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This document prepared by
~~and when recorded return to:~~
Adam R. Walker, Esq.
Office of Corporation Counsel
Room 600
121 North LaSalle Street
Chicago, Illinois 60602

REGULATORY AGREEMENT

THIS REGULATORY AGREEMENT dated as of this 1st day of July, 2004 (this "Regulatory Agreement"), by and between the City of Chicago, Illinois (the "City"), an Illinois municipal corporation, by and through its Department of Housing ("DOH"), with offices at 318 South Michigan Avenue, Chicago, Illinois 60604, and Liberty Square Limited Partnership, an Illinois limited partnership (the "Owner").

Box 430

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WHEREAS, DOH is an executive department of the City established pursuant to Title 2 of the Municipal Code of Chicago, Chapter 2-44, Section 2-44-010, which supervises and coordinates the formulation and execution of projects and programs creating safe, decent and affordable housing residents of the City; and

WHEREAS, the Owner has received from DOH an allocation of low-income housing tax credit authority pursuant to Section 42 of the Internal Revenue Code of 1986 ("Section 42") in connection with the Project in the amount of \$449,887 (the "City Tax Credits"); and

WHEREAS, the Owner has also received from the Illinois Housing Development Authority ("IHDA"), in connection with the Project, an allocation of low-income housing tax credits authority pursuant to Section 42 of the Code in the amount of \$750,000 (the "IHDA Tax Credits," and, together with the City Tax Credits, the "Tax Credits"); and

WHEREAS, although the City, with respect to the City Tax Credits, and IHDA, with respect to the IHDA Tax Credits, will each separately execute and deliver IRS Form 8609s applicable to certain specified buildings, the City and Owner have agreed that this Regulatory Agreement shall be applicable to all Tax Credit Eligible Units to the same extent as if the City has allocated all of the Tax Credits; and

WHEREAS, the City is a "housing credit agency" with respect to the Project for purposes of Section 42 of the Code; and

WHEREAS, title to the Project is owned solely by the Owner; and

WHEREAS, in order to comply with the requirements of Section 42 of the Code, and any implementing regulations thereunder, the City and the Owner must enter into an extended low income housing commitment, as provided in Section 42 of the Code, to be recorded in the Cook County Office of the Recorder of Deeds in order to create certain covenants running with the land for the purpose of enforcing the requirements of Section 42 of the Code by regulating and restricting the use, occupancy and transfer of the Project; and

WHEREAS, under this Regulatory Agreement, the Owner intends, declares and covenants that the regulatory and restrictive covenants set forth herein governing the use, occupancy and transfer of the Project shall be and are covenants running with the land for the Compliance Period and Extended Use Period, are binding upon all subsequent owners and operators of the Project during such Compliance Period and Extended Use Period, and are not merely personal covenants of the Owner;

NOW, THEREFORE, in consideration of the mutual promises and covenants hereinafter set forth, and of other valuable consideration, the Owner and the City each agree as

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follows:

SECTION 1 DEFINITIONS AND INTERPRETATIONS.

The following terms shall have the respective meaning assigned to them in this Section 1 unless the context in which they are used clearly requires otherwise:

"Annual Report" shall mean the report from the Owner in substantially the form set forth in Exhibit C attached hereto and hereby made a part hereof, as the same may be amended from time to time.

"Applicable Fraction" shall have the meaning assigned to such term in Section 42(c)(1)(B) of the Code.

"Area Median Gross Income" shall mean the Chicago-area median gross income, adjusted for family size, as such adjusted income and Chicago-area median gross income are determined from time to time by HUD.

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

"City" shall mean the City of Chicago, Illinois, an Illinois municipal corporation, and its successors and assigns.

"Code" shall mean the Internal Revenue Code of 1986, and all applicable regulations or rulings thereunder.

"Compliance Period" shall mean the period of fifteen taxable years beginning with the first taxable year of the Credit Period.

"Construction Contract" shall mean that certain contract dated July 8, 2004 between the Owner and the General Contractor for the Project in accordance with the plans and specifications for the Project.

"Correction Period" shall have the meaning assigned to such term in Section 6.6 hereof.

"Credit Period" shall mean the 10-year period described in Section 42(f) of the Code.

"DOH" shall mean the Department of Housing of the City, and any successor to said Department.

"Extended Use Period" shall mean the "extended use period" (within the meaning of

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Section 42(h)(6)(D) of the Code) for the Project.

"Extended Use Period Termination Date" shall mean the fifteenth anniversary of the last day of the Compliance Period.

"First Reporting Date" shall mean the earlier of (a) October 1 of the first year of the Compliance Period, or (b) the first October 1 following completion of construction or rehabilitation of the Project.

"Foreclosure Date" shall mean the date of a Transfer, provided that such Transfer is not part of an arrangement with the Owner a purpose of which is to terminate the Extended Use Period.

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

"General Partner" shall mean, collectively, H.I.C.A., Inc., an Illinois not-for-profit corporation, and Bonheur Corporation, an Illinois business corporation.

"Gross Rent" shall have the meaning assigned to such term in Section 42(g) of the Code.

"HUD" shall mean the U.S. Department of Housing and Urban Development.

"Imputed Income Limitation" shall have the meaning assigned to such term in Section 42(g) of the Code.

"Increased-Income Unit" shall have the meaning given to such term in Section 2.10(b) hereof.

"Inspection Period" shall mean a period beginning on the date hereof and ending on the Inspection Period Termination Date.

"Inspection Period Termination Date" shall mean the earlier of (a) a Foreclosure Date; or (b) the Extended Use Period Termination Date.

"Last Reporting Date" shall mean the later of (a) the first October 1 following the end of the Compliance Period, or (b) the first October 1 following the end of the Project Term.

"Low Income" means, with respect to any tenant in the Project, an income level not exceeding 50% or 60% of the Area Median Gross Income, as applicable to the Project pursuant to the Minimum Low Income Set-Aside Election.

"Low Income Unit" means a Unit in the Project that is occupied by (or, pursuant to the Code, treated as occupied by) a Qualifying Tenant, is Rent-Restricted and meets the other

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requirements of Section 42 of the Code, in particular, Section 42(i)(3).

"Minimum Low Income Set-Aside Election" means the minimum number of Units in the Project required to be Low Income Units for purposes of determining the income level for Qualifying Tenants, which Minimum Low Income Set-Aside Election for this Project is 40% of the Units in the Project must be occupied by tenants at or below 60% of Area Median Gross Income, as modified by Exhibit B, if applicable.

"Noncompliance Condition" shall have the meaning assigned to such term in Section 6.6 hereof.

"Noncompliance Notice" shall have the meaning assigned to such term in Section 6.6 hereof.

"Permitted Tenants" shall have the meaning assigned to such term in Section 6.3 hereof.

"Persons" shall mean natural persons, firms, partnerships, associations, corporations, trusts and public bodies.

"Plan" shall mean the Housing Tax Credit Plan of the City pursuant to which the Tax Credits are allocated to the Project.

"Project" shall mean the acquisition and construction of a residential rental housing development located at the addresses described on Exhibit A hereto and the buildings located thereon, which shall contain, as of the completion of construction thereof, 66 residential rental units.

"Project Term" shall mean the number of years during which the Project must comply with this Regulatory Agreement. The Project Term shall begin on the date hereof and shall continue, except as provided in Sections 2.9, 2.15, 2.17, 5.2, 6.3, 6.6 and 17 hereof, through and including the Tax Credit Termination Date.

"Qualifying Tenants" means individuals or families whose income is less than or equal to the percentage of Area Median Gross Income, as applicable to the Project pursuant to the Minimum Low Income Set-Aside Election, as determined in accordance with Section 42. Individuals or families meeting this requirement shall be referred to herein as "Qualifying Tenants". For so long as a tenant, which had been determined to be a Qualifying Tenant, occupies the particular Unit, the tenant will remain a Qualifying Tenant if the tenant's income, upon the most recent income certification, does not exceed 140% of the applicable Low Income limit.

"Regulatory Agreement" shall mean this Regulatory Agreement, as supplemented, amended and restated from time to time.

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"Rent-Restricted" means, with respect to any Unit, that the Gross Rent with respect to such Unit is not more than 30% of the Imputed Income Limitation applicable to such Unit.

"State" shall mean the State of Illinois.

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

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

"Tax Credits" means the low income housing tax credits for which owners of a Qualified Low Income Housing Project may qualify pursuant to Section 42 of the Code.

"Tax Credit Authority" means the maximum amount of Tax Credits which, pursuant to an allocation by the City under Section 42(h)(1) of the Code, may be received by the owner of a Qualified Low Income Housing Project in any one year.

"Tax Credit Eligible Families" shall mean and include individuals, groups of unrelated individuals or families whose adjusted annual income does not exceed the Tax Credit Income Limit.

"Tax Credit Eligible Units" shall mean those 59 units in the Project which will be occupied by or available for occupancy to Tax Credit Eligible Families.

"Tax Credit Income Limit" shall mean 60% 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 HUD, and thereafter such income limits shall apply to this definition.

"Tax Credit Termination Date" shall mean the earlier to occur of (a) a Foreclosure Date or (b) the Extended Use Period Termination Date.

"Tenant Certification" shall have the meaning assigned to such term in Exhibit C hereto.

"Three-Year Period" shall mean a period commencing on the Tax Credit Termination Date (but only if the Tax Credit Termination Date shall be a Foreclosure Date) and ending on the third anniversary thereof.

"Transfer" shall mean the transfer of the Project (a) by foreclosure of a mortgage thereon or (b) by an instrument in lieu of foreclosure of a mortgage thereon.

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“Unit” means any residential rental unit in the Project consisting of an accommodation containing separate and complete facilities for living, sleeping, eating, cooking, and sanitation; provided, however, that single room occupancy units used on a nontransient basis may be treated as Units.

“Unit Fraction” means the fraction, the numerator of which is the total number of Low Income Units in a building and the denominator of which is the total number of Units in such building.

SECTION 2 OWNER'S REPRESENTATIONS, WARRANTIES AND COVENANTS.

The Owner hereby represents, warrants, covenants and agrees as follows:

2.1 The Project shall be acquired and constructed for the purpose of providing residential rental property, and the Owner shall own, manage and operate the Project as residential rental units and facilities functionally related and incidental thereto.

2.2 The Project shall consist of residential units, together with facilities functionally related and incidental thereto, and which units are similar in quality and type of construction and amenities.

2.3 Each unit in the Project shall contain separate and complete facilities for living, sleeping, eating, cooking and sanitation (unless the Project qualifies as a single-room occupancy project or transitional housing for the homeless, in which case such unit(s) shall comply with the applicable requirements of Section 42 of the Code).

2.4 None of the units in the Project shall at any time be used on a transient basis, and neither the Project nor any portion thereof shall ever be used as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, hospital, nursing home, sanitarium, rest home or trailer park or court.

2.5 The units in the Project shall be made available for lease by members of the general public and the Owner shall not give preference in renting units in the Project to any particular class or group of individuals other than Tax Credit Eligible Families as provided herein and in accordance with any preferences to be given by the Owner to former public housing residents or other families as stated in the Owner's City-approved tenant selection plan.

2.6 The Owner shall not discriminate against prospective tenants on the basis of their receipt of, or eligibility for, housing assistance under any federal, State or local housing assistance program or on the basis that they have a minor child or children who will be residing with them. The Owner shall not refuse to lease any unit in the Project to a holder of a voucher or certificate of eligibility under Section 8 of the United States Housing Act of 1937 because of the status of the prospective tenant as such a holder.

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2.7 All of the units in the Project shall be, after completion of the construction of the Project, and shall remain suitable for occupancy.

2.8 After completion of the construction of the Project and subject to Section 2.10(a) hereof, all of the Tax Credit Eligible Units shall be occupied or available for occupancy by Tax Credit Eligible Families.

2.9 After completion of the construction of the Project and prior to the Tax Credit Termination Date, the Gross Rent charged each month for any Tax Credit Eligible Unit shall not exceed at any time 30 percent of the Imputed Income Limitation applicable to such Tax Credit Eligible Unit. Following the Tax Credit Termination Date, but only if the Tax Credit Termination Date is a Foreclosure Date, the rent increase restriction contained in Section 42(h)(6)(E)(ii) of the Code shall apply to each Tax Credit Eligible Unit for the Three-Year Period.

2.10 (a) For purposes of satisfying the requirements set forth in Section 2.8 above, a Tax Credit Eligible Unit occupied by a Tax Credit Eligible Family whose income has exceeded the applicable Tax Credit Income Limit after initial occupancy of such Tax Credit Eligible Unit by such Tax Credit Eligible Family shall, subject to subsection (b) of this Section 2.10, be deemed to comply with Section 2.8 hereof if the rent for such Tax Credit Eligible Unit complies with the requirements of Section 2.9 hereof applicable to Tax Credit Eligible Units.

(b) A Tax Credit Eligible Unit (the "Increased-Income Unit") occupied by a Tax Credit Eligible Family whose income has increased above 140% of the Tax Credit Income Limit shall be deemed to comply with Section 2.8 hereof if the rent for the Increased-Income Unit complies with the requirements of Section 2.9 hereof applicable to Tax Credit Eligible Units, but only if units of a comparable size with or smaller than the Increased-Income Unit, and which are then available or subsequently become available, are occupied by a new tenant who is a Tax Credit Eligible Family, until the number of Tax Credit Eligible Units initially claimed is again achieved.

2.11 (a) The Owner shall include in leases for all Tax Credit Eligible Units provisions which authorize the Owner to immediately terminate the tenancy, in accordance with applicable lease provisions, of any tenant who misrepresented any fact material to the tenant's qualification as a Tax Credit Eligible Family.

(b) The Owner shall not evict or terminate the tenancy of any tenant of a Tax Credit Eligible Unit other than for good cause.

2.12 All tenant lists, applications, and waiting lists relating to the Project shall at all times be kept separate and identifiable from any other business of the Owner which is unrelated to the Project, shall be maintained, as required by the City, in a reasonable condition for proper audit and subject to examination during business hours by representatives of the City. If the Owner employs a management agent for the Project, the Owner shall require such agent to

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comply with the requirements of this Regulatory Agreement and shall include such requirements in any and all management agreements or contracts entered into with respect to the Project.

2.13 All tenant leases shall be written, shall be in conformity with all applicable laws, including without limitation the City of Chicago Residential Landlord and Tenant Ordinance, and, with respect to Tax Credit Eligible Units shall contain clauses, inter alia, wherein each individual lessee: (i) certifies the accuracy of the statements made in the Tenant Certification and (ii) agrees that the family income and other eligibility requirements shall be deemed substantial and material obligations of his/her tenancy, that he/she will comply with all requests for information with respect thereto from the Owner, the City or HUD, and that the failure to provide accurate information in the Tenant Certification or refusal to comply with a request for information with respect thereto shall be deemed a substantial violation of an obligation of his/her tenancy.

2.14 All tenant leases shall be for a period of not less than six months; provided, however, that notwithstanding the foregoing, each tenant lease for a Tax Credit Eligible Unit constituting a "single-room occupancy unit" within the meaning of Section 42(i)(3)(B)(iv) of the Code shall be for a period of not less than one month.

2.15 The Owner shall obtain and keep the records required under the Plan and 26 C.F.R. Section 1.42-5(b) for the periods described therein. This covenant shall survive beyond the Tax Credit Termination Date (if such date is not also a Foreclosure Date), but shall terminate as of a Foreclosure Date.

2.16 The Owner shall obtain and maintain on file during the Project Term a sworn and notarized Tenant Certification with respect to each and every individual, group of unrelated individuals or family who is a tenant in the Tax Credit Eligible Units, signed by the tenant or tenants (i.e., the individual or individuals whose name or names appear on the lease) and obtained by the Owner (a) prior to such tenant or tenants occupying the unit or signing a lease with respect thereto, and (b) thereafter at least annually so long as such individual, individuals or family remain as tenants in the Tax Credit Eligible Units. The Owner shall assist each of the tenants in the Tax Credit Eligible Units in completing the Tenant Certification if necessary.

2.17 The Owner agrees that it will take any and all actions required by the City to substantiate the Owner's compliance with the restrictions set forth herein, including, but not limited to, submitting to the City an Annual Report executed by the Owner, commencing on the First Reporting Date and on each October 1 thereafter through and including the Last Reporting Date. This covenant shall survive beyond the Tax Credit Termination Date (if such date is not also a Foreclosure Date), but shall terminate as of a Foreclosure Date.

2.18 The Owner shall provide to the City a tenant profile (in the form provided to the Owner by DOH) for each Tax Credit Eligible Unit within 30 days after such unit is leased to such tenant(s) (or, for units occupied by Tax Credit Eligible Families as of the date hereof, within 30

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days from the date hereof). For each unit in the Tax Credit Eligible Units, promptly after the first leasing of such unit after the completion of construction of the Project, the Owner shall provide the City, unless prohibited by law, with data on the racial, ethnic, gender and income-level characteristics of (a) the tenants, if any, occupying such unit before construction, (b) the tenants moving into such unit initially after completion of construction of the Project, and (c) the applicants for tenancy of such unit within 90 days following completion of construction of the Project. For each subsequent leasing of the unit, the Owner shall provide the City, unless prohibited by law, with data on the racial, ethnic, gender and income-level characteristics (including gender identification of the head(s) of household) of each tenant moving into the unit.

2.19 The Owner shall notify the City of the occurrence of any event of which the Owner has notice and which event would violate any of the provisions of this Regulatory Agreement.

2.20 No Person in the United States shall on the grounds of race, color, national origin, religion or sex be excluded from participation in, be denied the benefits of, or be subjected to discrimination in connection with the Project. The Owner shall cause the Project to comply at all times with the Chicago Fair Housing Ordinance, Section 5-8-010 et seq. of the Municipal Code of Chicago.

2.21 The acquisition of the real property on which the Project is located is subject to the requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, 42 U.S.C. Section 4601 et seq., and the requirements of 49 C.F.R. Part 24, Subpart B.

2.22 The Owner shall obtain and maintain flood insurance for the Project if the Project is located in an area which is identified by the Federal Emergency Management Agency as having special flood hazards.

2.23 The Owner is not a primarily religious entity and the Project will be used solely for secular purposes.

2.24 The Owner agrees that it will pay any reasonable fee which the City may hereafter assess in its sole discretion to underwrite the costs of monitoring activities performed by the City in connection with the Tax Credits allocated for the Project.

2.25 The Project shall constitute, during each year of the Extended Use Period, a "qualified low-income housing project" as defined in Section 42 of the Code, commencing with the first year of the Compliance Period and continuing until the end of the Extended Use Period.

2.26 [Reserved]

2.27 Except as otherwise disclosed to the City in writing, all of the statements, representations and warranties of the Owner contained in any document submitted by the Owner to the City in connection with the Project remain true and in effect as of the date hereof.

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2.28 The Owner shall inform DOH of the date the Tax Credit Eligible Units are "placed in service" within the meaning of Section 42 of the Code and of the dollar amount of Tax Credits to be claimed by the Owner with respect to the Project and shall provide DOH with a cost certification and all other documentation required by DOH to issue an Internal Revenue Service Form 8609 with respect to the Tax Credit Eligible Units, all within 60 days following such "placed-in-service" date.

2.29 The Owner shall provide DOH with a copy of the completed, fully executed Internal Revenue Service Form 8609 with respect to the Tax Credit Eligible Units for the first year of the Credit Period, at the same time that the Owner submits such Form 8609 to the Internal Revenue Service.

2.30 The Owner hereby acknowledges and affirms that it has reviewed the provisions of, and that the Project shall during the Project Term be in compliance with, each of the following: (a) the requirements of the Fair Housing Act, 42 U.S.C. §§3601-19 and implementing regulations at 24 C.F.R. Part 100 *et seq.*; Executive Order 11063, as amended by Executive Order 12892 (3 C.F.R., 1958-63 Comp., p. 652) and 59 F.R. 2939) (Equal Opportunity in Housing) and implementing regulations at 24 C.F.R. Part 107; and Title VI of the Civil Rights Act of 1964, 42 U.S.C. §§2000d - 2000d-4, and implementing regulations at 24 C.F.R. Part 1; (b) the prohibitions against discrimination on the basis of age under the Age Discrimination Act of 1975, 42 U.S.C. §6101 *et seq.*, and the implementing regulations at 24 C.F.R. Part 146; (c) the prohibitions against discrimination on the basis of handicap under Section 504 of the Rehabilitation Act of 1973, 29 U.S.C. §794, and implementing regulations at 24 C.F.R. Part 8; (d) the requirements of Executive Order 11246, as amended by Executive Orders 11375, 11478, 12086 and 12107 (3 C.F.R., 1964-65 Comp., p. 339; 3 C.F.R., 1966-70 Comp., p.684; 3 C.F.R., 1966-70 Comp., p.803; 3 C.F.R., 1978 Comp., p.230 and 3 C.F.R., 1978 Comp., p.264, respectively) (Equal Employment Opportunity Programs) and the implementing regulations issued at 41 C.F.R. Chapter 60; and (e) the requirements of Executive Order 11625, as amended by Executive Order 12007 (3 C.F.R., 1971-75 Comp., p.616 and 3 C.F.R., 1977 Comp., p.139) (Minority Business Enterprises); Executive Order 12432 (3 C.F.R., 1983 Comp., p.198) (Minority Business Enterprise Development); and Executive Order 12138, as amended by Executive Order 12608 (3 C.F.R., 1977 Comp., p.393 and 3 C.F.R., 1987 Comp., p.245) (Women's Business Enterprise).

2.31 Additional representations and covenants of the Owner contained on Exhibit B hereto are hereby incorporated herein by reference.

SECTION 3 RELIANCE.

The City and the Owner hereby recognize and agree that the representations and covenants set forth herein made by the City and the Owner, respectively, may be relied upon by the Owner and the City, respectively. In performing its duties and obligations hereunder, the City may rely upon statements and certificates of the Owner and Tax Credit Eligible Families and upon audits of the books and records of the Owner pertaining to occupancy of the Project. In addition, the City may

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consult with counsel and the opinion of such counsel shall be evidence that such action or failure to act by the City was in good faith and in conformity with such opinion. The City and the Owner agree that it is the Owner's responsibility to determine that each potential tenant for a Tax Credit Eligible Unit qualifies as a Tax Credit Eligible Family, and that in making each such determination, the Owner shall exercise due diligence.

SECTION 4 SALE OR TRANSFER OF THE PROJECT.

The Owner hereby covenants and agrees not to sell, transfer or otherwise dispose of the Project, or any portion thereof (including without limitation, a transfer by assignment of any beneficial interest under a land trust) at any time during the Project Term, except as expressly permitted by the City, which consent shall not be unreasonably withheld. The Owner hereby agrees and covenants that no portion of any building to which this Regulatory Agreement applies shall be transferred to any Person unless all of such building is transferred to such Person. It is hereby expressly stipulated and agreed that any sale, transfer or other disposition of the Project in violation of this Section 4 shall be null, void and without effect, shall cause a reversion of title to the Owner or any successor or assignee of the Owner last permitted by the City, and shall be ineffective to relieve the Owner or such successor or assignee, as applicable, of its obligations hereunder. Notwithstanding the foregoing, the Owner and the City hereby agree that the foregoing provisions of this Section shall not apply to a Transfer occurring on a Foreclosure Date.

SECTION 5 TERM.

5.1 This Regulatory Agreement shall become effective upon its execution and delivery. Subject to Sections 2.9, 2.15, 2.17, 5.2, 6.3, 6.6 and 17 hereof, this Regulatory Agreement shall remain in full force and effect for a term equal to the Project Term, it being expressly agreed and understood that the provisions hereof are intended to survive throughout the Project Term.

5.2 If the Project Term shall end on a Tax Credit Termination Date which is also a Foreclosure Date, the occurrence of such Termination Date shall not be construed to permit, during the Three-Year Period, either (i) the eviction or termination of the tenancy (other than for good cause) of an existing tenant of any Tax Credit Eligible Unit, or (ii) any increase in the Gross Rent with respect to any Tax Credit Eligible Unit not otherwise permitted under Section 42 of the Code.

SECTION 6 ENFORCEMENT.

6.1 Subject to Section 6.6 hereof, if a violation of any of the foregoing representations or covenants occurs or is attempted, and such occurrence or attempt is uncorrected for a period of 30 days after notice thereof from the City to the Owner (provided, however, that if any such occurrence or attempt cannot reasonably be cured within said 30-day period and if the Owner shall have commenced to cure such occurrence or attempt within said 30-day period and shall

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thereafter continue diligently to effect such cure, then said 30-day period shall be extended to 60 days upon written request from the Owner to the City delivered during such 30-day period, and upon further written request from the Owner to the City delivered during such 60-day period, said 60-day period shall be extended to 90 days; provided further, however, that the City shall not be precluded during any such periods from exercising any remedies hereunder if the City shall receive a request or notice from the Internal Revenue Service to do so or if the City shall determine that the continuation of such uncorrected occurrence or attempt shall result in any liability by the City to the Internal Revenue Service), the City and its successors and assigns, without regard to whether the City or its successors and assigns is an owner of any land or interest therein to which these covenants relate, may institute and prosecute any proceeding at law or in equity to abate, prevent or enjoin any such violation or attempted violation or to compel specific performance by the Owner of its obligations hereunder. No delay in enforcing the provisions hereof as to any breach or violation shall impair, damage or waive the right of any party entitled to enforce the provisions hereof or to obtain relief against or recovery for the continuation or repetition of such breach or violations or any similar breach or violation hereof at any later time.

6.2 All fees, costs and expenses of the City incurred in taking any action pursuant to this Section 6 shall be the sole responsibility of the Owner.

6.3 The Owner and the City each acknowledge that a primary purpose of requiring the Owner to comply with the restrictions provided in this Regulatory Agreement is to assure compliance of the Project and the Owner with Section 42 of the Code and for that reason the Owner, in consideration of receiving Tax Credits for the Project, agrees and consents that the City and any Permitted Tenant shall be entitled, for any breach of the provisions hereof, and in addition to all other remedies provided by law or in equity, to enforce specific performance by the Owner of its obligations under this Regulatory Agreement in a court of competent jurisdiction. To the extent permitted by law, all individuals who are or may qualify as Tax Credit Eligible Families with respect to the Project (whether as prospective, present or former tenants of the Project) (the "Permitted Tenants") shall have the right to enforce in any court of the State the requirement of Section 1(b) of Exhibit B hereto and the terms of Section 5.2 hereof.

6.4 The Owner further specifically acknowledges that the beneficiaries of the Owner's obligations hereunder cannot be adequately compensated by monetary damages in the event of any breach or violation of any of the foregoing representations or covenants.

6.5 Upon any failure of the Owner to comply fully with the Code, the covenants and agreements contained herein or with all applicable rules, rulings, policies, procedures, regulations or other official statements promulgated or proposed by the United States Department of the Treasury, the Internal Revenue Service or the City from time to time pertaining to the obligations of the Owner as set forth therein or herein, and upon compliance by the City with the procedures described in Section 6.6 hereof, the City may, in addition to all of the remedies provided by law or in equity, request the Internal Revenue Service to decertify the Project for Tax Credit dollars

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and to immediately commence recapture of the Tax Credit dollars heretofore allocated to the Project.

6.6 The City shall provide prompt written notice (a "Noncompliance Notice") to the Owner if the City (a) does not receive from the Owner an Annual Report when due, (b) is not permitted to inspect, as provided in Section 18 hereof, the records maintained by the Owner pursuant to Section 2.15 hereof, or (c) discovers by inspection, review or in some other manner that the Project is not in compliance with the provisions of Section 42 of the Code. The Noncompliance Notice shall specify a period (the "Correction Period") during which the Owner is required to correct the condition (the "Noncompliance Condition") causing the production of the Noncompliance Notice. After the end of the Correction Period (and within 45 days of the end of such period), the City shall file with the Internal Revenue Service Form 8823 describing the Noncompliance Condition, whether or not the Noncompliance Condition shall have been corrected during the Correction Period. Notwithstanding any other provision herein to the contrary, this Section 6.6 shall survive beyond the Tax Credit Termination Date, if the Tax Credit Termination Date (a) is not also a Foreclosure Date, and (b) shall occur prior to October 1 of the second calendar year following the end of the Compliance Period; notwithstanding the foregoing part of this sentence, this Section 6.6 shall terminate as of a Foreclosure Date.

SECTION 7 RECORDING AND FILING.

The Owner shall cause this Regulatory Agreement and all amendments and supplements hereto to be recorded and filed in the conveyance and real property records of the county in which the Project is located and in such other places as the City may reasonably request. The Owner shall pay all fees and charges incurred in connection with any such recording. Upon recording, the Owner shall immediately transmit to the City an executed original of this Regulatory Agreement showing the date and recording number of record. The Owner agrees that the City may withhold the Internal Revenue Service Form 8609 with respect to the Project unless and until the City has received the recorded executed original of this Regulatory Agreement.

SECTION 8 PREVAILING WAGE.

The Owner hereby covenants and agrees to pay, and to contractually obligate and cause the General Contractor and each subcontractor to pay, the prevailing wage rate as ascertained by the Illinois Department of Labor (the "Department"), to all Project employees as required by applicable law. All such contracts shall list the specified rates to be paid to all laborers, workers and mechanics for each craft or type of worker or mechanic employed pursuant to such contract. If the Department revises such prevailing wage rates, the revised rates shall apply to all such contracts. Upon the City's request, the Owner shall provide the City with copies of all such contracts entered into by the Owner or the General Contractor to evidence compliance with this Section 8.

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SECTION 9 MBE/WBE COMMITMENT

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

(a) Consistent with the findings which support, as applicable, (i) the Minority-Owned and Women-Owned Business Enterprise Procurement Program, Section 2-92-420 *et seq.*, Municipal Code of Chicago (the "Procurement Program"), and (ii) the Minority- and Women-Owned Business Enterprise Construction Program, Section 2-92-650 *et seq.*, Municipal Code of Chicago (the "Construction Program," and collectively with the Procurement Program, the "MBE/WBE Program"), and in reliance upon the provisions of the MBE/WBE Program to the extent contained in, and as qualified by, the provisions of this Section 9.1, during the course of the Project, at least the following percentages of the aggregate hard construction costs (as set forth in the Project Budget) shall be expended for contract participation by minority-owned businesses ("MBEs") and by women-owned businesses ("WBEs"):

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

(b) For purposes of this Section 9.1 only:

(i) The Owner (and any party to whom a contract is let by the Owner in connection with the Project) shall be deemed a "contractor" and this Regulatory Agreement (and any contract let by the Owner 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.

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

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

(c) Consistent with Sections 2-92-440 and 2-92-720, Municipal Code of Chicago, the Owner's MBE/WBE commitment may be achieved in part by the Owner's status as an MBE or WBE (but only to the extent of any actual work performed on the Project by the Owner) or by a joint venture with one or more MBEs or WBEs (but only to the extent of the lesser of (i) the MBE or WBE participation in such joint venture or (ii) the amount of any actual work performed

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on the Project by the MBE or WBE), by the Owner utilizing a MBE or a WBE as the General Contractor (but only to the extent of any actual work performed on the Project by the General Contractor), by subcontracting or causing the General Contractor to subcontract a portion of the Project to one or more MBEs or WBEs, or by the purchase of materials or services used in the Project from one or more MBEs or WBEs, or by any combination of the foregoing. Those entities which constitute both a MBE and a WBE shall not be credited more than once with regard to the Owner's MBE/WBE commitment as described in this Section 9.1. In accordance with Section 2-92-730, Municipal Code of Chicago, the Owner shall not substitute any MBE or WBE General Contractor or Subcontractor without the prior written approval of DOH.

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

(e) Upon the disqualification of any MBE or WBE General Contractor or Subcontractor, if such status was misrepresented by the disqualified party, the Owner shall be obligated to discharge or cause to be discharged the disqualified General Contractor or Subcontractor, and, if possible, identify and engage a qualified MBE or WBE as a replacement. For purposes of this subsection (e), the disqualification procedures are further described in Sections 2-92-540 and 2-92-730, Municipal Code of Chicago, as applicable.

(f) Any reduction or waiver of the Owner's MBE/WBE commitment as described in this Section 9.1 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 Owner shall be required to meet with the monitoring staff of DOH with regard to the Owner's compliance with its obligations under this Section 9.1. The General Contractor and all major Subcontractors shall be required to attend this pre-construction meeting. During said meeting, the Owner shall demonstrate to DOH its plan to achieve its obligations under this Section 9.1, the sufficiency of which shall be approved by DOH. During the Project, the Owner shall submit the documentation required by this Section 9.1 to the monitoring staff of DOH. Failure to submit such documentation on a timely basis, or a determination by DOH, upon analysis of the documentation, that the Owner is not complying

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with its obligations under this Section 9.1, shall, upon the delivery of written notice to the Owner, be subject to the provisions of Section 6 hereof. Upon the occurrence of any such event of noncompliance with this subparagraph (g), in addition to any other remedies provided under this Regulatory Agreement, the City may: (1) issue a written demand to the Owner to halt the Project, or (2) seek any other remedies against the Owner available at law or in equity.

SECTION 10 CITY RESIDENT EMPLOYMENT REQUIREMENT

10.1 The Owner agrees for itself and its successors and assigns, and shall contractually obligate the General Contractor and shall cause the General Contractor to contractually obligate the Subcontractors, as applicable, to agree, that during the Project they shall comply with the minimum percentage of total worker hours performed by actual residents of the City as specified in Section 2-92-330 of the Municipal Code of Chicago (at least 50 percent of the total worker hours worked by persons on the site of the Project shall be performed by actual residents of the City); provided, however, that in addition to complying with this percentage, the Owner, the General Contractor and the Subcontractors shall be required to make good faith efforts to utilize qualified residents of the City in both unskilled and skilled labor positions.

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

10.3 "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.

10.4 The Owner, the General Contractor and the Subcontractors shall provide for the maintenance of adequate employee residency records to ensure that actual Chicago residents are employed on the Project. The Owner, the General Contractor and the Subcontractors shall maintain copies of personal documents supportive of every Chicago employee's actual record of residence.

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

10.6 The Owner, the General Contractor and the Subcontractors shall provide full access to their employment records to the Chief Procurement Officer, the Commissioner of DOH, the Superintendent of the Chicago Police Department, the Inspector General, or any duly authorized representative thereof. The Owner, the General Contractor and the Subcontractors shall maintain

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all relevant personnel data and records for a period of at least three years after final acceptance of the work constituting the Project.

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

10.8 Good faith efforts on the part of the Owner, the General Contractor and the Subcontractors to provide utilization of actual Chicago residents (but not sufficient for the granting of a waiver request as provided for in the standards and procedures developed by the Chief Procurement Officer) shall not suffice to replace the actual, verified achievement of the requirements of this Section 10 concerning the worker hours performed by actual Chicago residents.

10.9 When work at the Project is completed, in the event that the City has determined that the Owner failed to ensure the fulfillment of the requirement of this Section concerning the worker hours performed by actual Chicago residents or failed to report in the manner as indicated above, the City will thereby be damaged in the failure to provide the benefit of demonstrable employment to Chicagoans to the degree stipulated in this Section. Therefore, in such a case of non-compliance, it is agreed that 1/20 of 1 percent, 0.0005, of the aggregate hard construction costs set forth in the Project Budget (as the same shall be evidenced by approved contract value for the actual contracts) shall be surrendered by the Owner 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 Owner, the General Contractor and/or the Subcontractors to prosecution. Any retainage to cover contract performance that may become due to the Owner pursuant to Section 2-92-250 of the Municipal Code of Chicago may be withheld by the City pending the Chief Procurement Officer's determination whether the Owner must surrender damages as provided in this paragraph.

10.10 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 Regulatory Agreement.

10.11 The Owner shall cause or require the provisions of this Section 10 to be included in the Construction Contract and all applicable Subcontracts.

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Chicago, Illinois 60604
 Attention: Commissioner

WITH COPIES TO: Department of Finance
 City of Chicago
 33 North LaSalle Street, 6th Floor
 Chicago, Illinois 60602
 Attention: Comptroller

and

Office of the Corporation Counsel
 City Hall, Room 600
 121 North LaSalle Street
 Chicago, Illinois 60602
 Attention: Finance and Economic
 Development Division

IF TO OWNER: As specified on Exhibit B hereto.

Such addresses may be changed by notice to the other parties given in the same manner provided above. Any notice, demand or request sent pursuant to either clause (a) or (b) above shall be deemed received upon such personal service or upon dispatch by electronic means with confirmation of receipt. Any notice, demand or request sent pursuant to clause (c) above shall be deemed received on the Business Day immediately following deposit with the overnight courier, and any notice, demand or request sent pursuant to clause (d) above shall be deemed received two Business Days following deposit in the mail.

SECTION 15 SEVERABILITY.

If any provision of this Regulatory Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby.

SECTION 16 COUNTERPARTS.

This Regulatory Agreement may be executed in any number of counterparts, each of which shall constitute an original, but all of which, taken together, shall constitute one and the same Regulatory Agreement.

SECTION 17 EFFECTIVE DATE.

For purposes of Section 42 of the Code, this Regulatory Agreement shall be deemed to be in effect as of the date first set forth above.

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SECTION 18 RIGHT TO INSPECT.

The Owner agrees that the City shall have the right to perform an on-site inspection of the Project and to review the records maintained by the Owner or its agent as described in Section 2.15 hereof, upon 30 days' prior notice by the City to the Owner, at least annually during each year of the Inspection Period. Notwithstanding the foregoing sentence, this Section 18 shall terminate as of Foreclosure Date.

SECTION 19 NO THIRD PARTY BENEFITS.

Subject to Section 6.3 hereof, this Regulatory Agreement is made for the sole benefit of the City and the Owner and their respective successors and assigns and, except as provided in Section 6.3 hereof or otherwise expressly provided herein, no other party shall have any legal interest of any kind hereunder or by reason of this Regulatory Agreement. Whether or not the City elects to employ any or all of the rights, powers or remedies available to it hereunder, the City shall have no obligation or liability of any kind to any third party by reason of this Regulatory Agreement or any of the City's actions or omissions pursuant hereto or otherwise in connection herewith.

SECTION 20 REFERENCES TO STATUTES, ETC.

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

SECTION 21 NO BUSINESS RELATIONSHIP WITH CITY ELECTED OFFICIALS

Pursuant to Section 2-156-030(b) of the Municipal Code of Chicago, it is illegal for any elected official of the City, or any person acting at the direction of such official, to contact, either orally or in writing, any other City official or employee with respect to any matter involving any person with whom the elected official has a "Business Relationship" (as defined in Section 2-156-080 of the Municipal Code of Chicago), or to participate in any discussion in any City Council committee hearing or in any City Council meeting or to vote on any matter involving the person with whom an elected official has a Business Relationship. Violation of Section 2-156-030(b) by any elected official, or any person acting at the direction of such official, with respect to this Regulatory Agreement, or in connection with the transactions contemplated thereby, shall be grounds for termination of the Regulatory Agreement and the transaction contemplated thereby. The Owner hereby represents and warrants that, to the best of its knowledge after due inquiry, no violation of Section 2-156-030(b) has occurred with respect to the Regulatory Agreement or the transaction contemplated thereby.

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SECTION 22 HUD-REQUIRED PROVISIONS RIDER

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

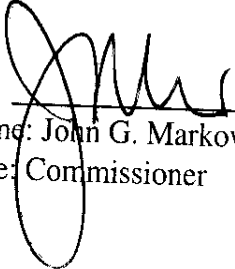
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Property of Cook County Clerk's Office

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IN WITNESS WHEREOF, the City and the Owner have executed this Regulatory Agreement by their duly authorized representatives, all as of the date first written hereinabove.

CITY OF CHICAGO, by and through its
Department of Housing

By: 
Name: John G. Markowski
Title: Commissioner

**LIBERTY SQUARE LIMITED
PARTNERSHIP**, an Illinois limited partnership

By: Bonheur Corporation, an Illinois corporation and its managing
general partner

By: _____
Name: _____
Its: _____

Property of Cook County Clerk's Office

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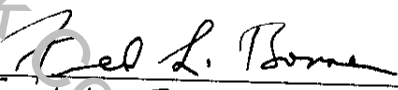
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CITY OF CHICAGO, by and through its
Department of Housing

By:
Name: John G. Markowski
Title: Commissioner

**LIBERTY SQUARE LIMITED
PARTNERSHIP**, an Illinois limited partnership

By: Bonheur Corporation, an Illinois corporation and its managing
general partner

By: 
Name: Fred L. Bonheur
Its: President

Property of Cook County Clerk's Office

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STATE OF ILLINOIS)
) SS.
COUNTY OF COOK)

I, Janice Brongel, a notary public in and for the said County, in the State aforesaid, DO HEREBY CERTIFY that Fred Bonner, personally known to me to be the President of Bonheur Corporation, an Illinois corporation (the "Corporation") and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this 30th day of June, 2004 in person and acknowledged that he/she signed, sealed, and delivered said instrument, pursuant to the authority given to him/her by the Board of Directors of the Corporation as his/her free and voluntary act and as the free and voluntary act of the Corporation, as managing general partner of Liberty Square Limited Partnership, for the uses and purposes therein set forth.

GIVEN under my hand and official seal this 30th day of June, 2004.

Janice Brongel
Notary Public

(SEAL)



Notary Public of Cook County Clerk's Office

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STATE OF ILLINOIS)
) SS
 COUNTY OF COOK)

I, the undersigned, a notary public in and for the County and State aforesaid, DO HEREBY CERTIFY THAT John G. Markowski, personally known to me to be the Commissioner of the Department of Housing of the City of Chicago, Illinois (the "City") and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that as such Commissioner, he signed and delivered the said instrument pursuant to authority, as his free and voluntary act, and as the free and voluntary act and deed of said City, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 1st day of July, 2004.

Digna Castro
 Notary Public

(SEAL)



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EXHIBIT A

Legal Description

[see attached]

Property of Cook County Clerk's Office

UNOFFICIAL COPY**PARCEL 1: (SITE 1)**

LOTS 7 (EXCEPT THAT PART TAKEN FOR STREET), ALL OF LOT 8 AND THE NORTH 25 FEET OF LOT 9 IN THE SUBDIVISION OF THE WEST HALF OF THE NORTH HALF OF THE WEST HALF OF THE EAST HALF OF THE SOUTHWEST QUARTER OF SECTION 14, TOWNSHIP 39 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PIN #: 16-14-307-001-0000 (affects Lots 7 and 8)
ADDRESS: 701 S. INDEPENDENCE BOULEVARD, CHICAGO, IL

PIN #: 16-14-307-002-0000 (affects North 25 feet of Lot 9)
ADDRESS: 711 S. INDEPENDENCE BOULEVARD, CHICAGO, IL

PARCEL 2: (SITE 1)

THE NORTH 25 FEET OF THE SOUTH 45 FEET OF LOT 33 IN GOLDY'S SECOND ADDITION TO CHICAGO IN THE SOUTHWEST QUARTER OF SECTION 14, TOWNSHIP 39 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PIN #: 16-14-307-007-0000 (affects North 25 feet of south 45 feet of Lot 33)
ADDRESS: 3727 S. FLOURNOY, CHICAGO, IL

PARCEL 3: (SITE 2)

LOT 9 (EXCEPT THE NORTH 25 FEET THEREOF) AND THE NORTH 25 FEET OF LOT 10 IN THE SUBDIVISION OF THE WEST HALF OF THE NORTH HALF OF THE WEST HALF OF THE EAST HALF OF THE SOUTHWEST QUARTER OF SECTION 14, TOWNSHIP 39 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PIN #: 16-14-307-003-0000 (affects North 25 feet Lot 10)
ADDRESS: 715-17 S. INDEPENDENCE BOULEVARD, CHICAGO, IL

PARCEL 4: (SITE 2)

THE SOUTH 20 FEET OF LOT 33 IN GOLDY'S SECOND ADDITION TO CHICAGO IN THE SOUTHWEST QUARTER OF SECTION 14, TOWNSHIP 39 NORTH, RANGE 13, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PIN #: 16-14-307-007-0000 (affects the South 20 of Lot 33)
ADDRESS: 3727 S. FLOURNOY, CHICAGO, IL

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PARCEL 5: (SITE 2)

THE NORTH 30 FEET OF LOT 11 IN GOLDY'S ADDITION TO CHICAGO IN THE SOUTHWEST QUARTER OF SECTION 14, TOWNSHIP 39 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PIN #: 16-14-307-014-0000 (affects part of Lot 11) also

PIN #: 16-14-307-015-0000 (affects part of Lot 11)

ADDRESS: 3727 S. FLOURNOY, CHICAGO, IL

PARCEL 6: (SITE 3)

LOT 10 (EXCEPT THE NORTH 25 FEET THEREOF), ALL OF LOT 11 AND LOT 12 (EXCEPT THAT PART TAKEN FOR STREET) IN THE SUBDIVISION OF THE WEST HALF OF THE NORTH HALF OF THE WEST HALF OF THE EAST HALF OF THE SOUTHWEST QUARTER OF SECTION 14, TOWNSHIP 39 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PIN #: 16-14-307-003-0000 (affects Lot 10 except the North 25 feet)

ADDRESS: 715-17 S. INDEPENDENCE BOULEVARD, CHICAGO, IL

PIN #: 16-14-307-004-0000 (affects Lot 11)

ADDRESS: 719 S. INDEPENDENCE BOULEVARD, CHICAGO, IL

PIN #: 16-14-307-005-0000 (affects Lot 12)

ADDRESS: 725 S. INDEPENDENCE BOULEVARD, CHICAGO, IL

PARCEL 7: (SITE 3)

THE SOUTH 25 FEET OF THE NORTH 55 FEET OF LOT 11 IN GOLDY'S ADDITION TO CHICAGO IN THE SOUTHWEST QUARTER OF SECTION 14, TOWNSHIP 39 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PIN #: 16-14-307-015-0000 (affects South 25 feet of North 55 feet of Lot 11)

ADDRESS: 715-17 S. INDEPENDENCE BOULEVARD, CHICAGO, IL

PARCEL 8: (SITE 4)

THE WEST 10 FEET OF LOT 27, LOT 28 AND THE EAST 15 FEET OF LOT 29 IN GOLDY'S 2ND ADDITION TO CHICAGO IN THE SOUTHWEST QUARTER OF SECTION 14, TOWNSHIP 39 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PIN #: 16-14-307-010-0000 (affects West 10 feet of Lot 28 & East 15 feet of lot 29)

ADDRESS: 3715 W. FLOURNOY, CHICAGO, IL

PIN #: 16-14-307-011-0000 (affects West 10 feet of Lot 27 & East 15 feet of lot 28)

ADDRESS: 3713 W. FLOURNOY, CHICAGO, IL

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PARCEL 9: (SITE 5)

THE WEST 2 FEET OF LOT 4, LOT 5 AND THE EAST 23 FEET OF LOT 6 OF GOLDY'S ADDITION TO CHICAGO IN THE SOUTHWEST QUARTER OF SECTION 14, TOWNSHIP 39 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PIN #: 16-14-307-021-0000 (affects East 23 feet of Lot 6 & West 2 feet of lot 5)
ADDRESS: 3714 W. LEXINGTON, CHICAGO, IL

PIN #: 16-14-307-022-0000 (affects East 23 feet of Lot 5 & West 2 feet of lot 4)
ADDRESS: 3710 W. LEXINGTON, CHICAGO, IL

PARCEL 10: (SITE 6)

THE EAST 6¼ FEET OF LOT 19, LOTS 20 AND 21 IN GOLDY'S ADDITION TO CHICAGO IN SOUTHWEST QUARTER OF SECTION 14, TOWNSHIP 39 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PIN #: 16-14-311-015-0000 (affects East 6¼ feet of Lot 19 & West 22 feet of lot 20)
ADDRESS: 3707 W. LEXINGTON, CHICAGO, IL

PIN #: 16-14-311-016-0000 (affects East 3 feet of Lot 20 & Lot 21)
ADDRESS: 3703 W. LEXINGTON, CHICAGO, IL

PARCEL 11: (SITE 7)

LOT 1 IN RESUBDIVISION OF LOTS 25 TO 28 IN BLOCK 1 IN BOILVIN'S SUBDIVISION OF THE 10 ACRES SOUTH AND ADJOINING THE NORTH 5 ACRES OF THE EAST HALF OF THE EAST HALF OF THE SOUTHWEST QUARTER OF SECTION 14, TOWNSHIP 39 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PIN #: 16-14-308-021-0000
ADDRESS: 3636 W. LEXINGTON, CHICAGO, IL

PARCEL 12: (SITE 8)

LOTS 18, 19 AND 20 IN BLOCK 1 IN BOILVIN'S SUBDIVISION OF 10 ACRES SOUTH AND ADJOINING THE NORTH 5 ACRES OF THE EAST HALF OF THE EAST HALF OF THE SOUTHWEST QUARTER OF SECTION 14, TOWNSHIP 39 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PIN #: 16-14-308-003-0000 (affects Lot 19 & Lot 20)
ADDRESS: 3645 W. FLOURNOY, CHICAGO, IL

PIN #: 16-14-308-004-0000 (affects Lot 18)
ADDRESS: 3643 W. FLOURNOY, CHICAGO, IL

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PARCEL 13: (SITE 9)

LOTS 14 AND 15 IN BLOCK 1 IN BOILVIN'S SUBDIVISION OF 10 ACRES SOUTH OF AND ADJOINING THE NORTH 5 ACRES OF THE EAST HALF OF THE EAST HALF OF THE SOUTHWEST QUARTER OF SECTION 14, TOWNSHIP 39 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PIN #: 16-14-308-007-0000 (affects Lot 15)
ADDRESS: 3637 W. FLOURNOY, CHICAGO, IL

PIN #: 16-14-308-008-0000 (affects Lot 14)
ADDRESS: 3633 W. FLOURNOY, CHICAGO, IL

PARCEL 14: (SITE 10)

LOTS 12 AND 13 IN BLOCK 1 IN BOILVIN'S SUBDIVISION OF 10 ACRES SOUTH OF AND ADJOINING THE NORTH 5 ACRES OF THE EAST HALF OF THE EAST HALF OF THE SOUTHWEST QUARTER OF SECTION 14, TOWNSHIP 39 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PIN #: 16-14-308-009-0000 (affects Lot 13)
ADDRESS: 3631 W. FLOURNOY, CHICAGO, IL

PIN #: 16-14-308-010-0000 (affects Lot 12)
ADDRESS: 3629 W. FLOURNOY, CHICAGO, IL

PARCEL 15: (SITE 11)

LOTS 44 (EXCEPT THE NORTH 25 FEET), 45 (EXCEPT THE NORTH 25 FEET) AND 46 (EXCEPT THE NORTH 25 FEET) IN BOILVIN'S SUBDIVISION OF THE NORTH HALF OF THE NORTHEAST QUARTER OF THE NORTHEAST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 14, TOWNSHIP 39 NORTH RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PIN #: 16-14-304-030-0000 (affects Lot 44 and part of Lot 45)
ADDRESS: 3610 W. FLOURNOY, CHICAGO, IL

PIN #: 16-14-304-031-0000 (affects part of Lot 45)
ADDRESS: 3608 W. FLOURNOY, CHICAGO, IL

PIN #: 16-14-304-032-0000 (affects part of Lot 46)
ADDRESS: 3606 W. FLOURNOY, CHICAGO, IL

PARCEL 16 (SITE 12)

LOTS 1, 2, AND 3 IN THE SUBDIVISION OF LOTS 1, 2, 3, 4 AND 5 IN BLOCK 1 IN BOILVIN'S SUBDIVISION OF 10 ACRES LYING SOUTH AND ADJOINING THE NORTH 5 ACRES OF THE EAST HALF OF THE EAST HALF OF THE SOUTHWEST QUARTER OF SECTION 14, TOWNSHIP 39 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PIN #: 16-14-308-041-0000
ADDRESS: 700 S. CENTRAL PARK, CHICAGO, IL

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EXHIBIT B

ADDITIONAL REPRESENTATIONS AND COVENANTS OF OWNER

1. Fifty-nine (59) of the units in the Project shall be Tax Credit Eligible Units. The Owner has received an allocation of \$449,887 of City Tax Credits in connection with the Project and has received an allocation of \$750,000 of IHDA Tax Credits in connection with the Project.

(a) The Project shall consist of the following unit configuration:

<u>Number of Bedrooms</u>	<u>Number of Units</u>	<u>Current Contract Rent</u>	<u>Income Group</u>
1	1	\$380	Very-Low Income
1	5	625	Very-Low Income
2	6	470	Very-Low Income
2	27	725	Very-Low Income
2	5	725	Market-to-V-Low
3	2	545	Very-Low Income
3	13	875	Very-Low Income
3	2	910	Market-to-Low
4	1	595	Very-Low Income
4	3	950	Very-Low Income
4	1	1000	Market-to-Low
Total:	66		

(b) The Applicable Fraction for each building in the Project shall be, for each taxable year in the Compliance Period and Extended Use Period, not less than the following amount:

<u>Building Address</u>	<u>Applicable Fraction</u>
all	66.67%

2. The Owner shall obtain the City's prior written consent for (a) the withdrawal, addition and/or replacement of the General Partner or (b) the sale or other transfer by the General Partner's owner of all or a controlling interest in the ownership of the General Partner which consent shall not be unreasonably withheld. No consent by the City shall be required for the withdrawal, replacement and/or addition of any of the Owner's limited partners or of any such limited partner's general partners (or any other ownership interests in and to said limited partners).

3. [reserved]

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4. For purposes of Section 14, the Owner's address shall be:

Liberty Square Limited Partnership
c/o Bonheur Development Corporation
400 East 41st Street - Suite 101
Chicago, Illinois 60653

with a copy to: Prairie Mortgage Company
819 S. Wabash, Suite 508
Chicago, Illinois 60605
Attention: Kenneth B. Marshall

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EXHIBIT C

ANNUAL REPORT FOR PROJECT RECEIVING LOW-INCOME HOUSING TAX CREDITS FROM THE CITY OF CHICAGO, DEPARTMENT OF HOUSING

Owner: Liberty Square Limited Partnership

Project Name: Liberty Square

Project Number: _____

Owner Federal Employer Identification Number: _____

Pursuant to Section 42 of the Code, the Owner is required to maintain certain records concerning the Project and the City is required to monitor the Project's compliance with the Code and the agreements executed by the City and the Owner in connection with the Project. The Owner further agreed, in the Regulatory Agreement dated as of _____, 2004, between the City and the Owner (the "Regulatory Agreement"), to maintain certain records and prepare and deliver certain reports to the City. This Annual Report must be completed in its entirety and must be executed by the Owner, notarized and returned to the City by October 1 of each year for the period commencing on the earlier of (a) October 1 of the first year of the Compliance Period, or (b) the first October 1 following completion of construction of the Project, and ending on the later of (1) the first October 1 following the end of the Compliance Period, or (2) the first October 1 following the Tax Credit Termination Date. In addition, a copy of Schedule I must be completed for each building which comprises a part of the Project. No changes may be made to the language contained herein without the prior approval of the City. Except as otherwise specifically indicated, capitalized terms contained herein shall have the meanings ascribed to them in the Regulatory Agreement.

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A. INFORMATION

1. Please list the building identification numbers and address for each building included in the Project: (If there are additional buildings in the Project, please provide the requested information on a separate sheet and attach to this document.)

Building Identification Number

Building Address

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2. Complete Schedule I for each building included in the Project.
3. Has any change occurred, either directly or indirectly, (a) in the identity of the Owner, (b) in the identity of any general partner(s), if any, of the Owner, (c) in the ownership of any interests in any general partner(s) of the Owner or in any shareholder, trustee or beneficiary of the Owner, or (d) which would otherwise cause a change in the identity of

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the individuals who possess the power to direct the management and policies of the Owner since the date of the Regulatory Agreement or the most recent Annual Report?

Yes _____ No _____

If Yes, provide all the appropriate documents.

4. Have the Owner's organizational documents been amended or otherwise modified since they were submitted to the City?

Yes _____ No _____

If Yes, provide all amendments and modifications of the Owner's organizational documents.

5. Provide the City with independently audited financial statements for the Project for the most recent fiscal year, including an income and expense statement, a balance sheet listing assets and liabilities, a detailed schedule of operating, maintenance and administrative expenses and a cash flow statement.

6. Has the Owner been a recipient of a federal grant during this year, as defined in Section 42 of the Code, or has there been any other event, either of which would cause a reduction in the Eligible Basis (as hereinafter defined) of any building in the Project?

Yes _____ No _____

If Yes, provide the details.

B. REPRESENTATIONS, WARRANTIES AND COVENANTS

The Owner hereby represents and warrants to the City that each of the following statements is true and accurate and covenants as follows:

1. The Owner is [check as applicable]:
 - (a) an individual.
 - (b) a group of individuals.
 - (c) a corporation incorporated and in good standing in the State of _____.
 - (d) a general partnership organized under the laws of the State of _____.
 - (e) a limited partnership organized under the laws of the State of _____.
 - (f) other [please describe]: _____.

2. The Owner is [check as applicable] (a) _____ the owner of fee simple title to, or (b) _____ the owner of 100% of the beneficial interest in, the hereinafter described Project. The Owner received an allocation of low-income housing tax credits from the City in the

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amount of \$ _____ on _____, pursuant to Section 42 of the Code.

3. The Project consists of _____ building(s) containing a total of _____ residential unit(s).
4. If the date of this Annual Report is (a) not prior to the start of the Compliance Period and (b) not later than the first October 1 following the end of the Compliance Period, the following subparagraphs apply:

- (a) _____ of the residential unit(s) (the "Tax Credit Eligible Units") in the Project is/are occupied by Qualifying Tenants (as hereinafter defined).
- (b) For the 12-month period preceding the date hereof (the "Year"):
1. [check as applicable] (i) _____ 20% or more of the residential units in the Project were both rent-restricted (within the meaning of Section 42(g)(2) of the Code) and occupied by individuals (the "Qualifying Tenants") whose income as of the first date of initial occupancy is 50% or less of area median income, or (ii) _____ 40% or more of the residential units in the Project were both rent-restricted (within the meaning of Section 42(g)(2) of the Code) and occupied by individuals (the "Qualifying Tenants") whose income as of the first date of initial occupancy is 60% or less of area median income;
 2. there was no change in the applicable fraction (as defined in Section 42(c)(1)(B) of the Code) of any building in the Project, or if there were any such changes, attached hereto as Schedule II is a true and complete description of all such changes;
 3. the Owner has received an annual income certification from each Qualifying Tenant in substantially the form attached hereto as Schedule III or in such other form as shall have been approved by the City (for a Qualifying Tenant receiving Section 8 housing assistance payments, such documentation may be a statement from the Chicago Housing Authority to the Owner declaring that the Qualifying Tenant's income does not exceed the applicable income limit under Section 42(g) of the Code), and the Owner assisted each of the Qualifying Tenants in completing the Tenant Certifications if necessary;
 4. each Tax Credit Eligible Unit in the Project was rent-restricted (within the meaning of Section 42(g)(2) of the Code);
 5. all of the units in the Project were for use by the general public and used on a non-transient basis (except for units used for transitional housing for

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- the homeless provided under Section 42(i)(3)(B)(iii) of the Code, all of which units complied with the applicable requirements of Section 42 of the Code and the hereinafter defined Tax Credit Regulations);
6. each building in the Project was suitable for occupancy, taking into account the health, safety and building codes of the City;
 7. there was no change in the "eligible basis" as defined in Section 42(c) of the Code (the "Eligible Basis") of any building in the Project, or if there were any such changes, attached hereto as Schedule IV is a true and complete description of the nature of all such changes;
 8. all tenant facilities included in the Eligible Basis of any building in the Project, such as swimming pools, other recreational facilities and parking areas, were provided on a comparable basis to all tenants in such building;
 9. if a Tax Credit Eligible Unit became vacant during the Year, reasonable attempts were or are being made to rent such Tax Credit Eligible Unit or the next available residential unit in the Project of a comparable or smaller size to one or more Qualifying Tenants before any residential units in the Project were or will be rented to tenants who are not Qualifying Tenants;
 10. if after the first date of initial occupancy the income of any Qualifying Tenant increased above 140% of the applicable income limit described in (1) above, the next available residential unit in the Project of a comparable or smaller size was or will be rented to one or more Qualifying Tenants; and
 11. the Regulatory Agreement constitutes an "extended low-income housing commitment" as defined in Section 42(h)(6) of the Code and was in effect.
- (c) Any savings realized in a construction line item of the Project were either dedicated to the benefit of the Project through enhancement of the Project, or resulted in a decrease of the Project's Eligible Basis for purposes of calculating the Tax Credits for which the Project qualifies, and except as disclosed to and approved by the City, no amounts paid or payable to the Owner as developer fees exceeded the amount set forth in the Owner's original application for the Tax Credits and such fees will not be increased without the consent of the City.
- (d) The Project constitutes a "qualified low-income housing project" as defined in Section 42 of the Code and the Tax Credit Regulations.
- (e) All of the Schedule I is attached hereto constitute a true, correct and complete schedule showing, for the Year, the rent charged for each Tax Credit Eligible Unit in the Project and the income of the Qualifying Tenants in each Tax Credit

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Eligible Unit.

- (f) None of the incomes of the Qualifying Tenants exceeds the applicable limits under Section 42(g) of the Code.
5. The Project is in compliance with all of the currently applicable requirements of the Regulatory Agreement, Section 42 of the Code, the applicable Treasury regulations under Section 42 of the Code (the "Tax Credit Regulations") and the City's Housing Tax Credit Allocation Plan pursuant to which the Tax Credits were allocated (the "Plan"). The Owner will take whatever action is required to ensure that the Project complies with all requirements imposed by the Regulatory Agreement, Section 42 of the Code, the Tax Credit Regulations, and, if applicable, the Plan during the periods required thereby.
- The Owner shall retain, for the periods required under the Plan and 26 C.F.R. Section 1.42-5(b), as from time to time amended and supplemented, all tenant selection documents, which include but are not limited to: income verification, employment verification, credit reports, leases and low-income computation forms, to be available for periodic inspections by the City or its representative. The City, at its option, can periodically inspect the Project at reasonable times, and all tenancy-related documents to determine continued compliance of the Project with all applicable requirements.
6. No litigation or proceedings have been threatened or are pending which may affect the interest of the Owner in the Project or the ability of the Owner to perform its obligations with respect thereto, except as disclosed on Schedule V attached hereto.
7. The Owner has taken affirmative action to ensure that women- and minority-owned businesses have had the maximum opportunity to compete for and perform as contractors for supplies and/or services, and will continue to do so with future contracts and awards as provided in Sections 2-92-420 through 2-92-570, inclusive, of the Municipal Code of Chicago, as from time to time supplemented, amended and restated.
9. The Owner has not demolished any part of the Project or substantially subtracted from any real or personal property of the Project or permitted the use of any residential rental unit for any purpose other than rental housing. The Owner has used its best efforts to repair and restore the Project to substantially the same condition as existed prior to the occurrence of any event causing damage or destruction, or to relieve the condemnation, and thereafter to operate the Project in accordance with the terms of the Regulatory Agreement.
10. The Owner is in possession of all records which it is required to maintain pursuant to the terms of the Regulatory Agreement, Section 42 of the Code, the Tax Credit Regulations and, if applicable, the Plan, as well as any additional records which the City has determined to be necessary to the compliance and administration of the Project.
11. The Owner has not executed any agreement with provisions contradictory to, or in

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opposition to, the provisions of the Regulatory Agreement and in any event the requirements of the Regulatory Agreement are paramount and controlling as to the rights and obligations therein set forth and supersede any other requirements in conflict therewith. The Owner shall continue to cooperate with the City and furnish such documents, reports, exhibits or showings as are required by the Regulatory Agreement, Section 42 of the Code, the Tax Credit Regulations, the Plan (if applicable) and the City or the City's counsel.

If the Owner is unable to make any representation or warranty set forth above, the Owner must immediately contact the City and inform the City of the reason that the Owner is unable to make such representation or warranty.

Under penalties of perjury, the Owner declares that, to the best of its knowledge and belief, each response, representation, warranty and document delivered by the Owner in connection herewith is true, correct and complete and will continue to be true, correct and complete.

C. INDEMNIFICATION

The Owner hereby agrees to fully and unconditionally indemnify, defend and hold harmless the City from and against any judgments, losses, liabilities, damages (including consequential damages), costs and expenses of whatsoever kind or nature, including, without limitation, attorneys' fees, expert witness fees, and any other professional fees and litigation expenses or other obligations, incurred by the City that may arise in any manner out of or in connection with actions or omissions which result from the Owner's responses or documents provided pursuant to the terms of this Annual Report including breaches of the representations and warranties herein contained.

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IN WITNESS WHEREOF, the Owner has executed this Annual Report this _____ day of _____, _____.

Liberty Square Limited Partnership:

By: _____
Its: _____

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

Notary Public (SEAL)

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Owner: _____

Mailing Address: _____

Date of Regulatory Agreement: _____

Project Name and No.: _____

Building Address: _____

Building Identification Number: _____

1. Is the date of the attached Annual Report prior to the start of the Compliance Period for this Building?
 _____ Yes _____ No [check one]. If "Yes," do not complete (2) or (3) but go directly to (4). If "No," proceed to (2).
2. Is the date of the attached Annual Report later than the first October 1 following the end of the Compliance Period for this Building? _____ Yes _____ No [check one]. If "Yes," do not complete (3) but go directly to (4). If "No," proceed to (3).
3. (a) Tax Credits Assigned to this Project: _____
- (b) Number of Residential Rental Units in this Building:
- Studios _____ 1 Br _____ 2 Br _____ 3 Br _____
 4 Br _____ 5 or more Br _____
- (c) Total Square Feet of space contained in Residential Rental Units in this Building:

- (d) Total Number of Residential Rental Units rented to Tax Credit Eligible Families:
- Studios _____ 1 Br _____ 2 Br _____
 3 Br _____ 4 Br _____ 5 or more Br _____
- (e) Total Eligible Basis of this Building:

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(f) Amount reduced due to receiving a federal grant or for any other reason: (If applicable)

(g) Total Qualified Basis of this Building: _____

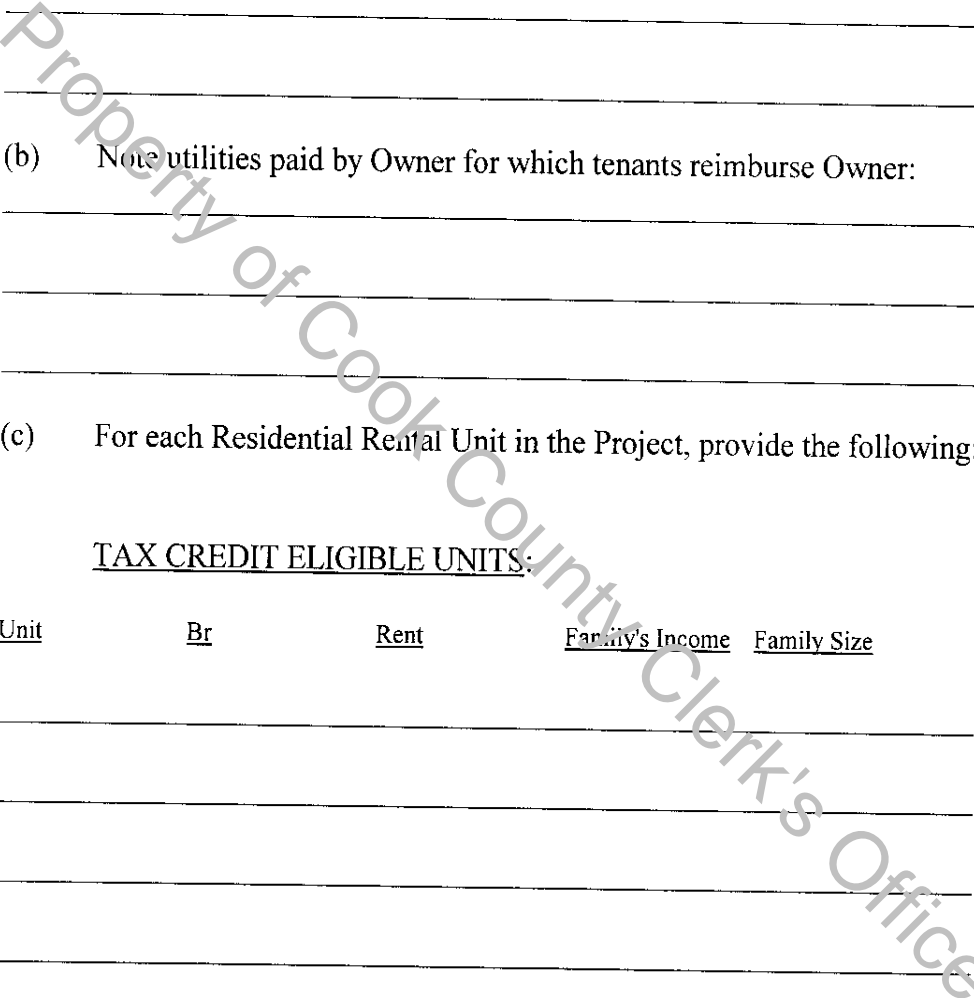
4. (a) Note utilities paid by tenants:

(b) Note utilities paid by Owner for which tenants reimburse Owner:

(c) For each Residential Rental Unit in the Project, provide the following:

TAX CREDIT ELIGIBLE UNITS:

<u>Unit</u>	<u>Br</u>	<u>Rent</u>	<u>Family's Income</u>	<u>Family Size</u>



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OTHER UNITS:

<u>Unit</u>	<u>Br</u>	<u>Rent</u>	<u>Family's Income</u>	<u>Family Size</u>

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5. Has the rent in any Tax Credit Eligible Unit in the building identified above increased since the filing of the previous Annual Report or, if this Annual Report is the first Annual Report filed with respect to such building, has the rent been increased from the amounts projected during the construction period?

Yes No

If Yes, please provide details.

6. How many Tax Credit Eligible Units in this building are now occupied by tenants that did not occupy such units at the time of the last Annual Report filed for this building?

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7. What steps did the Owner take to insure that the new tenants qualified as Tax Credit Eligible Families, as applicable?

8. Have any Tax Credit Eligible Families been evicted since the time of the last Annual Report or if this report is the first Annual Report filed with respect to this building, since the initial rent-up of this building?

Yes _____

No _____

If Yes, please provide details.

9. Has any legal or administrative action been instituted by any Tax Credit Eligible Family against the Owner?

Yes _____

No _____

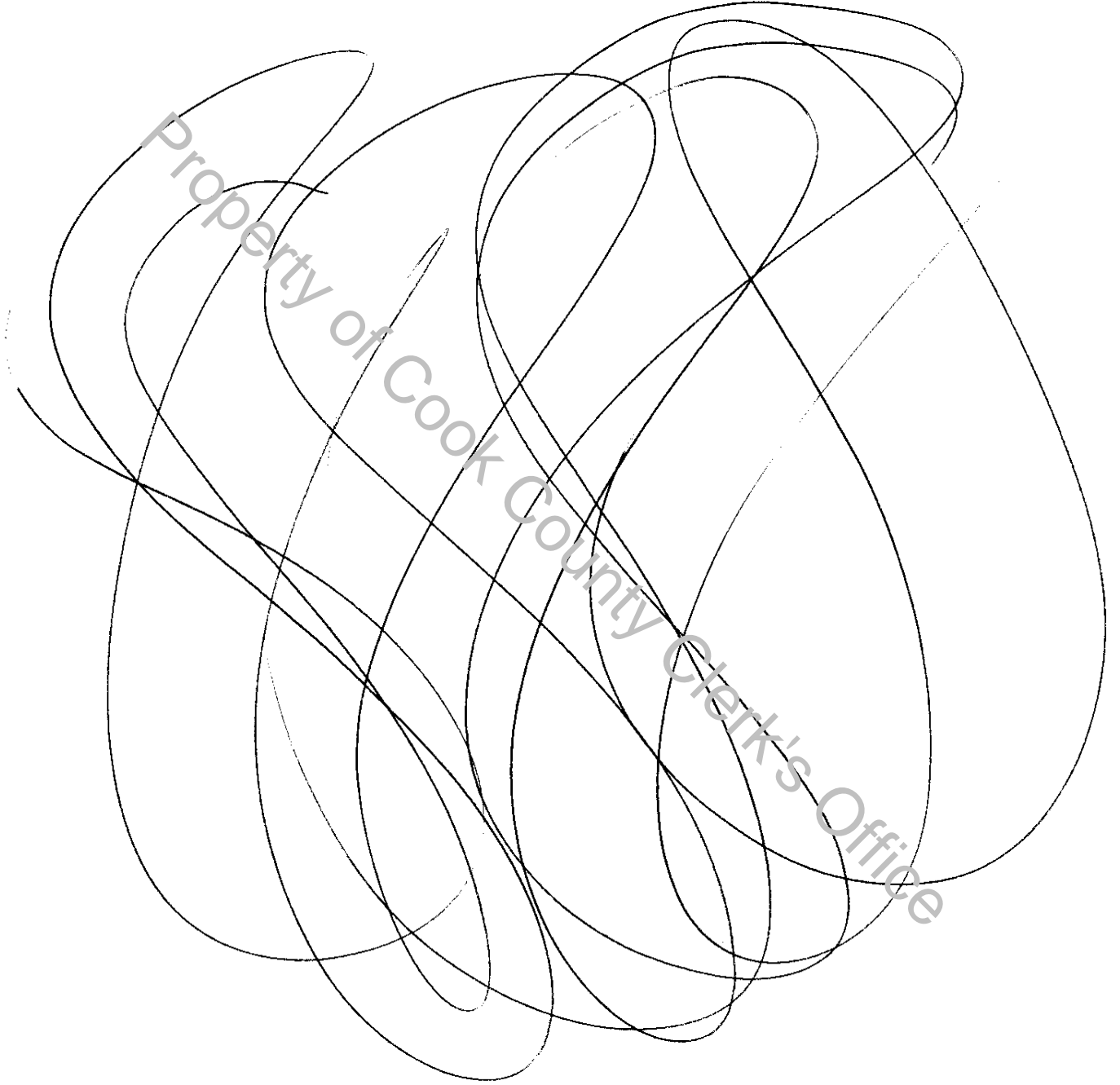
If Yes, please provide details.

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SCHEDULE II

CHANGES IN APPLICABLE FRACTION



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SCHEDULE III

TENANT CERTIFICATION

RE: _____
Chicago, Illinois

Name of Tenant (i.e., person(s)
whose name appears on the lease): _____

Address of Apartment: _____

Apartment Number: _____

Some or all of the cost of the apartment development in which you are to lease an apartment was financed by the use of low-income housing tax credits provided by the City of Chicago for the development. In order for the development to continue to qualify for these tax credits, there are certain requirements which must be met with respect to the apartment development and its tenants. To satisfy one of those requirements it is necessary for you to provide the information requested in this Tenant Certification at the time you sign your lease and annually thereafter so long as you remain a tenant in the apartment development.

CERTIFICATION

I, the undersigned, state that I have read and answered fully, frankly and personally each of the following 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 on the following page:

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Income Computation (Anticipated Incomes)

<u>Name of Members of the Household</u>	<u>Relation-ship to Head of Household</u>	<u>Age (if 18 or under)</u>	<u>Social Security Number</u>	<u>Place of Employment</u>
_____	HEAD	_____	_____	_____
_____	SPOUSE	_____	_____	_____
_____		_____	_____	_____
_____		_____	_____	_____
_____		_____	_____	_____
_____		_____	_____	_____
_____		_____	_____	_____
_____		_____	_____	_____
_____		_____	_____	_____
_____		_____	_____	_____
_____		_____	_____	_____
_____		_____	_____	_____
_____		_____	_____	_____
_____		_____	_____	_____
_____		_____	_____	_____

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1. On the lines below, indicate the anticipated income from all sources received by the family head and spouse (even if temporarily absent) and by each additional member of the family over the age of 18 during the 12-month period beginning this date:

<u>Name</u>	<u>Annual Wages/ Salary</u>	<u>Other Income</u>	<u>Total Income</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

(Capital Assets)

2. If any of the persons described above (or whose income or contributions were included in item (1)) has any real property, savings, stocks, bonds or other forms of capital investment, excluding interest in Indian Trust land and equity in a housing cooperative unit or in a manufactured home in which the family resides and except for necessary items of personal property such as furniture and automobiles, provide:
- a. the total value of all such assets owned by all such persons: \$ _____,
 - b. the amount of income expected to be derived from such assets in the 12-month period commencing this date:
\$ _____, and
 - c. the amount of such income which is included in item (1):
\$ _____.

(Students)

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3. 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 at an educational institution (other than a correspondence school) with regular faculty and students?

Yes _____ No _____

- b. Is any such person (other than nonresident aliens) married and eligible to file a joint federal income tax return?

Yes _____ No _____

I acknowledge that all of the above information is or may be the basis of my qualifying as a tenant and further is relevant to the status of the tax credits provided by the City to finance construction of the apartment for which application is being made. I consent to and authorize the disclosure of such information to the City and any agent acting on its behalf. If I am accepted as a tenant or my lease is renewed, and if any of the foregoing information is inaccurate or misleading, I understand that it will constitute a material breach of my lease. I understand that the submission of this information is one of the requirements for tenancy and does not constitute an approval of my application, or my acceptance as a tenant.

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I declare under penalty of perjury that the foregoing is true and correct.

Executed this _____ day of _____, _____ at Chicago, Illinois.

Tenant

Applicant for an apartment _____
or Residing in Apt. No. _____

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

On the _____ day of _____, _____ personally appeared before me _____, the signer of the above certification, who duly acknowledged to me that he/she executed the same.

(SEAL)

NOTARY PUBLIC

FOR COMPLETION BY OWNER ONLY:

1. Calculation of eligible income:

a. Total amount entered for entire household in 1 above: _____

b. If the amount entered in 2.a above exceeds \$5,000, enter the greater of (i) the amount entered in 2.b less the amount entered in 2.c and (ii) the passbook saving rate as designated by HUD multiplied by the amount entered in 2.a: _____

c. TOTAL ELIGIBLE INCOME
(Line 1.a plus line 1.b): _____

2. For each Tax Credit Eligible Unit, complete the following:

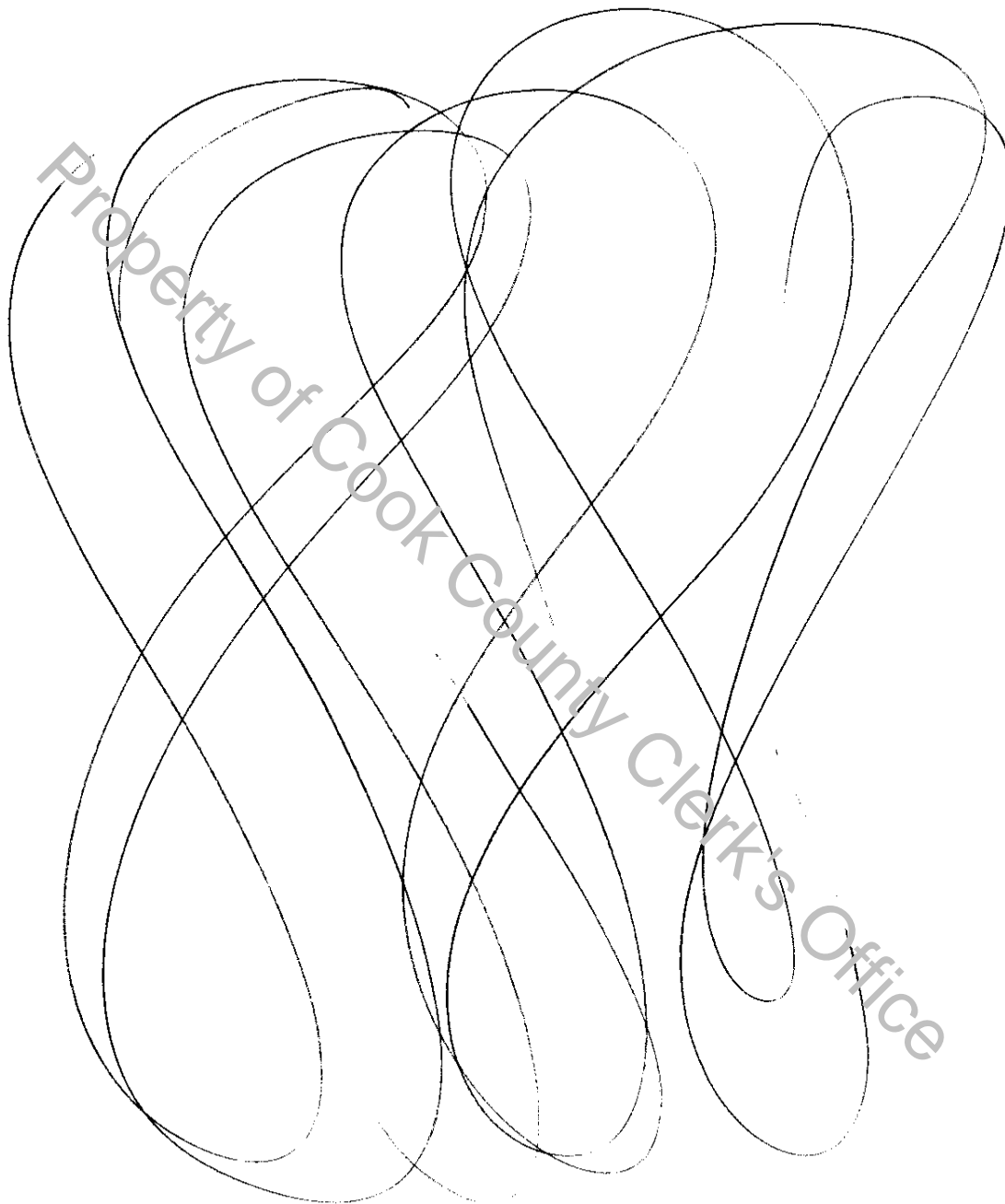
a. The amount entered in 1.c is: (place "x" on appropriate line)

_____ Less than \$_____ which is the maximum income at which a household of _____ persons may be determined to be a Qualifying Tenant (as defined in the Annual Report).

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SCHEDULE IV

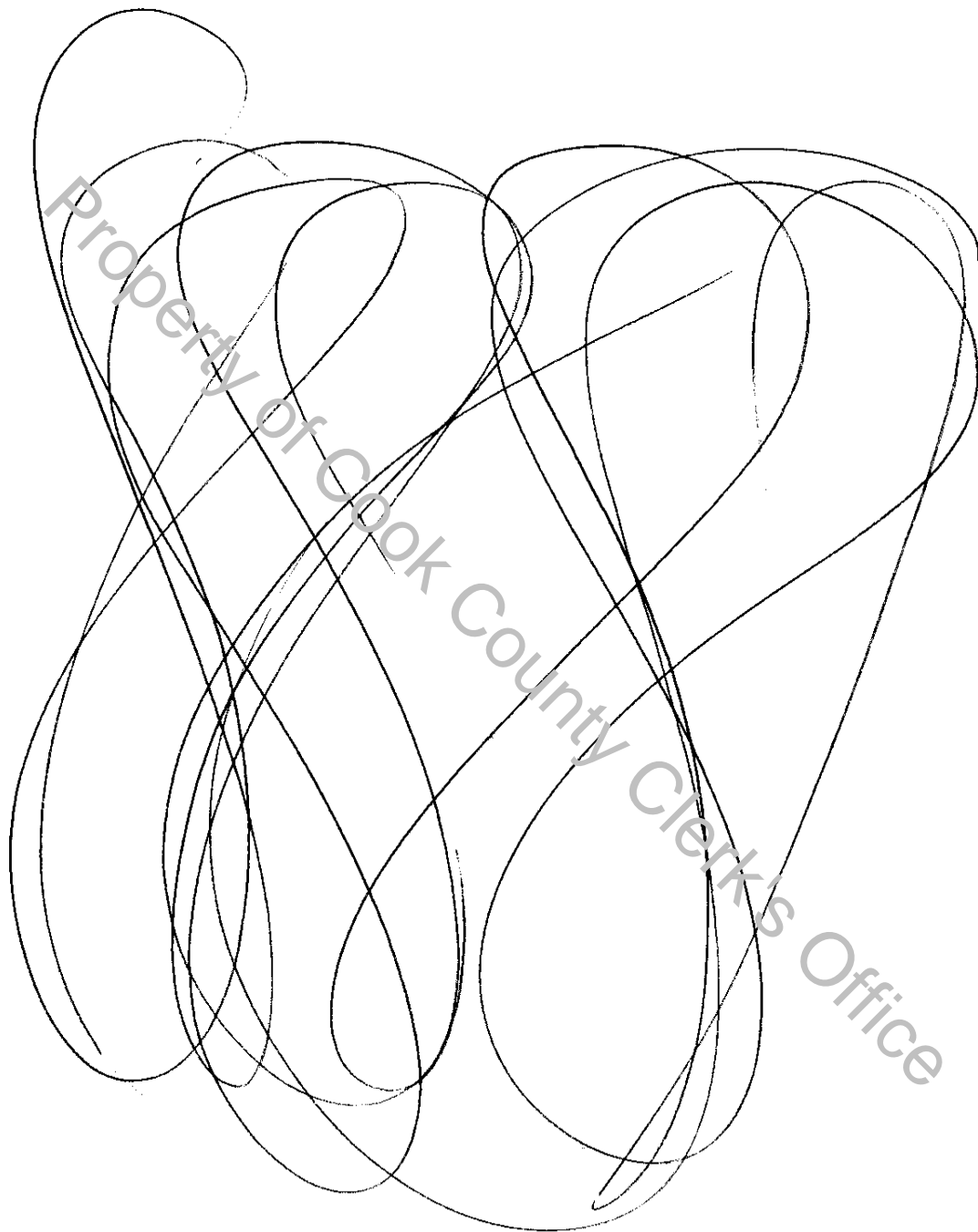
CHANGES IN ELIGIBLE BASIS



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SCHEDULE V

LITIGATION SUMMARY



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EXHIBIT D

HUD-REQUIRED PROVISIONS RIDER

THIS RIDER ("Rider") is attached to and made a part of that certain Regulatory Agreement (the "Document"), dated as of July 1, 2004 entered into by and between the City of Chicago, Illinois, an Illinois municipal corporation (the "Grantor"), through its Department of Housing, having its offices at 318 South Michigan Avenue, Chicago, Illinois 60604, and Liberty Square Apartments Limited Partnership, an Illinois limited partnership ("Borrower"), relating to the property located between Independence Boulevard and Central Avenue and between Harrison Street and Polk Street in Chicago, Illinois.

In the event of any conflict, inconsistency or ambiguity between the provisions of this Rider and the provisions of the Document, the provisions of this Rider shall control. All capitalized terms used herein and not otherwise defined herein shall have the meaning given to such terms in the Document. As used herein, the term "HUD" shall mean the United States Department of Housing and Urban Development; the term "FHA" shall mean the Federal Housing Administration, an organizational unit within HUD; the term "Project" shall have the same meaning as in the HUD Regulatory Agreement described below; and the term "HUD/FHA Loan Documents" shall mean the following documents relating to the HUD insured mortgage loan for the Project (Project No. 071-32144):

- A. Commitment for Insurance dated as amended, issued by the Secretary of HUD pursuant to Section 220 to Prairie Mortgage Company ("Mortgagee") in the original amount of \$3,798,300
- B. Building Loan Agreement dated as of July 1, 2004, between the Grantor and Mortgagee;
- C. Mortgage Note A dated as of July 1, 2004, made by the Grantor payable to the order of Mortgagee in the principal amount of \$2,667,500, and Mortgage Note B dated as of July 1, 2004, made by the Grantor payable to the order of Mortgagee in the principal amount of \$1,130,800 (individually and collectively, the "Mortgage Note");
- D. Mortgage dated as of July 1, 2004, made by Grantor in favor of Mortgagee and encumbering the Project as security for the Mortgage Note (the "Mortgage");
- E. Security Agreement (Chattel Mortgage) dated as of July 1, 2004, between the Grantor, as debtor, and Mortgagee and/or the Secretary of HUD as their interests may appear, as secured party;

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- F. UCC-1 Financing Statement made by the Grantor, as debtor, in favor of Mortgagee and/or the Secretary of HUD as their interests may appear, as secured party recorded with the Cook County Recorder's Office and to be filed with the Illinois Secretary of State; and
 - G. Regulatory Agreement for Multifamily Housing Projects, dated as of July 1, 2004, between the Grantor and HUD (the "HUD Regulatory Agreement");
 - H. Assignment of Rents and Leases from Maker to Mortgagee dated as of July 1, 2004; and
 - I. Assignment of Contracts and Documents from Maker to Mortgagee dated as of July 1, 2004.
- R-1 Notwithstanding anything in the Document to the contrary, the provisions of the Document are subordinate to all applicable Federal Statutes, HUD mortgage insurance regulations and related HUD directives and administrative requirements other than those HUD Mortgage insurance regulations, related HUD directives or administrative requirements which have been waived in writing by HUD with respect to the Project. The provisions of the Document are also expressly subordinate to the HUD/FHA Loan Documents. In the event of any conflict between the Document and the provisions of applicable Federal statutes, HUD mortgage insurance regulations, related HUD directives and administrative requirements, or HUD/FHA Loan Documents, the Federal statutes, HUD mortgage insurance regulations, related HUD directives and administrative requirements and HUD/FHA Loan Documents shall control, except for those HUD mortgage insurance regulations, related HUD directives or administrative requirements which have been waived in writing by HUD with respect to the Project.
- R-2 Failure on the part of the Borrower to comply with the covenants contained in the Document shall not serve as a basis for default on any HUD-insured or HUD-held mortgage on the Project.
- R-3 Compliance by the Borrower with the provisions and covenants of the Document and enforcement of the provisions and covenants contained in the Document, including, but not limited to, any indemnification provisions or covenants, will not and shall not result in any claim or lien against the Project, any asset of the Project, the proceeds of the Mortgage, any reserve, or deposit required by HUD in connection with the Mortgage transaction or the rents or other income from the Project, other than distributable "Surplus Cash" (as that term "Surplus Cash" is defined in the HUD Regulatory Agreement).

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- R-4 No amendment to the Document made after the date of the HUD initial endorsement of the Mortgage Note shall have any force or effect until and unless such amendment is approved in writing by HUD. No amendment made after the aforesaid date to any HUD/FHA Loan Document shall be binding upon the Grantor unless the Grantor has consented thereto in writing.
- R-5 Unless waived in writing by HUD with respect to the Project, any action of the Borrower which is prohibited or required by HUD pursuant to applicable Federal law, HUD regulations, HUD directives and administrative requirements or the HUD/FHA Loan Documents shall supersede any conflicting provision of the Document, and the performance or failure to perform of the Borrower in accordance with such laws, regulations, directives, administrative requirements or HUD/FHA Loan Documents shall not constitute an event of default under the Document.
- R-6 So long as HUD is the insurer or holder of any mortgage on the Project or any indebtedness secured by a mortgage on the Project, the Borrower, the general partner and any principal of either of the foregoing shall not and are not permitted to pay any amount required to be paid under the provisions of the Document except from distributable Surplus Cash, as such term is defined in, and in accordance with the conditions prescribed in the HUD Regulatory Agreement, unless otherwise specifically permitted in writing by HUD. Failure to pay, when due, any such required amount due to lack of distributable Surplus Cash shall not be an event of default under the Document but such amount shall accrue and be payable when there is sufficient available Surplus Cash or at the unaccelerated maturity date of the Note, whichever shall first occur.
- R-7 In the event of the appointment by any court of any person, other than HUD or the Mortgagee, as a receiver, as a mortgagee or party in possession, or in the event of any enforcement of any assignment of leases, rents, issues, profits, or contracts contained in the Document, with or without court action, no rents, revenue or other income of the Project collected by the receiver, person in possession or person pursuing enforcement as aforesaid, shall be utilized for the payment of interest, principal or any other amount due and payable under the provisions of the Document except from distributable Surplus Cash in accordance with the HUD Regulatory Agreement. The receiver, person in possession or person pursuing enforcement shall operate the Project in accordance with all provisions of the HUD/FHA Loan Documents.
- R-8 A duplicate of each notice given, whether required or permitted to be given, under the provisions of the Document shall also be given to:

Department of Housing and Urban Development
77 West Jackson Blvd.
Chicago, IL 60604

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Attention: Director of Multi-Family Housing
Project No. 071-32144

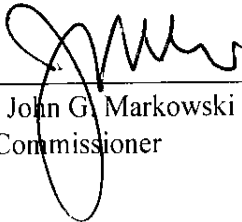
HUD may designate any further or different addresses for such duplicate notices.

- R-9 Notwithstanding anything in the Document to the contrary, the Borrower and its successors and assigns may sell, convey, transfer, lease, sublease or encumber the Project or any part thereof provided it obtains the prior written consent of HUD to any such sale, conveyance, transfer, lease, sublease or encumbrance. The Borrower may make application to HUD for approval of a Transfer of Physical Assets in accordance with HUD regulations, directives and policies. A duplicate copy of such application shall be served on the Grantor. Within 90 days after such service, the Grantor shall serve written notice of its approval of such transfer, or of its requirements for approval of such transfer, on HUD, the Mortgagee and the Borrower. No such transfer shall occur or be effective until the Grantor's requirements shall have been satisfied. In the event the Grantor fails to serve such notice on HUD, the Mortgagee and the Borrower within said time, then any consent by HUD to such transfer shall be conclusively deemed to be the Grantor's prior written consent to such transfer and consummation of such transfer shall not be a default under the Document.
- R-10 It is the intent and agreement of the parties hereto, and for any other party who may claim any interest herein, that the Document shall qualify as an "extended low-income housing commitment" under the provisions of Section 42(h)(6)(B) of the Code. Notwithstanding any other provision of this Rider, the provisions of Sections 42(h)(6)(B) and (E) of the Code shall supersede, govern and control any inconsistent or contradictory terms of this Rider through expiration of the Extended Use Period and the Three-Year Period, if any, but solely for the purpose of qualifying this Document under the minimum requirements set forth in Section 42(h)(6)(B) of the Code.
- R-11 Notwithstanding anything in the Document to the contrary, the provisions of this HUD-Required Provisions Rider are for the benefit of and are enforceable by HUD and the Mortgagee.

UNOFFICIAL COPY

This HUD Rider to the Regulatory Agreement is executed as of the date set forth above.

CITY OF CHICAGO, by and through its
Department of Housing

By: 
Name: John G. Markowski
Title: Commissioner

**LIBERTY SQUARE LIMITED
PARTNERSHIP**, an Illinois limited partnership

By: Bonheur Corporation, an Illinois corporation and its managing
general partner

By: _____
Name: _____
Its: _____

Property of Cook County Clerk's Office

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**LIBERTY SQUARE LIMITED
PARTNERSHIP**, an Illinois limited partnership

By: Bonheur Corporation, an Illinois corporation and its managing
general partner

By: Paul L. Bonheur
Name: Paul L. Bonheur
Its: President

Property of Cook County Clerk's Office