, the excess of the fair market value of the assets disposed over the consideration received therefor. In the case of a disposition as part of a separation or divorce settlement, the disposition will not be considered to be for less than fair market value if the household member receives important consideration not measurable in dollar terms.

Part II:

The determination of income for the Certification of Annual Income does *not* include any of the following:

- A. Temporary, nonrecurring or sporadic income (including gifts).
- B. Income from the employment of children (including foster children) under the age of 18 years.
- C. Payments received for the care of foster children or foster adults (usually persons with disabilities, unrelated to the Family, who are unable to live alone).
- D. Amounts received by the Family that are specifically for, or in reimbursement of, the cost of medical expenses for any Family member.
- E. The full amount of student financial assistance paid directly to the student or to the educational institution.
- F. (i) Amounts received under training programs funded by HUD;
(ii) Amounts received by a person with a disability that are disregarded for a limited time for purposes of Supplemental Security Income eligibility and benefits because they are set aside for use under a Plan to Attain Self-Sufficiency (PASS);

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(iii) Amounts received by a participant in other publicly assisted programs which are specifically for or in reimbursement of out-of-pocket expenses incurred (special equipment, clothing, transportation, child care, etc.) and which are made solely to allow participation in a specific program;

(iv) Amounts received under a resident service stipend. A resident service stipend is a modest amount (not to exceed \$200 per month) received by a resident for performing a service for the public housing agency or owner, on a part-time basis, that enhances the quality of life in the development. Such services may include, but are not limited to, fire patrol, hall monitoring, lawn maintenance, resident initiatives coordination and serving as a member of the public housing agency's governing board. No resident may receive more than one such stipend during the same period of time; and

(v) Incremental earnings and benefits resulting to any Family member from participation in qualifying state or local employment training programs (including training programs not affiliated with a local government) and training of a family member as resident management staff. Amounts excluded by this provision must be received under employment training programs with clearly defined goals and objectives, and are excluded only for the period during which the Family member participates in the employment training program.

G. Income of a live-in aide. A "live-in aide" means a person who resides with one or more elderly or near-elderly persons (*i.e.*, persons who are at least 50 years of age), or persons with disabilities, and who:

- (a) is determined to be essential to the care and well-being of the person(s);
- (b) is not obligated for the support of the person(s); and
- (c) would not be living in the unit except to provide the necessary supportive services.

A "person with disabilities" means a person who: (a) has a disability as defined in 42 U.S.C. § 423; (b) is determined, pursuant to certain regulations, to have a physical, mental, or emotional impairment which (i) is expected to be of long-continued and indefinite duration, (ii) substantially impedes his or her ability to live independently, and (iii) is of such a nature that such ability could be improved by more suitable housing conditions; or (c) has a developmental disability as defined in 42 U.S.C. § 6001. The term does not exclude persons who have the disease of acquired immunodeficiency syndrome or any conditions arising from the etiologic agent for acquired immunodeficiency syndrome. The term does not include a person whose disability is based solely on any drug or alcohol dependence.

H. Amounts specifically excluded by any other federal statute from consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that includes assistance under the United States Housing Act of 1937, as amended, as published in the Federal Register from time to time.

I. Reparation payments paid by a foreign government pursuant to claims filed under the laws of that government by persons who were persecuted during the Nazi era.

J. Earnings in excess of \$480 for each full time student 18 years old or older (excluding the Head of Household and Spouse).

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K. Adoption assistance payments in excess of \$480 per adopted child.

L. Amounts received by the Family in the form of refunds or rebates under state or local law for property taxes paid on the unit.

M. Amounts paid by a state agency to a Family with a member who has a developmental disability and is living at home to offset the cost of services and equipment needed to keep the developmentally disabled Family member at home.

FOR COMPLETION BY DEVELOPMENT OWNER ONLY:

I. CALCULATION OF ANNUAL INCOME:

1. Enter the amount of income for the entire family by adding line 6(a) with lines 7 through 12: \$ _____

2.(a) If the amount entered in 13(a) is greater than \$5,000, enter the greater of:

(i) the amount entered in 13(b) or

(ii) a percentage of the total entered in 13(a) based on the current passbook savings rate as determined by HUD

(b) If the amount entered in 13(a) is less than \$5,000, enter the amount entered in 13(b): \$ _____

3. Add number (1) and (2) to determine ANNUAL INCOME: \$ _____

II. DETERMINATION OF TENANT ELIGIBILITY:

1. Is the amount entered in line 3 above less than or equal to 60 percent of area median gross income for the area in which the Project is located, completed taking into account the area in which the Project is located and size of the Family occupying the unit for which this Certification of Income is being completed?

Yes _____ No _____

2. Check one of the following:

(a) Line (1) above is No, therefore the Household does not qualify as a Qualified Tenant. _____

(b) Line (1) above is Yes, and 14(a) above is No, therefore the Household qualifies as a Qualified Tenant. _____

(c) Line (1) above is Yes and 14(b) above is Yes, therefore the Household qualifies as a Qualified Tenant. _____

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(d) Line (1) above is Yes and 14(a) above is Yes and 14(b) above is No, therefore the Household does not qualify as a Qualified Tenant.

3. Number of apartment unit assigned:

Apartment Owner

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EXHIBIT C

CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE

21419219

The undersigned, being the authorized representative of West Maypole, L.P. (the "Borrower") has read and is thoroughly familiar with the provisions of the various documents associated with the issuance of the Multi-Family Housing Revenue Bonds (Westhaven Park Apartments—Phase I) \$13,450,644 Series 2002A1, \$2,942,322 Series 2002A2 and \$3,560,000 Series 2002B of the Chicago Housing Authority (the "Issuer") such documents including:

1. the Regulatory Agreement and Declaration of Restrictive Covenants, dated as of December 1, 2002 (the "Regulatory Agreement"), between the Issuer, the Borrower, and LaSalle Bank National Association (the "Trustee"), as Trustee; and

2. the Loan Agreement, dated as of December 1, 2002 (the "Series 2002A Agreement") relating to the Series 2002A1 Bonds and the Series 2002A2 Bonds, between the Borrower and the Issuer and the Financing Agreement dated as of December 1, 2002 (the "Series 2002B Agreement") relating to the Series 2002B Bonds among the Company, the Issuer and the Trustee.

As of the date of this certificate, the following percentages of completed residential units in the [East][West] Project (i) are occupied by Qualifying Tenants (as such term is defined in the Regulatory Agreement) or (ii) are currently vacant and being held available for such occupancy and have been so held continuously since the date a Qualifying Tenant vacated such unit; as indicated:

Occupied by Qualifying Tenants*: _____ percent -- Unit Nos. _____

Held vacant for occupancy
continuously since last
occupied by Qualifying Tenant*: _____ percent -- Unit Nos. _____

The undersigned hereby certifies that the Borrower is not in default under any of the terms and provisions of the above documents.

WEST MAYPOLE, L.P., an Illinois limited partnership

By: WEST MAYPOLE PARTNERS, LLC, an Illinois
limited liability company, General Partner

By: BRINSHORE, INC., an Illinois corporation,
Member

By: _____
Title: _____

By: THE MICHAELS DEVELOPMENT COMPANY,
INC., a New Jersey corporation,
Member

By: _____
Title: _____

*IMPORTANT: THE SUM OF THESE PERCENTAGES MUST ALWAYS BE 40 PERCENT OR GREATER.

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