

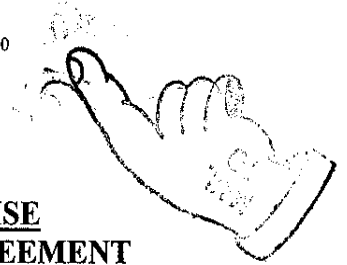
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Doc#: 0534945067 Fee: \$244.50
Eugene "Gene" Moore RHSP Fee: \$10.00
Cook County Recorder of Deeds
Date: 12/15/2005 11:10 AM Pg: 1 of 111

This agreement was prepared by and
after recording return to:
Scott D. Fehlman
City of Chicago Law Department
121 North LaSalle Street, Room 600
Chicago, IL 60602



HORNER/WESTHAVEN PARK PHASE IIA1 LOWRISE TRANSFORMATION PROJECT REDEVELOPMENT AGREEMENT

This Horner/Westhaven Park Phase IIA1 Lowrise Transformation Project Redevelopment Agreement (this "Agreement") is made as of this 1st day of December, 2005, by and between the City of Chicago, acting by and through its Department of Planning and Development ("DPD") and WHP Homes, LLC, an Illinois limited liability company, its permitted successors and permitted assigns (the "Developer"). Capitalized terms not otherwise defined herein shall have the meaning given in Section 2.

RECITALS

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

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

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conservation area factors through the use of tax increment allocation financing for redevelopment projects.

C. City Council Authority: To induce redevelopment pursuant to the Act, the City Council of the City (the "City Council") adopted the following ordinances on February 16, 2000, and published in the Journal of Proceedings of the City Council for such date at pages 25276 to 25432: (1) "An Ordinance of the City of Chicago, Illinois Approving a Tax Increment Redevelopment Plan for the Central West Redevelopment Project Area"; (2) "An Ordinance of the City of Chicago, Illinois Designating the Central West Redevelopment Project Area as a Redevelopment Project Area Pursuant to the Tax Increment Allocation Redevelopment Act"; and (3) "An Ordinance of the City of Chicago, Illinois Adopting Tax Increment Allocation Financing for the Central West Redevelopment Project Area" (the "TIF Adoption Ordinance") (items(1)-(3) collectively referred to herein as the "TIF Ordinances"). The redevelopment project area referred to above (the "Redevelopment Area") is legally described in Exhibit A hereto.

D. The Project: The CHA is the owner of the real property described in Exhibit B (together with all rights, title and interest appurtenant thereto, the "Land"), which is located in the Redevelopment Area and generally bounded on the west by North Oakley Street, on the east by North Hermitage Street, on the north by West Lake Street and on the south by West Washington Street in Chicago, Illinois. After the formation of the Redevelopment Area, but prior to the date hereof, the City and the CHA initiated certain site preparation work on the Land. This site preparation work has included environmental investigation activities and the construction of certain public improvements, including water and sewer lines, all in order to prepare the Land for the construction of the improvements contemplated by this Agreement.

The Project contemplated by this Agreement consists of the construction of seven three-story buildings (the "Buildings"). The Buildings will have, in aggregate, 60 units of residential housing in a mixed-income residential housing development. The 60 units include 48 units that will be sold as Market Rate Units and 12 units that will be sold as Affordable Units (collectively, the "For Sale Units"). Exhibit C attached hereto and made a part hereof describes the location, unit number, bedroom size and accessibility and adaptability features of the For Sale Units and whether the units are Market Rate Units or Affordable Units.

On the Closing Date, the CHA and the Developer will execute the Ground Lease and record such lease (or a memorandum thereof) against the Land, subject to a termination right to be set forth therein.

The Developer will then proceed to construct the Buildings and certain related improvements (the Land, the Buildings and such related improvements, collectively, the "Property"), all in accordance with any applicable Plans and Specifications. Upon completion of the Buildings, the Developer shall form the Condominium Association, submit the Property to the Condominium Act, and record the Condominium Plat, thereby creating a condominium development.

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The Developer will from time to time convey the Market Rate Units to private purchasers at market rate prices and Affordable Units to Qualified Households at an Affordable Price.

This Agreement, and all applicable Lender Financing Documents (including any Recorded Affordability Documents) shall initially be recorded against the Land and, during construction, shall encumber all Buildings and all related improvements. The mortgage liens and security interests created under the Lender Financing Documents shall be subordinate to the Recorded Affordability Documents to generally insure that the affordability requirements imposed thereby survive any foreclosure of such liens and security interests.

After the Property, or a portion thereof, has been submitted to the Condominium Property Act and separate legal descriptions for the For Sale Units have been created, then, at the time of the conveyance of units to private purchasers, the recorded Lender Financing Documents shall be partially released and amended, as applicable, from time to time, so as to impose continuing mortgage liens and security interests against only the For Sale Units that have not yet been conveyed and to permit the Developer to deliver clear title to the For Sale Units being conveyed.

After the Closing Date, the City and the CHA may retain the right to go onto the Property as necessary in order to assist the Developer in its performance of certain remediation work applicable to certain portions of the Property with the intent of obtaining one or more NFRLs covering portions of the Property from the Illinois Environmental Protection Agency pursuant to the SRP. Such entries shall be coordinated with the Developer and the General Contractor. The General Contractor shall, as part of its General Contract (or, if such work is subcontracted or handled by a third party, such subcontractor or third party) and the construction of the Project, be responsible for complying with (or causing such subcontractor or third party to comply with) the requirements of the Remedial Action Plan approved by the Illinois Environmental Protection Agency and applicable to the Property.

The Developer's activities described above in this Recital D, together with the sale of the condominium units to the private purchasers and the ownership and occupancy of the Affordable Units in accordance with this Agreement and the Governing Documents, is collectively referred to herein as the "Project." The Project includes, among other things, the City's payment or reimbursement of the cost of those TIF-Funded Improvements set forth on Exhibit E.

The completion of the Project would not reasonably be anticipated without the City Funds to be disbursed pursuant to this Agreement. But for the Developer's execution of this Agreement, the City would be unwilling to provide the City Funds or other City financing for the Project.

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The description of the Project in this Recital D describes the Project to be built, the Lender Financing for such Project and the required ownership and occupancy of such Project. The terms of this Agreement shall be binding upon the Developer and the Property, and all successors in title to any portion of the Property, subject to the limitations set forth in Sections 7 and 16, and provided further that neither any individual purchasers of For Sale Units nor any lender providing Lender Financing for the Project shall have any obligation to perform the construction obligations of the Developer.

E. Redevelopment Plan: The Project will be carried out in accordance with this Agreement and the City of Chicago Central West Redevelopment Project Area Redevelopment Project and Plan (the "Redevelopment Plan") attached hereto as Exhibit F.

F. City Financing: The City agrees to use, in the amounts set forth in Section 4.02 hereof, Available Incremental Taxes (as defined below) to reimburse the Developer for the costs of TIF-Funded Improvements incurred by the Developer or its Affiliate pursuant to the terms and conditions of this Agreement. The Developer has no claim on any monies except for monies which are Available Incremental Taxes (as defined herein).

In addition, the City may, in its discretion, issue tax increment allocation bonds ("TIF Bonds") secured by Incremental Taxes pursuant to a TIF bond ordinance (the "TIF Bond Ordinance") at a later date as described in Section 4.02(e) hereof, the proceeds of which (the "TIF Bond Proceeds") may be used to pay for the costs of the TIF-Funded Improvements not previously paid for from Incremental Taxes (including any such payment made in order to reimburse the City for the costs of TIF-Funded Improvements).

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

SECTION 1. RECITALS

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

SECTION 2. DEFINITIONS

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

"Act" shall have the meaning set forth in Recital B.

"Affiliate" shall mean any person or entity directly or indirectly controlling, controlled by or under common control with any Developer Party, Brinshore Holding,

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LLC, The Michaels Development Company I, LP, and Community Reinvestment Fund, Inc., an Illinois not-for-profit corporation.

“Affordable Price” shall have the meaning given such term in Exhibit B to the City Recapture Mortgage.

“Affordable Units” shall mean For Sale Units sold to Qualified Households for an Affordable Price, as such terms are defined in Exhibit B to the City Recapture Mortgage.

“Agreement” shall have the meaning set forth in the Preamble.

“Architect” shall mean Landon Bone Baker Architects, Ltd.

“Available Incremental Taxes” shall mean an amount up to \$2,501,821 from the Incremental Taxes which are received and that have been deposited into the TIF Fund as of June 30 of a calendar year and which are available for the financing or payment of Redevelopment Project Costs, excluding Incremental Taxes previously allocated or pledged by the City.

“Bond(s)” shall have the meaning set forth for such term in Section 8.05 hereof.

“Bond Ordinance” shall mean the City ordinance authorizing the issuance of Bonds.

“Certificate” shall mean each certificate of completion described in Section 7.01 hereof.

“CHA” shall mean the Chicago Housing Authority, a municipal corporation, its successors and assigns.

“Change Order” shall mean any amendment or modification to the applicable Plans and Specifications or the Project Budget as described in Section 2.03, Section 3.04 and Section 3.05, respectively.

“City” shall mean the City of Chicago, a municipal corporation and a home rule unit of government under Section 6(a), Article VII of the 1970 Constitution of the State of Illinois, its successors and assign.

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

“City Funds” shall mean the funds described in Section 4.02(b) hereof.

“City Recapture Mortgage” shall mean the Mortgage, Security Agreement and Recapture Agreement Including Restrictive Covenants to be executed by purchasers of Affordable Units in favor of the City to secure the conditional repayment of the purchase

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price subsidy afforded such purchasers, which shall be in substantially the form of Exhibit G.

"Closing Date" shall mean the date of execution and delivery of this Agreement by all parties hereto, which shall in no event be later than December 31, 2005, unless the Commissioner, in the Commissioner's sole discretion, shall have consented to an extension of such closing date, as evidenced by his or her execution of this Agreement bearing a later date.

"Commissioner" shall mean the Commissioner of the Department of Planning and Development of the City, or his or her designee.

"Condominium Act" shall mean the Illinois Condominium Property Act, 765 ILCS 605/1 et seq., as amended.

"Condominium Association" shall mean the Westhaven Park Homes Condominium Association, an Illinois not-for-profit corporation to be hereafter created in accordance with Section 18.1 of the Condominium Act, 765 ILCS 605/18.1, to operate the Condominium Development on behalf of the owners of the condominium units.

"Condominium Declaration" shall mean the Declaration of Leasehold Condominium for the Westhaven Park Homes Condominium, including the Bylaws and Rules and Regulations attached as exhibits thereto.

"Condominium Development" shall mean the leasehold condominium development to be constructed on the property leased under the Ground Lease.

"Condominium Plat" shall mean the plat to be prepared and recorded in accordance with Sections 5 and 6 of the Condominium Act, 765 ILCS 605/5 and 765 ILCS 605/6 with respect to the formation of the Condominium Development, setting forth the boundaries, dimensions, unit numbers and such other information as may be required under the Condominium Act, as the same may be amended from time to time in accordance with the Condominium Act and this Agreement.

"Construction Contract" shall mean the construction contract between Developer and the General Contractor dated July 11, 2005, which Construction Contract has been previously approved by DPD.

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

"Construction Loan Escrow Agreement" shall mean the Construction Loan Escrow Agreement establishing the Construction Loan Escrow, by and among the lenders, the Title Company (or an affiliate of the Title Company), as escrow agent, and the Developer.

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

"Developer" shall have the meaning set forth in the Preamble of this Agreement.

"Developer Party" shall mean one or more of the Developer and BMH-I, LLC, LLC, as the context may require. "Developer Parties" shall mean all of such entities.

"DOH" shall mean the Department of Housing of the City, and any successor department, division, bureau, commission or agency thereto.

"DPD" shall mean the Department of Planning and Development of the City, and any successor department, division, bureau, commission or agency thereto.

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

"Environmental Laws" shall mean any and all federal, State or local statutes, laws, regulations, ordinances, codes, rules, orders, licenses, judgments, decrees or requirements relating to public health and safety and the environment now or hereafter in force, as amended and hereafter amended, including but not limited to (i) the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. Section 9601 et seq.); (ii) any so-called "Superfund" or "Superlien" law; (iii) the Hazardous Materials Transportation Act (49 U.S.C. Section 1801 et seq.); (iv) the Resource Conservation and Recovery Act (42 U.S.C. Section 6901 et seq.); (v) the Clean Air Act (42 U.S.C. Section 7401 et seq.); (vi) the Clean Water Act (33 U.S.C. Section 1251 et seq.); (vii) the Toxic Substances Control Act (15 U.S.C. Section 2601 et seq.); (viii) the Federal Insecticide, Fungicide and Rodenticide Act (7 U.S.C. Section 136 et seq.); (ix) the Illinois Environmental Protection Act (415 ILCS 5/1 et seq.); and (x) the Municipal Code of Chicago (as defined below), including but not limited to Section 7-28-390, 7-28-440, 11-4-1410, 11-4-1420, 11-4-1450, 11-4-1500, 11-4-1530, 11-4-1550, or 11-4-1560.

"Equity" shall mean, with respect to the Project, not less than \$2,754,193 of contributed and unreturned capital contributions made by the Developer, Community Reinvestment Fund, Inc. (or an affiliated fund thereof) and such other funds as the Commissioner may reasonably deem to be equity available for the Project, which amount may be increased by the Developer pursuant to Section 4.05 or Section 4.02(b).

"Event of Default" shall have the meaning set forth in Section 15.01 hereof.

"Existing Materials" shall mean the Hazardous Materials and other environmental conditions existing on the Property prior to or as of the Closing Date and described in the SRP Reports.

"Financial Statements" shall mean complete audited financial statements of the Developer and any other Developer Parties prepared by a certified public accountant in

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accordance with generally accepted accounting principles and practices consistently applied throughout the appropriate periods.

“For Sale Profit Sharing Guidelines” shall mean the requirements applicable to the sharing of certain net sale proceeds from the sale of the For Sale Units with the CHA and the City, as set forth in Exhibit J.

“For Sale Units” shall have the meaning set forth in Recital D.

“General Contractor” shall mean New England Builders, Inc.

“Ground Lease” shall mean that certain Ground Lease dated as of December 1, 2005 between the CHA and the Developer having a term of 99 years, and as the same may be amended, terminated and extended in accordance with its terms. Upon the conversion of the Developer’s leasehold interest in the Land and fee simple title interest in the Buildings and related improvements to a condominium form of ownership, undivided interests in such leasehold estate shall be conveyed to purchasers of condominium units (along with fee simple title to each such purchaser’s unit).

“Governing Documents” shall mean: this Agreement and all Exhibits attached hereto; the Redevelopment Plan; any applicable plats of subdivision, the condominium documents, the Residential Planned Development; the TIF Ordinances; the Plans and Specifications; the Project Budget and MBE/WBE Project Budget; the Ground Lease; and the Recorded Affordability Documents and all amendments thereto, and all federal, State and local laws, ordinances, rules, regulations, executive orders and codes from time to time applicable to the Project, the Property and/or the Developer.

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

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

“Incremental Taxes” shall mean such ad valorem taxes which, pursuant to the TIF Adoption Ordinance and Section 5/11-74.4-8(b) of the Act, are allocated to and when collected are paid to the Treasurer of the City for deposit by the Treasurer into the TIF Fund to pay Redevelopment Project Costs and obligations incurred in the payment thereof to the extent available, as allocated by the City in each fiscal year for the payment or reimbursement of costs of TIF-Funded Improvements.

“Infrastructure Improvements” shall mean the construction by the Developer of the curbs, sidewalks, parking areas, and utilities, to the extent such construction is

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identified in Exhibit K as being the responsibility of the Developer (and not identified therein as being the responsibility of the City or any private utility).

"Intercreditor Agreement" shall mean, if applicable, an intercreditor agreement by and among lenders providing Lender Financing for the Project and reflecting the acknowledgment and approval thereby of the Developer, the form of which shall be acceptable to the City, in its sole discretion.

"Lender Financing" shall mean the financing available to pay for the costs of construction of the Project identified on Exhibit H attached hereto.

"Low and Very Low Income Households" shall mean either "Low-income households," or "Very low-income households," or some combination of both such households, as such terms are defined in Section 3 of the Illinois Affordable Housing Act, 310 ILCS 65/3. As of the date hereof, 310 ILCS 65/3(c) defines "Low-income household" to mean "a single person, family or unrelated persons living together, whose adjusted income is more than 50% but less than 80%" of the median income of the area of residence, adjusted for family size, as determined from time to time by HUD for purposes of Section 8 of the United States Housing Act of 1937. As of the date hereof, 310 ILCS 65/3(d) defines "Very low-income household" to mean "a single person, family or unrelated persons living together, whose adjusted income is not more than 50%" of the median income of the area of residence, adjusted for family size, as determined from time to time by HUD for purposes of Section 8 of the United States Housing Act of 1937.

"Market Rate Units" shall mean For Sale Units that may be sold at the market rate without any income qualification or affordability requirements.

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

"MBE/WBE Budget" shall mean the budget attached hereto as Exhibit I-1, as described in Section 10.03.

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

"NFRL" shall mean a No Further Remediation Letter issued pursuant to the SRP.

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

"Owners' Title Policy" shall mean, with respect to the Property, an owner's or leasehold title insurance policy in the most recently revised ALTA or equivalent form, showing fee simple title to the Property in the CHA, subject to 99 year leasehold interest

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of the Developer under the Ground Lease, noting the recording of this Agreement as an encumbrance against the Property, and a subordination agreement in favor of the City with respect to previously recorded liens against the Property related to Lender Financing, if any, subject only to the Permitted Liens.

"Permitted Liens" shall mean those liens and encumbrances against the Property set forth on Exhibit M and those being contested in accordance with Section 8.15 hereof.

"Plans and Specifications" shall mean final construction documents containing a site plan and working drawings and specifications for the For Sale Units, the Infrastructure Improvements, any other related improvements and the landscaping and signage for the Project, sufficient for purposes of obtaining all required permits and detailing the scope of all required construction work, as approved in accordance with Section 3.02 hereof.

"Prior Expenditure(s)" shall have the meaning set forth in Section 4.04(a) hereof.

"Project" shall mean the project described in Recital D.

"Project Budget" shall mean the budget attached hereto as Exhibit L-2, showing the total construction cost of the Project by line item, furnished to DPD, in accordance with Section 3.04 hereof.

"Property" shall have the meaning set forth in Recital D.

"Qualified Household" shall have the meaning given such term in Exhibit B to the City Recapture Mortgage.

"Recorded Affordability Documents" shall mean this Agreement, the Ground Lease (or a memorandum thereof), and such other documents, if any, as the lenders providing the Lender Financing may require to be recorded in order to encumber the Property with any affordability requirements applicable to such financing.

"Redevelopment Area" shall have the meaning set forth in Recital C.

"Redevelopment Plan" shall have the meaning set forth in Recital E.

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

"Requisition Form" shall mean the document, in the form attached hereto as Exhibit N, to be delivered to DPD pursuant to Section 4.03 of this Agreement.

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“Residential Planned Development” shall mean the zoning reclassification and Plan of Development Statements known as Residential Planned Development 822 and 823 approved by the City Council on May 28, 2002.

“Senior Lender” shall mean Citibank, F.S.B., its successors and assigns, or such other private lender as shall be reasonably acceptable to the Commissioner.

“SRP” means the State of Illinois Site Remediation Program, as codified at 415 ILCS 5/58, et seq., as amended from time to time.

“SRP Reports” means the Site Investigation Report, the Remediation Objectives Report, the Remedial Action Plan, and, upon its completion, the Remedial Action Completion Report all as applicable to the Property and prepared in connection with the enrollment of the Property in, and the remediation of the Property under, the SRP.

“State” shall have the meaning set forth in Recital A.

“Survey” shall mean a plat of survey of the Property complying with the Minimum Standard Detail Requirements for ALTA/ACSM Land Title Surveys (1999) dated within 45 days prior to the Closing Date, acceptable in form and content to the City and the Title Company, prepared by a surveyor registered in the State, certified to the City and the Title Company, and indicating whether the Property is in a flood hazard area as identified by the United States Federal Emergency Management Agency (and updates thereof to reflect improvements to the Property in connection with the construction of the applicable portion of the Project improvements and related improvements as required by the City or lender(s) providing Lender Financing).

“Term of the Agreement” shall mean the period of time commencing on the Closing Date and ending on December 31, 2024 (such date being the last day of the calendar year in which taxes levied during the 23rd year of the life of the Redevelopment Area are collected).

“TIF Adoption Ordinance” shall have the meaning set forth in Recital C.

“TIF Bonds” shall have the meaning given in Recital F.

“TIF Bond Ordinance” shall have the meaning given in Recital F.

“TIF Bond Proceeds” shall have the meaning given in Recital F.

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

“TIF-Funded Improvements” shall mean those improvements and costs of the Project which (i) qualify as Redevelopment Project Costs, (ii) are eligible costs under the

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Redevelopment Plan, and (iii) the City has agreed to pay for from Incremental Taxes, subject to the terms of this Agreement.

"TIF Ordinances" shall have the meaning set forth in Recital C.

"Title Company" shall mean Guaranty Title Company.

"WARN Act" shall mean the Worker Adjustment and Retraining Notification Act (29 U.S.C. Section 2101 et seq.), as amended and supplemented from time to time.

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

SECTION 3. THE PROJECT

3.01 The Project. The Developer shall: (i) commence construction of the Project no later than August 31, 2005; (ii) complete construction of the Project no later than June 30, 2007; and (iii) use commercially reasonable efforts to convey the final unit in the Project no later than December 31, 2007; in each instance subject to the provisions of Section 18.17 hereof. The Project shall be constructed in accordance with the Plans and Specifications for the Project.

3.02 Plans and Specifications. The Plans and Specifications shall comply with the requirements of this Agreement and all applicable state and local laws, ordinances and regulations. As of the date hereof, the Developer has delivered to DPD, and DPD has approved, the Plans and Specifications, a list of which is attached hereto as Exhibit O. The Developer shall submit all necessary documents to the City's Department of Construction and Permits, Department of Transportation and such other City departments or governmental authorities as may be necessary to acquire Buildings permits and other required approvals for the Project.

3.03 Project Budget. (a) The Developer has furnished to DPD, and DPD has approved, a Project Budget showing total costs of \$17,295,471. The Developer hereby certifies to the City that (i) the sources of equity and Lender Financing described in Exhibit H are available and shall be sufficient to complete the Project, and (ii) the Project Budget is true, correct and complete in all material respects.

(B) The Developer shall promptly deliver to DPD certified copies of any Change Orders with respect to the applicable portion of the Project Budget for approval pursuant to Section 3.04 hereof.

3.04 Change Orders. Except as provided below, all Change Orders (and documentation substantiating the need and identifying the source of funding therefor) relating to material changes to the Project must be submitted by the Developer to DPD;

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provided, that any Change Order relating to any of the following must be submitted by the Developer to DPD and must obtain DPD's prior approval: (a) a 5% or more reduction in the square footage of the Buildings or the elimination of any accessibility or adaptability features; (b) a change in the use of the Property including a change to a use other than residential; (c) a delay of more than 30 days in meeting any Section 3.01 deadline; (d) an increase in excess of 10% of the Project Budget; or (e) Change Orders costing more than \$50,000 each, or more than \$150,000 in aggregate. The Developer shall not authorize or permit the performance of any work relating to any Change Order or the furnishing of materials in connection therewith prior to the receipt by the Developer of DPD's prior approval (to the extent required in this section). The Construction Contract, and each contract between the General Contractor and any subcontractor, shall contain a provision to this effect. An approved Change Order shall not be deemed to imply any obligation on the part of the City to increase the amount of City Funds which the City has pledged pursuant to this Agreement or provide any other additional assistance to the Developer. Notwithstanding anything to the contrary in this Section 3.04, DPD shall be notified in writing of all Change Orders that do not require DPD prior approval pursuant to Section 3.07 and the Developer, in connection with such notice, shall identify to DPD the source of funding therefor.

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

3.06 Other Approvals . Any DPD approval under this Agreement shall have no effect upon, nor shall it operate as a waiver of, the Developer's obligation to comply with the provisions of Section 5.03 (Other Governmental Approvals) hereof. Subject to Sections 5.02 and 5.03, the Developer shall not commence construction until it has obtained all necessary permits and approvals (including but not limited to DPD's approval of the Plans and Specifications) and proof of the General Contractor's and each subcontractor's bonding as required hereunder.

3.07 Progress Reports and Survey Updates . The Developer shall provide DPD with written monthly progress reports with MBE/WBE utilization under Section 10.03, and quarterly progress reports with respect to other matters, detailing the status of the Project, including a revised completion date, if necessary (with any change in completion date being considered a Change Order, requiring the approval of DPD pursuant to Section 3.04). The Developer shall provide three (3) copies of an updated Survey to DPD upon the request of DPD or any lender providing Lender Financing, reflecting improvements made to the Property.

3.08 Inspecting Agent or Architect . The Architect shall act as the inspecting architect for the City, at the Developer's expense, for the Project. The Architect shall perform periodic inspections with respect to the Project, providing certifications with

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respect thereto to DPD. The Architect shall also provide the following specific documents to DPD:

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

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

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

3.10 Signs and Public Relations. The Developer shall erect a sign of size and style approved by the City in a conspicuous location on the Property during the Project, indicating that financing has been provided in part by the City. The City reserves the right to include the name, photograph, artistic rendering of the Project and other pertinent information regarding the Developer, the Property and the Project in the City's promotional literature and communications.

3.11 Utility Connections . The Developer may connect all on-site water, sanitary, storm and sewer lines constructed on the Property to City utility lines existing on or near the perimeter of the Property, provided the Developer first complies with all City requirements governing such connections, including the payment of customary fees and costs related thereto, subject to any waivers expressly provided for in the ordinance passed by City Council authorizing the execution of this Agreement.

3.12 Permit Fees . In connection with the Project, the Developer shall be obligated to pay only those building, permit, engineering, tap on and inspection fees that are assessed on a uniform basis throughout the City of Chicago and are of general applicability to other property within the City of Chicago, subject to any waivers expressly provided for in the ordinance passed by City Council authorizing the execution of this Agreement.

SECTION 4. FINANCING

4.01 Total Project Cost and Sources of Funds . The cost of the Project is estimated to be \$17,295,471, to be applied in the manner set forth in the Project Budget and funded from the sources identified in Exhibit H.

4.02 City Funds.

(a) Uses of City Funds. City Funds may only be used to pay directly or reimburse the Developer for costs of TIF-Funded Improvements that constitute

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Redevelopment Project Costs. Exhibit E sets forth, by line item, the TIF-Funded Improvements for the Project, and the maximum amount of costs that may be paid by or reimbursed from City Funds for each line item therein (subject to Sections 4.02(b) and 4.02(d)), contingent upon receipt by the City of documentation satisfactory in form and substance to DPD evidencing such cost and its eligibility as a Redevelopment Project Cost. The City Funds shall be disbursed to the Developer in two installments, each installment being subject to the approval of DPD:

- (i) The first installment in the amount of Seven Hundred Sixty-One Thousand Two Hundred and Twenty-Four Dollars (\$761,224) shall be disbursed (A) after the Developer has pre-sold all 12 of the Affordable Units to Qualified Households at an Affordable Price, as evidenced by the City's receipt of copies of bona fide third party purchase contracts and corresponding earnest money deposits of at least 5% of the Affordable Price (or lower if permitted by the lender providing financing to the Qualified Household) and (B) simultaneously with, or after, the final draw under the Lender Financing; and
- (ii) The second installment in the amount of One Million Seven Hundred Forty Thousand Five Hundred and Ninety-Seven Dollars (\$1,740,597) shall be disbursed upon the issuance of the Certificate to the Developer by DPD.

The Developer shall be reimbursed from each installment in the amount of the Redevelopment Project Costs that the Developer has incurred.

(b) Sources of City Funds. Subject to the terms and conditions of this Agreement, including but not limited to this Section 4.02 and Section 5 hereof, the City hereby agrees to provide City Funds from Available Incremental Taxes to pay for or reimburse the Developer for the costs of the TIF-Funded Improvements up to a maximum of Two Million Five Hundred and One Thousand Eight Hundred Twenty-One Dollars (\$2,501,821) (the "City Funds"); and provided further, that the City Funds to be derived from Available Incremental Taxes shall be available to pay costs related to TIF-Funded Improvements and allocated by the City for that purpose only so long as the amount of the Available Incremental Taxes deposited into the TIF Fund shall be sufficient to pay for such costs. The Developer acknowledges and agrees that the City's obligation to pay for TIF-Funded Improvements up to a maximum of \$2,501,821 is contingent upon the fulfillment of the conditions set forth in the preceding sentence. In the event that such conditions are not fulfilled, the amount of Equity to be contributed by the Developer pursuant to Section 4.01 hereof shall increase proportionately. The City hereby agrees, on or before the Closing Date, to allocate \$2,501,821 in City Funds to pay costs related to TIF-Funded Improvements.

Any Incremental Taxes that either (a) are not Available Incremental Taxes or (b) are not required to make payments under this Agreement (whether because all currently due payments have been made, because of an Event of Default entitling the City to

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terminate further payments under this Agreement, or otherwise) shall belong to the City and may be pledged or used for such purposes as the City deems necessary or appropriate.

4.03 Construction Loan Escrow Agreement; Requisition Form.

(a) The City and the Developer hereby agree that the City may also enter into the Construction Loan Escrow Agreement for the sole purpose of receiving copies of draw requests and related documents.

(b) On the Closing Date and when the Developer submits documentation to the City in connection with a request for the payment of an installment of City Funds as described in Section 4.02(a), beginning on the Closing Date and continuing through the earlier of (i) the Term of the Agreement or (ii) the date that the Developer has been reimbursed in full under this Agreement, the Developer shall provide DPD with a Requisition Form, along with the documentation described therein.

4.04 Treatment of Prior Expenditures and Subsequent Disbursements .

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

(b) Allocation Among Line Items. Disbursements for expenditures related to TIF-Funded Improvements may be allocated to and charged against the appropriate line only, with no transfers of costs and expenses from one line item to another, without the prior written consent of DPD, which shall not be unreasonably withheld.

4.05 Cost Overruns . If the aggregate cost of the TIF-Funded Improvements exceeds City Funds available pursuant to **Section 4.02** hereof, or if the cost of completing the Project exceeds the Project Budget, the Developer shall be solely responsible for such excess cost, and shall hold the City harmless from any and all costs and expenses of completing the TIF-Funded Improvements in excess of City Funds and of completing the Project.

4.06 Preconditions of Disbursement Prior to each disbursement of City Funds hereunder, the Developer shall submit documentation regarding the applicable expenditures to DPD, which shall be satisfactory to DPD in its sole discretion. Delivery

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by the Developer to DPD of any request for disbursement of City Funds hereunder shall, in addition to the items therein expressly set forth, constitute a certification to the City, as of the date of such request for disbursement, that:

(a) the total amount of the disbursement request represents the actual cost of the amount payable to (or previously paid to) the General Contractor and/or subcontractors who have performed work on the Project, and/or their payees, for costs of TIF-Funded Improvements;

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

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

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

(e) the Developer has received no notice and has no knowledge of any liens or claim of lien either filed or threatened against the Property which have not been cured except for the Permitted Liens and liens being contested in accordance with Sections 8.15 or 8.19;

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

(g) the Project is In Balance. The Project shall be deemed to be in balance (“**In Balance**”) only if the total of the Available Project Funds (as defined below) equals or exceeds the aggregate of the amount necessary to pay all unpaid Project costs incurred or to be incurred in the completion of the Project. “**Available Project Funds**” as used herein shall mean: (i) the undisbursed City Funds; (ii) the undisbursed Lender Financing, if any; (iii) the undisbursed Equity and (iv) any other amounts deposited by the Developer pursuant to this Agreement. The Developer hereby agrees that, if the Project is not In Balance, the Developer shall, within 10 days after a written request by the City, deposit with the escrow agent or will make available (in a manner acceptable to the City), cash in an amount that will place the Project In Balance, which deposit shall first be exhausted before any further disbursement of the City Funds shall be made.

The City shall have the right, in its discretion, to require the Developer to submit further documentation as the City may require in order to verify that the matters certified to above are true and correct, and any disbursement by the City shall be subject to the City's review and approval of such documentation and its satisfaction that such certifications are true and correct; provided, however, that nothing in this sentence shall be deemed to prevent the City from relying on such certifications by the Developer. In addition, the Developer shall have satisfied all other preconditions of disbursement of

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City Funds for each disbursement, including but not limited to requirements set forth in the Bond Ordinance, if any, TIF Bond Ordinance, if any, the Bonds, if any, the TIF Bonds, if any, the TIF Ordinances, this Agreement and/or the Construction Loan Escrow Agreement.

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

SECTION 5. CONDITIONS PRECEDENT

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

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

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

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

5.04 Financing . The Developer has furnished proof reasonably acceptable to the City that it has Equity and Lender Financing in the amounts set forth in Section 4.01 hereof to complete the Project and the proceeds thereof are available to be drawn upon in accordance with the terms of such financing documents. The City has approved the form of the Construction Loan Escrow Agreement. Any mortgage liens against the Property in existence at the Closing Date have been subordinated to the covenants that run with the land set forth in Section 7.02 pursuant to a Subordination Agreement, in a form acceptable to the City, which shall be recorded on or prior to the Closing Date at the expense of the Developer, the practical effect of which shall be to insure that such covenants survive the foreclosure of any mortgage lien and continue to encumber the Property notwithstanding any such foreclosure.

5.05 Acquisition and Title . The Developer has furnished the City with a copy of the Owner's Title Policy. The Owner's Title Policy shall contain only those title exceptions listed as Permitted Liens on Exhibit M hereto and evidence the recording of this Agreement pursuant to the provisions of Section 8.18 hereof. The Owner's Title Policy shall contain such endorsements as shall be required by Corporation Counsel, including but not limited to an owner's comprehensive endorsement and satisfactory endorsements regarding zoning (3.0 with parking, with a commitment to issue a 3.1

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endorsement upon construction of the listed plans and specifications), contiguity, location, access and survey. The Developer has provided to DPD copies of all easements and encumbrances of record.

5.06 Evidence of Clean Title . The Developer, at its expense, has provided the City with searches under the Developer Parties' names and the names of their direct and indirect owners (exclusive of private individuals) as follows:

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

showing no liens or claims against any such entities, the Property or any fixtures now or hereafter affixed thereto, except for the Permitted Liens and such other liens as may be acceptable to DPD, in its sole discretion.

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

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

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

5.10 Evidence of Prior Expenditures . The Developer has provided evidence satisfactory to DPD in its sole discretion of the Prior Expenditures in accordance with the provisions of Section 4.04(a) hereof.

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5.11 Financial Statements . The Developer has provided Financial Statements to DPD for its most recent fiscal year, and interim financial statements for the fiscal year in which the Closing Date occurs.

5.12 Documentation . The Developer has provided documentation to DPD, reasonably satisfactory in form and substance to DPD, with respect to current employment matters and its ability to satisfy the Section 10 requirements.

5.13 Environmental . DPD has been provided with copies of any phase I and phase II environmental audits and other environmental reports completed with respect to the Property in addition to those prepared by the City Department of Environment, the CHA, and any consultant retained by either the City or the CHA. The Developer has provided the City with letters from the environmental engineer(s) who completed such audit(s), authorizing the City to rely on such additional audits, if any. The City shall have received a copy of the application enrolling the Property in the SRP and a copy of the Site Investigation Report, the Remediation Objectives Report and the Remedial Action Plan (i.e., the first three reports prepared and approved in the SRP process), along with the form of NFRL to be issued by the IEPA upon completion of the Project.

5.14 Corporate Documents; Economic Disclosure Statement . The Developer has provided a copy of its Articles of Organization containing the original certification of the Illinois Secretary of State; a manager's or managing member's certificate in such form and substance as the Corporation Counsel may require; evidence of consent of members; a certified copy of the operating agreement; and such other limited liability documentation as the City may reasonably request. The managing member of the Developer shall have provided comparable documentation. At the request of the Corporation Counsel, comparable documentation shall also be provided for the other direct and indirect owners of the Developer. All required parties shall also have provided to the City an Economic Disclosure Statement, in the City's then current form, dated as of the Closing Date.

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

5.16 Ground Lease. The Developer shall have provided DPD with copies of the Ground Lease.

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SECTION 6. AGREEMENTS WITH CONTRACTORS

6.01 Bid Requirement for General Contractor and Subcontractors . (a) The City acknowledges that the Developer has previously selected the General Contractor as the general contractor for the Project. Prior to entering into an agreement with any subcontractor for construction of the Project, the Developer shall cause the General Contractor to solicit bids from qualified contractors eligible to do business with, the City of Chicago, and shall, upon DPD's request, submit all bids received to DPD for its inspection and written approval. Excluding any work directly performed by the General Contractor, the Developer shall cause the General Contractor to select the subcontractor submitting the lowest responsible bid, as determined by the Developer, who can complete such work in a timely manner. If any subcontractor submitting other than the lowest responsible bid, as determined by the Developer, is selected, the difference between the lowest responsible bid and the bid selected may not be reimbursed from City Funds. The Developer shall submit copies of the Construction Contract to DPD in accordance with Section 6.02 below. Photocopies of all subcontracts entered or to be entered into in connection with the TIF-Funded Improvements shall be provided to DPD within five (5) business days of the execution thereof. The Developer shall ensure that the General Contractor shall not (and shall cause the General Contractor to ensure that the subcontractors shall not) begin work on the Project until the Plans and Specifications have been approved by DPD and all applicable, requisite permits have been obtained.

(b) The fee of the General Contractor shall not exceed 10% of the total amount of the Construction Contract.

6.02 Construction Contract . Prior to the execution thereof, the Developer has delivered to DPD a copy of the Construction Contract with the General Contractor and DPD has approved such Construction Contract. Within ten (10) business days after execution of any modifications, amendments or supplements thereto, the Developer shall deliver to DPD and Corporation Counsel a certified copy of such modifications, amendments or supplements thereto.

6.03 Performance and Payment Bonds. Prior to commencement of construction of any portion of the Project, the Developer shall require that the General Contractor be bonded for its performance and payment by sureties having an AA rating or better using American Institute of Architect's Form No. A311 or its equivalent. Prior to the commencement of any portion of the Project which includes work on the public way, the Developer shall require that the General Contractor be bonded for its payment by sureties having an AA rating or better using a similar bond form. The City shall be named as obligee or co-obligee on any such bonds.

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

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

SECTION 7. COMPLETION OF CONSTRUCTION OR REHABILITATION

7.01 Certificate of Completion of Construction or Rehabilitation . Upon satisfaction of (a) the redevelopment requirements in Section 8.02, (b) written determination by the City's monitoring and compliance unit that the Developer has satisfied all Section 8.09 and Section 10 requirements (or, in the case of prevailing wage or City residency violations, paid all amounts due), (c) closings for the sale of 36 of the Market Rate Units and all of the Affordable Units have occurred, and upon the Developer's written request, DPD shall issue to the Developer a certificate in recordable form (the "Certificate") certifying that the Developer has fulfilled its obligation to complete construction and initial development of the Project in accordance with the terms of this Agreement.

(b) DPD shall respond to the Developer's written request for a certificate within thirty (30) days by issuing either the Certificate or a written statement detailing the ways in which the Project does not conform to this Agreement or has not been satisfactorily completed, and the measures which must be taken by the Developer in order to obtain the Certificate. The Developer may resubmit a written request for a Certificate upon completion of such measures and the City thereafter shall issue the Certificate within thirty (30) days or send the Developer a written statement which details the way in which the Project does not conform to the Agreement or has not been satisfactorily completed.

7.02 Effect of Issuance of Certificate; Continuing Obligations . The Certificate relates only to the construction of the Project and the matters specified in Section 7.01(a) above, and upon its issuance, the City will certify that the terms of the Agreement specifically related to such activities have been satisfied. After the issuance of a Certificate, however, all executory terms and conditions of this Agreement and all representations and covenants contained herein will continue to remain in full force and effect throughout the Term of the Agreement as to the parties described in the following paragraph, and the issuance of the Certificate shall not be construed as a waiver by the City of any of its rights and remedies pursuant to such executory terms.

Those covenants specifically described at Sections 8.02, and 8.20 as covenants that run with the land are the only covenants in this Agreement intended to be binding upon any transferee of the Property (including an assignee as described in the second

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following sentence) during the Term of the Agreement. However, upon the issuance of the Certificate, the covenants set forth in Section 8.02 and Section 8.20 shall be fulfilled and such covenant shall no longer run with the land (except to the extent that ongoing affordability of the Affordable Units is further reimposed pursuant to City Recapture Mortgages executed pursuant to Section 8.20). The other executory terms of this Agreement that remain after the issuance of a Certificate shall be binding only upon the Developer or a permitted assignee of the Developer who, pursuant to Section 18.15 of this Agreement, has contracted to take an assignment of the Developer's rights under this Agreement and assume the Developer's liabilities hereunder.

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

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

(b) the right (but not the obligation) to complete those TIF-Funded Improvements that are public improvements and to pay for the costs of TIF-Funded Improvements (including interest costs) out of City Funds or other City monies. In the event that the aggregate cost of completing the TIF-Funded Improvements exceeds the amount of City Funds available pursuant to Section 4.01, the Developer shall reimburse the City for all reasonable costs and expenses incurred by the City in completing such TIF-Funded Improvements in excess of the available City Funds; and

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

7.04 Notice of Expiration of Term of Agreement . Upon the expiration of the Term of the Agreement, DPD shall provide the Developer, at the Developer's written request, with a written notice in recordable form stating that the Term of the Agreement has expired.

7.05 Release of Agreement as to Conveyed For Sale Units. DPD shall provide the Developer, at the Developer's written request delivered from time to time in connection with the sale of the For Sale Units in accordance with the terms of this Agreement, with a written partial release in recordable form stating this Agreement is no longer an encumbrance against any such units so as to enable the Developer to deliver good and marketable title to such units.

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SECTION 8. COVENANTS/REPRESENTATIONS/WARRANTIES OF THE DEVELOPER.

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

(a) it (i) is and shall be during its ownership and tenancy of the Property, as applicable, an Illinois limited liability company duly organized, validly existing, qualified to do business in the State of Illinois; (ii) has the right, power and authority to enter into, execute, deliver and perform this Agreement; and (iii) has been duly authorized by all necessary limited liability company action to execute, deliver and perform its obligations under this Agreement, which execution, delivery and performance does not and will not violate its articles of organization or operating agreement as amended and supplemented, any applicable provision of law, or constitute a breach of, default under or require any consent under any agreement, instrument or document to which it is now a party or by which it may become bound;

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

(c) unless otherwise expressly permitted under Sections 8.01(i) or (j), the Developer shall acquire and shall maintain a good and merchantable 99 year leasehold interest in the Property, and fee simple title to the Buildings free and clear of all liens (except for the Permitted Liens, Lender Financing as disclosed in the Project Budget and non-governmental charges being contested in good faith pursuant to Section 8.15 hereof);

(d) it is solvent and, during such time as it is the owner of any portion of the Property or any For Sale Unit, shall remain able to pay its debts as they mature and, upon any permitted transfer of its ownership interest, shall thereafter maintain such reserves as may be required under applicable law for any remaining liability under this Agreement and other applicable agreements; during the construction period, the Developer shall keep the Project In Balance ;

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

(f) the Developer has and shall maintain (or shall, as contemplated in the due course of construction of the Project, obtain and thereafter maintain) all government permits, certificates and consents (including, without limitation, appropriate environmental approvals) necessary to conduct its business and to construct, complete and operate the Project;

(g) it is not in default with respect to any indenture, loan agreement, mortgage, deed, note or any other agreement or instrument related to the borrowing of money to which it is a party or by which it is bound;

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

(i) until the Certificate has been issued, the Developer shall not do any of the following without the prior written consent of DPD, which consent shall be in DPD's sole discretion: (1) be a party to any merger, liquidation or consolidation; (2) except as contemplated by Recital D and Section 8.02, sell, transfer, convey, lease or otherwise dispose of all or substantially all of its assets or any portion of the Property or any improvements or fixtures now or hereafter located thereon; (3) enter into any transaction outside the ordinary course of the Developer's business; (4) assume, guarantee, endorse, or otherwise become liable in connection with the obligations of any other person or entity, except under the Lender Financing; or (5) enter into any transaction that would cause a material and detrimental change to the Developer's financial condition;

(j) until the Certificate has been issued, the Developer shall not, without the prior written consent of the Commissioner of DPD, which consent shall be in DPD's sole discretion, allow the existence of any liens against the Property or any improvements or fixtures now or hereafter located thereon other than the Permitted Liens and liens being contested in accordance with Sections 8.15 or 8.19; or incur any indebtedness, secured or to be secured by any such real or personal property, except Lender Financing disclosed in the Project Budget; and

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

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8.02 Covenant to Redevelop . Upon DPD's approval of the Project Budget, the Plans and Specifications as provided in Sections 3.02 and 3.03 hereof, and the Developer's receipt of all required Buildings permits and governmental approvals, the Developer shall complete the Project in accordance with this Agreement and all Exhibits attached hereto, the TIF Ordinances, the Plans and Specifications, Project Budget and all amendments thereto, and all applicable federal, state and local laws, ordinances, rules, regulations, executive orders and codes. Specifically, the Developer shall :

- (a) construct the Buildings, the related improvements, and the Infrastructure Improvements (to the extent such construction is identified on Exhibit K as being the responsibility of the Developer;
- (b) finance the construction of the Project in accordance with Recital D using the Lender Financing and equity sources described in Exhibit H;
- (c) cause all applicable Lender Financing documents and the Recorded Affordability Documents to be recorded and amended in accordance with Recital D;
- (d) [INTENTIONALLY DELETED]
- (e) sell the Affordable Units to Qualified Households at an Affordable Price, cause each such buyer to execute a City Recapture Mortgage, and cause such City Recapture Mortgage to be recorded at the time of the closing of such sale;
- (f) sell the other For Sale Units to private purchasers at market rates and, if applicable, share the net sales proceeds of such sales and from the sale of Affordable Units in accordance with the profit sharing guidelines attached as Exhibit J hereto;
- (g) cause its General Contractor (or, if such work is subcontracted or handled by a third party, such subcontractor or third party) to complete such work and provide such cooperation with the City and CHA as may be necessary to cover one or more NFRLs as may necessary or appropriate to cover the entire Property.

The covenants set forth in this Section shall run with the land and be binding upon any transferee of the Property, or a portion thereof, unless terminated in whole or in part by the City, acting through DPD, pursuant to a written instrument executed pursuant to Section 7.02 and recorded against the Property, or any portion thereof.

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

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

8.05 Other Bonds . The Developer shall, at the request of the City, agree to any reasonable amendments to this Agreement that are necessary or desirable in order for the City to issue (in its sole discretion) any bonds in connection with the Redevelopment Area, the proceeds of which may be used to reimburse the City for expenditures made in connection with, or provide a source of funds for the payment of the TIF-Funded Improvements; provided, however, that any such amendments shall not have a material adverse effect on the Developer or the Project. The Developer shall, at its expense, cooperate and provide reasonable assistance in connection with the marketing of any such bonds, including but not limited to providing written descriptions of the Project, making representations, providing information regarding its financial condition and assisting the City in preparing an offering statement with respect thereto. The Developer shall have no liability to the City with respect to any disclosures made in connection with any such issuance of bonds that are not actionable under applicable securities laws unless such disclosures are based on factual information provided by the Developer that is determined to be false or misleading.

8.06 [INTENTIONALLY OMITTED]

8.07 Employment Opportunity; Progress Reports . The Developer covenants and agrees to abide by, and contractually obligate and use reasonable efforts to cause the General Contractor and each subcontractor to abide by the terms set forth in Section 10 hereof. The Developer shall deliver to the City written progress reports detailing compliance with the requirements of Sections 8.09, 10.02 and 10.03 of this Agreement. Such reports shall be delivered to the City when the Project is 25%, 50%, 70% and 100% completed (based on the amount of expenditures incurred in relation to the Project Budget). If any such reports indicate a shortfall in compliance, the Developer shall also deliver a plan to DPD which shall outline, to DPD's satisfaction, the manner in which the Developer shall correct any shortfall.

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

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

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8.10 Arms-Length Transactions . Unless DPD has given its prior written consent with respect thereto, and except as disclosed in the Project Budget, neither the Developer nor any Affiliate of the Developer may receive any payment, directly or indirectly, in payment for work done, services provided or materials supplied in connection with the Project. The Developer shall provide information with respect any entity or person to receive payment directly or indirectly (whether through payment to the Affiliate by the Developer and reimbursement to the Developer for such costs using City Funds, or otherwise), upon DPD's request, prior to any such disbursement.

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

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

8.13 Financial Statements . The Developer shall obtain and provide to DPD Financial Statements for its fiscal year ended December 31, and each fiscal year thereafter for the Term of the Agreement (or for so long as the Developer owns an interest in the Property).

8.14 Insurance . The Developer, at its own expense, shall comply with all provisions of Section 12 hereof during the construction period. The Developer shall comply (or cause the Condominium Association to comply) with all provisions of Section 12 until the Condominium Association has been turned over in accordance with the Condominium Declaration and as required by the Condominium Act, and the Condominium Association shall thereafter comply with such insurance provisions.

8.15 Non-Governmental Charges . (a) Payment of Non-Governmental Charges. Except for the Permitted Liens, and subject to subsection (b) below, the Developer agrees to pay or cause to be paid when due any Non-Governmental Charge assessed or imposed upon the Project, the Property or any fixtures that are or may become attached thereto, which creates, may create, or appears to create a lien upon all or any portion of the Property or Project; provided however, that if such Non-Governmental Charge may be paid in installments, the Developer may pay the same together with any accrued interest thereon in installments as they become due and before any fine, penalty, interest, or cost may be added thereto for nonpayment. The Developer shall furnish to DPD, within thirty

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(30) days of DPD's request, official receipts from the appropriate entity, or other proof satisfactory to DPD, evidencing payment of the Non-Governmental Charge in question.

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

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

(ii) to furnish a good and sufficient bond or other security satisfactory to DPD in such form and amounts as DPD shall require, or a good and sufficient undertaking as may be required or permitted by law to accomplish a stay of any such sale or forfeiture of the Property or any portion thereof or any fixtures that are or may be attached thereto, during the pendency of such contest, adequate to pay fully any such contested Non-Governmental Charge and all interest and penalties upon the adverse determination of such contest.

(c) Applicability After Conversion to Condominium Units. This Section 8.15 shall not apply to Non-Governmental Charges payable by, or contestable by other owners of individual condominium units after such time as such unit owners, under the terms of their purchase contracts and/or the condominium declaration, become responsible for the payment of Non-Governmental Charges attributable to their respective units, but shall apply to Non-Governmental Charges giving rise assessed or imposed as a lien or otherwise against common elements and payable by the Condominium Association, or all of its members.

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

8.17 Compliance with Laws . The Property and the Project are and shall be in compliance with all applicable federal, state and local laws, statutes, ordinances, rules, regulations, executive orders and codes pertaining to or affecting the Project and the Property (taking into account the applicability of any NFRLs applicable to the Property, or any portion thereof). Upon the City's request, the Developer shall provide evidence satisfactory to the City of such compliance.

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

8.19 Real Estate Provisions .

(a) Governmental Charges.

(i) Payment of Governmental Charges. The Developer agrees to pay or cause to be paid when due all Governmental Charges (as defined below) which are assessed or imposed upon the Developer, the Property or the Project, or become due and payable, and which create, may create, or appear to create a lien upon the Developer or all or any portion of the Property or the Project. "Governmental Charge" shall mean all federal, State, county, the City, or other governmental (or any instrumentality, division, agency, body, or department thereof) taxes, levies, assessments, charges, liens, claims or encumbrances (except for those assessed by foreign nations, states other than the State of Illinois, counties of the State other than Cook County, and municipalities other than the City) relating to the Developer, the Property or the Project including but not limited to real estate taxes.

(ii) Right to Contest. The Developer has the right before any delinquency occurs to contest or object in good faith to the amount or validity of any Governmental Charge by appropriate legal proceedings properly and diligently instituted and prosecuted in such manner as shall stay the collection of the contested Governmental Charge and prevent the imposition of a lien or the sale or forfeiture of the Property. No such contest or objection shall be deemed or construed in any way as relieving, modifying or extending the Developer's covenants to pay any such Governmental Charge at the time and in the manner provided in this Agreement unless the Developer has given prior written notice to DPD of the Developer's intent to contest or object to a Governmental Charge and, unless,

(A) the Developer shall demonstrate to DPD's satisfaction that legal proceedings instituted by the Developer contesting or objecting to a Governmental Charge shall conclusively operate to prevent or stay enforcement or transfer or foreclosure or remove a lien against, or the sale or forfeiture of, all or any part of the Property to satisfy such Governmental Charge prior to final determination of such proceedings; and/or

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(B) the Developer shall furnish a good and sufficient bond or other security satisfactory to DPD in such form and amounts as DPD shall require, or a good and sufficient undertaking as may be required or permitted by law to accomplish a stay of any such sale or forfeiture of the Property during the pendency of such contest, adequate to pay fully any such contested Governmental Charge and all interest and penalties upon the adverse determination of such contest.

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

(c) Real Estate Taxes. [INTENTIONALLY DELETED]

(d) Applicability After Conversion to Condominium Units. The provisions of Section 8.19(a) and (b) shall not apply to the For Sale Units after such units' sale to private purchasers and shall not apply to Governmental Charges payable by, or contestable by, other individual owners of individual condominium units after such time as such unit owners, under the terms of their purchase contracts and/or the condominium declaration, become responsible for the payment of Governmental Charges attributable to their respective units (i.e., the failure of such an individual unit owner to pay its taxes shall not give rise to a default under Section 8.19(a) or (b)).

8.20 Affordability Requirements. The Developer shall sell each Affordable For Sale Unit to an income-qualified household for the applicable affordable price set forth on Exhibit Q. In connection with the marketing of each Affordable For Sale Unit, the Developer shall attach as an exhibit to each purchase contract the terms of the City Recapture Mortgage and shall state in such purchase contract that the purchaser will be obligated to execute such junior mortgage at the time of closing and comply with its terms thereafter. At each closing of the sale of an Affordable For Sale Unit, the Developer shall cause such fully executed and acknowledged junior mortgage to be recorded as a junior mortgage lien against the purchaser's Affordable For Sale Unit. Subject to the Developer's compliance with this Section 8.20, upon the sale of such Affordable For Sale Unit, the Developer shall thereafter have no liability with respect to any violations of the City Recapture Mortgage.

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8.21 Survival of Covenants . All warranties, representations, covenants and agreements of the Developer contained in this Section 8 and elsewhere in this Agreement shall be true, accurate and complete at the time of the Developer's execution of this Agreement, and shall survive the execution, delivery and acceptance hereof by the parties hereto and (except as provided in Section 7 hereof upon the issuance of a Certificate) shall be in effect throughout the Term of the Agreement.

SECTION 9. COVENANTS/REPRESENTATIONS/WARRANTIES OF CITY

9.01 General Covenants . The City represents that it has the authority as a home rule unit of local government to execute and deliver this Agreement and to perform its obligations hereunder.

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

SECTION 10. DEVELOPER'S EMPLOYMENT OBLIGATIONS

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

(a) No Employer shall discriminate against any employee or applicant for employment based upon race, religion, color, sex, national origin or ancestry, age, handicap or disability, sexual orientation, military discharge status, marital status, parental status or source of income as defined in the City of Chicago Human Rights Ordinance, Chapter 2-160, Section 2-160-010 et seq., Municipal Code, except as otherwise provided by said ordinance and as amended from time to time (the "Human Rights Ordinance"). Each Employer shall take affirmative action to ensure that applicants are hired and employed without discrimination based upon race, religion, color, sex, national origin or ancestry, age, handicap or disability, sexual orientation, military discharge status, marital status, parental status or source of income and are treated in a non-discriminatory manner with regard to all job-related matters, including without limitation: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. Each Employer agrees to post in conspicuous places, available to employees and applicants for

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employment, notices to be provided by the City setting forth the provisions of this nondiscrimination clause. In addition, the Employers, in all solicitations or advertisements for employees, shall state that all qualified applicants shall receive consideration for employment without discrimination based upon race, religion, color, sex, national origin or ancestry, age, handicap or disability, sexual orientation, military discharge status, marital status, parental status or source of income.

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

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

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

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

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

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

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

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

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

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

The Developer, the General Contractor and each subcontractor shall provide full access to their employment records to the Chief Procurement Officer, the Commissioner of DPD, the Superintendent of the Chicago Police Department, the Inspector General or any duly authorized representative of any of them. The Developer, the General Contractor and each subcontractor shall maintain all relevant personnel data and records for a period of at least three (3) years after final acceptance of the work constituting the Project.

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

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

When work at the Project is completed, in the event that the City has determined that the Developer has failed to ensure the fulfillment of the requirement of this Section concerning the worker hours performed by actual Chicago residents or failed to report in the manner as indicated above, the City will thereby be damaged in the failure to provide the benefit of demonstrable employment to Chicagoans to the degree stipulated in this Section. Therefore, in such a case of non-compliance, it is agreed that 1/20 of 1 percent

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(0.0005) of the aggregate hard construction costs set forth in the Project budget (the product of .0005 x such aggregate hard construction costs) (as the same shall be evidenced by approved contract value for the actual contracts) shall be surrendered by the Developer to the City in payment for each percentage of shortfall toward the stipulated residency requirement. Failure to report the residency of employees entirely and correctly shall result in the surrender of the entire liquidated damages as if no Chicago residents were employed in either of the categories. The willful falsification of statements and the certification of payroll data may subject the Developer, the General Contractor and/or the subcontractors to prosecution. **Any retainage to cover contract performance that may become due to the Developer pursuant to Section 2-92-250 of the Municipal Code of Chicago may be withheld by the City pending the Chief Procurement Officer's determination as to whether the Developer must surrender damages as provided in this paragraph.**

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

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

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

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

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

(b) For purposes of this Section 10.03 only, the Developer (and any party to whom a contract is let by the Developer in connection with the Project) shall be deemed a "contractor" and this Agreement (and any contract let by the Developer in connection with the Project) shall be deemed a "contract" or a "construction contract" as such terms

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are defined in Sections 2-92-420 and 2-92-670, Municipal Code of Chicago, as applicable.

(c) Consistent with Sections 2-92-440 and 2-92-720, Municipal Code of Chicago, the Developer's MBE/WBE commitment may be achieved in part by the Developer's status as an MBE or WBE (but only to the extent of any actual work performed on the Project by the Developer) or by a joint venture with one or more MBEs or WBEs (but only to the extent of the lesser of (i) the MBE or WBE participation in such joint venture or (ii) the amount of any actual work performed on the Project by the MBE or WBE), by the Developer utilizing a MBE or a WBE as the General Contractor (but only to the extent of any actual work performed on the Project by the General Contractor), by subcontracting or causing the General Contractor to subcontract a portion of the Project to one or more MBEs or WBEs, or by the purchase of materials or services used in the Project from one or more MBEs or WBEs, or by any combination of the foregoing. Those entities which constitute both a MBE and a WBE shall not be credited more than once with regard to the Developer's MBE/WBE commitment as described in this Section 10.03. In accordance with Section 2-92-730, Municipal Code of Chicago, the Developer shall not substitute any MBE or WBE General Contractor or subcontractor without the prior written approval of DPD.

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

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

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

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

SECTION 11. ENVIRONMENTAL MATTERS

The Developer hereby represents and warrants to the City that it has reviewed and/or conducted environmental studies sufficient to conclude that the Project may be constructed, completed and operated in accordance with all Environmental Laws (taking into account the anticipated issuance and applicability of any NFRLs issued with respect to the Property) and this Agreement and all Exhibits attached hereto, the Plans and Specifications and all amendments thereto and the Redevelopment Plan.

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

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property in which the Developer, or any Affiliate of any Developer Party, holds any estate or interest whatsoever (including, without limitation, any property owned by a land trust in which the beneficial interest is owned in whole or in part by the Developer), or (ii) any liens against the Property permitted or imposed by any Environmental Laws, or any actual or asserted liability or obligation of the City or the Developer or any of its Affiliates under any Environmental Laws relating to the Property. This Section shall not be construed to require the Developer to assume any of the obligations of the CHA with respect to remediation work required to be performed by the CHA, if any, and the Developer may exercise such rights and remedies it may have to enforce the CHA's performance of any such work, provided, however, that this sentence shall not serve to limit the Developer's indemnification obligations hereunder.

SECTION 12. INSURANCE

The Developer shall provide and maintain, or cause to be provided, at the Developer's own expense, the insurance coverages and requirements specified below, insuring all operations related to the Agreement.

(a) Prior to Execution and Delivery of this Agreement and Throughout the Period of the Developer's Ownership

(i) Workers Compensation and Employers Liability Insurance

Workers Compensation and Employers Liability Insurance, as prescribed by applicable law covering all employees who are to provide a service under this Agreement and Employers Liability coverage with limits of not less than \$100,000 each accident or illness.

(ii) Commercial General Liability Insurance (Primary and Umbrella)

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

(b) Construction

(i) Workers Compensation and Employers Liability Insurance

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Workers Compensation and Employers Liability Insurance, as prescribed by applicable law covering all employees who are to provide a service under this Agreement and Employers Liability coverage with limits of not less than \$500,000 each accident or illness.

(ii) Commercial General Liability Insurance (Primary and Umbrella)

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

(iii) Automobile Liability Insurance (Primary and Umbrella)

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

(iv) Railroad Protective Liability Insurance

If applicable, when any work is to be done adjacent to or on railroad or transit property, Contractor shall provide, or cause to be provided with respect to the operations that the Contractor performs, Railroad Protective Liability Insurance in the name of railroad or transit entity. The policy has limits of not less than \$2,000,000 per occurrence and \$6,000,000 in the aggregate for losses arising out of injuries to or death of all persons, and for damage to or destruction of property, including the loss of use thereof.

(v) Builders Risk Insurance

When the Contractor undertakes any construction, including improvements, betterments, and/or repairs, the Contractor shall provide, or cause to be provided All Risk Builders Risk Insurance

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at replacement cost for materials, supplies, equipment, machinery and fixtures that are or will be part of the permanent facility. Coverages shall include but are not limited to the following: collapse, boiler and machinery if applicable. The City of Chicago shall be named as an additional insured and loss payee.

(vi) Professional Liability

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

(vii) Valuable Papers Insurance

When any plans, designs, drawings, specifications and documents are produced or used under this Agreement, Valuable Papers Insurance shall be maintained in an amount to insure against any loss whatsoever, and has limits sufficient to pay for the recreations and reconstruction of such records. Such coverage may be included within another coverage carried under this Agreement.

(viii) Contractor's Pollution Liability

When any remediation work is performed which may cause a pollution exposure, contractor's Pollution Liability shall be provided with limits of not less than \$1,000,000 insuring bodily injury, property damage and environmental remediation, cleanup costs and disposal. When policies are renewed, the policy retroactive date must coincide with or precede, start of work on the Agreement. A claims-made policy which is not renewed or replaced must have an extended reporting period of one (1) year. The City of Chicago is to be named as an additional insured on a primary, non-contributory basis.

(c) After Completion of Construction

(i) All Risk Property Insurance, including improvements and betterments in the amount of full replacement value of the Property. Coverage extensions shall include business interruption/loss of rents, flood and boiler and machinery, if

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applicable. The City of Chicago shall be named as an additional insured and loss payee.

(ii) Commercial General Liability insurance as described above in subparagraph (b)(ii). The City of Chicago is to be named as an additional insured on a primary, non-contributory basis.

The Developer shall cause the insurance requirements in this subparagraph (c) to be incorporated in the applicable condominium declarations.

(2) Other Requirements

The Developer (and, upon request, any condominium association) will furnish the City of Chicago, Department of Planning and Development, City Hall, Room 1000, 121 North LaSalle Street 60602, original Certificates of Insurance evidencing the required coverage to be in force on the date of this Agreement, and Renewal Certificates of Insurance, or such similar evidence, if the coverages have an expiration or renewal date occurring during the term of this Agreement. The receipt of any certificate does not constitute agreement by the City that the insurance requirements in the Agreement have been fully met or that the insurance policies indicated on the certificate are in compliance with all Agreement requirements. The failure of the City to obtain certificates or other insurance evidence required hereunder shall not be deemed to be a waiver by the City. The Developer shall advise all insurers of the Agreement provisions regarding insurance. Non-conforming insurance shall not relieve the Developer (or any condominium association) of the obligation to provide insurance as specified herein. Nonfulfillment of the insurance conditions may constitute a violation of the Agreement, and the City retains the right to terminate this Agreement until proper evidence of insurance is provided.

The insurance shall provide for 30 days prior written notice to be given to the City in the event coverage is substantially changed, canceled, or non-renewed.

Any and all deductibles or self insured retentions on referenced insurance coverages shall be borne by the Developer (or, if applicable, the condominium association).

The Developer agrees that insurers shall waive rights of subrogation against the City of Chicago, its employees, elected officials, agents, or representatives.

The Developer expressly understands and agrees that any coverages and limits furnished by the Developer shall in no way limit the Developer's liabilities and responsibilities specified within the Agreement documents or by law.

The Developer expressly understands and agrees that the Developer's insurance is primary and any insurance or self insurance programs maintained by the City of Chicago shall not contribute with insurance provided by the Developer under the Agreement.

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The required insurance shall not be limited by any limitations expressed in the indemnification language herein or any limitation placed on the indemnity therein given as a matter of law.

The Developer shall require the General Contractor, and all subcontractors to provide the insurance required herein or Developer may provide the coverages for the General Contractor, or subcontractors. All General Contractors and subcontractors shall be subject to the same requirements (Section (d)) of Developer unless otherwise specified herein.

If the Developer, General Contractor or any subcontractor desires additional coverages, the Developer, General Contractor and any subcontractor shall be responsible for the acquisition and cost of such additional protection.

The City of Chicago Risk Management Department maintains the right to modify, delete, alter or change these requirements, so long as any such change does not increase these requirements.

SECTION 13. INDEMNIFICATION

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

(i) the Developer's failure to comply with any of the terms, covenants and conditions contained within this Agreement or sales contract for a For Sale Unit; or

(ii) the Developer's or any contractor's failure to pay General Contractors, subcontractors or materialmen in connection with the TIF-Funded Improvements or any other Project improvement; or

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

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with any person or entity if such failure may have a material adverse effect on Developer's ability to perform its obligations hereunder;

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

(d) except as otherwise permitted hereunder, the creation (whether voluntary or involuntary) of, or any attempt to create, any lien or other encumbrance upon the Property, including any fixtures now or hereafter attached thereto, other than the Permitted Liens, or the making or any attempt to make any levy, seizure or attachment thereof;

(e) the commencement of any proceedings in bankruptcy by or against the Developer or for the liquidation or reorganization of Developer, or alleging that Developer is insolvent or unable to pay its debts as they mature, or for the readjustment or arrangement of Developer's debts, whether under the United States Bankruptcy Code or under any other state or federal law, now or hereafter existing for the relief of debtors, or the commencement of any analogous statutory or non-statutory proceedings involving either party; provided, however, that if such commencement of proceedings is involuntary, such action shall not constitute an Event of Default unless such proceedings are not dismissed within ninety (90) days after the commencement of such proceedings;

(f) the appointment of a receiver or trustee for the Developer, for any substantial part of the Developer's assets or the institution of any proceedings for the dissolution, or the full or partial liquidation, or the merger or consolidation, of the Developer; provided, however, that if such appointment or commencement of proceedings is involuntary, such action shall not constitute an Event of Default unless such appointment is not revoked or such proceedings are not dismissed within ninety (90) days after the commencement thereof;

(g) the entry of any judgment or order against the Developer in excess of \$50,000 or that prevents the fulfillment of any obligation of this Agreement which remains unsatisfied or undischarged and in effect for sixty (60) days after such entry without a stay of enforcement or execution, unless such judgment or order is not final and the Developer has appealed such judgment or order in a timely manner;

(h) the occurrence of an event of default under the Lender Financing, which default is not cured within any applicable cure period;

(i) the dissolution of the Developer (except after sale of the final For Sale Units and the reserving of any statutorily required reserves to cover any post-dissolution liabilities); or

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(j) the institution in any court of a criminal proceeding (other than a misdemeanor) against the Developer which is not dismissed within thirty (30) days, or the indictment of the Developer for any crime (other than a misdemeanor).

15.02 Remedies . Upon the occurrence of an Event of Default, the City may terminate this Agreement and all related agreements, and may suspend disbursement of City Funds. The City may, in any court of competent jurisdiction by any action or proceeding at law or in equity, pursue and secure any available remedy, including but not limited to injunctive relief or the specific performance of the agreements contained herein. Without limiting the generality of the foregoing, with respect to Events of Defaults, the City shall be entitled to seek reimbursement of City Funds from the Developer. If an Event of Default attributable to the Developer's acts or omissions occurs after the issuance of a Certificate, in no event shall the City be entitled to exercise remedies against For Sale Units previously conveyed to purchasers or such purchasers.

15.03 Curative Period . In the event the Developer shall fail to perform a monetary covenant which it is required to perform under this Agreement, notwithstanding any other provision of this Agreement to the contrary, an Event of Default shall not be deemed to have occurred unless the Developer has failed to perform such monetary covenant within ten (10) days of its receipt of a written notice from the City specifying that it has failed to perform such monetary covenant. In the event the Developer shall fail to perform a non-monetary covenant which it is required to perform under this Agreement, notwithstanding any other provision of this Agreement to the contrary, an Event of Default shall not be deemed to have occurred unless the Developer has failed to cure such default within thirty (30) days of its receipt of a written notice from the City specifying the nature of the default; provided, however, with respect to those non-monetary defaults which are not capable of being cured within such thirty (30) day period, the Developer shall not be deemed to have committed an Event of Default under this Agreement if it has commenced to cure the alleged default within such thirty (30) day period and thereafter diligently and continuously prosecutes the cure of such default until the same has been cured.

15.04 Limitation After Termination of Ownership. The occurrence of an event described in Sections 15.01(e), (f), (g), (i) or (j) with respect to the Developer after such time as it no longer has an ownership interest in any portion of the Property shall not give rise to an Event of Default.

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SECTION 16. MORTGAGING OF THE PROJECT

All mortgages as of the Closing Date encumbering the Property or any portion thereof are listed on Exhibit M hereto and are referred to hereafter as "Existing Mortgages." Any mortgage hereinafter encumbering the Property or any portion thereof is referred to hereafter as a "New Mortgage." Prior to the issuance of the Certificate pursuant to Section 7.01, no New Mortgage shall be entered into except for mortgages executed in connection with the conversion of a portion of the Property to a condominium form of ownership and the sale of For Sale Units to private purchasers as such mortgages are contemplated under Recital D (such anticipated mortgages, the "Unit Mortgages").

It is hereby agreed by and between the City and the Developer as follows:

(a) In the event that a mortgagee or any other party succeeds to the Developer's fee simple interest or leasehold interest in the Property or any portion thereof pursuant to the exercise of remedies under a New Mortgage and in conjunction therewith accepts an assignment of the Developer's interest hereunder in accordance with Section 18.15 hereof, the City may, in its sole discretion, but shall not be obligated to, attorn to and recognize such party as the successor in interest to the Developer under this Agreement. If not so recognized by the City, such mortgagee or other party shall be entitled to no rights or benefits under this Agreement, but shall be bound by the covenants running with the land specified in Section 7.02.

(b) In the event that any mortgagee or other party shall succeed to the Developer's fee simple interest or leasehold interest in the Property or any portion thereof pursuant to the exercise of remedies under an Existing Mortgage and in conjunction therewith accepts an assignment of the Developer's interest hereunder in accordance with Section 18.15 hereof, the City hereby agrees to attorn to and recognize such party as the successor in interest to the Developer for all purposes under this Agreement so long as such party accepts in writing all of the obligations and liabilities of the Developer hereunder. In such event, such party shall have no liability under this Agreement for any Event of Default which accrued prior to such acceptance and the Developer shall remain solely responsible for such matters. If such mortgagee or other party does not accept in writing all of the obligations and liabilities of the Developer hereunder, it shall be bound by covenants running with the land specified in Section 7.02. Such mortgagee shall not itself be obligated to complete construction of the Project but shall at all times hold title subject to such covenants running with the land and neither such mortgagee nor any other successor in title shall construct any improvements other than the Project without amendment to this Agreement and the Residential Planned Development.

SECTION 17. NOTICE

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

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

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

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

If to Developer: WHP Homes, LLC
 c/o Brinshore Development, LLC
 666 Dundee Road, Suite 1102
 Northbrook, IL 60062

and: The Michaels Development Company I, L.P.
 One East Stow Road
 Marlton, NJ 08053

and: CRF Projects LLC Series 2003-4
 c/o Community Reinvestment Fund, Inc.
 One East Superior Street, Suite 604
 Chicago, IL 60611

and: Citibank, F.S.B.
 500 W. Madison Street, Suite 504
 Chicago, IL 60661

and: DLA Piper Rudnick Gray Cary US LLP
 203 N. LaSalle Street, Suite 1900
 Chicago, Illinois 60601

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Attn: Richard Klawiter

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 clause (a) shall be deemed received upon such personal service or upon dispatch. Any notice, demand or request sent pursuant to clause (b) shall be deemed received on the business day immediately following deposit with the overnight courier and any notices, demands or requests sent pursuant to subsection (c) shall be deemed received on the date of delivery evidenced by the return receipt.

SECTION 18. MISCELLANEOUS

18.01 Amendment . This Agreement and the Exhibits attached hereto may not be amended or modified without the prior written consent of the parties hereto; provided, however, that the City, in its sole discretion, may amend, modify or supplement **Exhibit F** hereto without the consent of any party hereto. It is agreed that no material amendment or change to this Agreement shall be made or be effective unless ratified or authorized by an ordinance duly adopted by the City Council. The term "material" for the purpose of this **Section 18.01** shall be defined as any deviation from the terms of the Agreement which operates to cancel or otherwise reduce any developmental, construction or job-creating obligations of Developer (including those set forth in **Sections 10.02 and 10.03** hereof) by more than five percent (5%) or materially changes the Project site or character of the Project or any activities undertaken by Developer affecting the Project site, the Project, or both, or increases any time agreed for performance by the Developer by more than ninety (90) days.

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

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

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

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

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waived by the City in writing. No delay or omission on the part of the City in exercising any right shall operate as a waiver of such right or any other right unless pursuant to the specific terms hereof. A waiver by the City of a provision of this Agreement shall not prejudice or constitute a waiver of the City's right otherwise to demand strict compliance with that provision or any other provision of this Agreement. No prior waiver by the City, nor any course of dealing between the parties hereto, shall constitute a waiver of any the City's rights or of any obligations as to any future transactions.

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

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

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

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

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

18.11 Conflict . In the event of a conflict between any provisions of this Agreement and the provisions of the TIF Ordinances, such ordinance(s) shall prevail and control.

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

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

18.14 Approval . Wherever this Agreement provides for the approval or consent of the City, DPD or the Commissioner, or any matter is to be to the City's, DPD's or the Commissioner's satisfaction, unless specifically stated to the contrary, such approval,

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consent or satisfaction shall be made, given or determined by the City, DPD or the Commissioner in writing and in the reasonable discretion thereof. The Commissioner or other person designated by the Mayor of the City shall act for the City or DPD in making all approvals, consents and determinations of satisfaction, granting the Certificate or otherwise administering this Agreement for the City.

18.15 Assignment . The Developer may not sell, assign or otherwise transfer its interest in this Agreement in whole or in part without the written consent of the City, except that the Developer may collaterally assign its interest in the Redevelopment Agreement to the Senior Lender, if the Senior Lender requires such collateral assignment (it being understood, however, that such collateral assignment would not include any pledge of Incremental Taxes). Any successor in interest to the Developer under this Agreement shall certify in writing to the City its agreement to abide by all remaining executory terms of this Agreement for the Term of the Agreement. The Developer consents to the City's sale, transfer, assignment or other disposal of this Agreement at any time in whole or in part.

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

18.17 Force Majeure . Neither the City nor the Developer nor any successor in interest to either of them shall be considered in breach of or in default of its obligations under this Agreement in the event of any delay caused by damage or destruction by fire or other casualty, strike, shortage of material, unusually adverse weather conditions such as, by way of illustration and not limitation, severe rain storms or below freezing temperatures of abnormal degree or for an abnormal duration, tornadoes or cyclones, and other events or conditions beyond the reasonable control of the party affected which in fact interferes with the ability of such party to discharge its obligations hereunder. The individual or entity relying on this section with respect to any such delay shall, upon the occurrence of the event causing such delay, immediately give written notice to the other parties to this Agreement and the estimated delay occasioned by such event. The individual or entity relying on this section with respect to any such delay may rely on this section only to the extent of the actual number of days of delay effected by any such events described above.

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

18.19 Business Economic Support Act . Pursuant to the Business Economic Support Act (30 ILCS 760/1 et seq.), if the Developer is required to provide notice under

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the WARN Act, the Developer shall, in addition to the notice required under the WARN Act, provide at the same time a copy of the WARN Act notice to the Governor of the State, the Speaker and Minority Leader of the House of Representatives of the State, the President and minority Leader of the Senate of State, and the Mayor of each municipality where the Developer has locations in the State. Failure by the Developer to provide such notice as described above may result in the termination of all or a part of the payment or reimbursement obligations of the City set forth herein.

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

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

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

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

DEVELOPER:

WHP Homes, LLC, an Illinois limited liability company

By: BMH-I, LLC, an Illinois limited liability Company, its Managing Member

By: Brinshore Holding, LLC, an Illinois limited liability company, a Member

By: Brinshore Development, L.L.C., an Illinois limited liability company, its Sole Member

By: RJS Real Estate Services, Inc., an Illinois corporation, its Member

By: _____
Richard Sciortino
President

By: The Michaels Development Company I, L.P., a New Jersey limited partnership, a member

By: The Michaels Development Holding Company, L.L.C., a New Jersey limited liability company, its sole general partner

By: _____
John O'Donnell
Vice President

CITY OF CHICAGO, acting by and through its Department of Planning and Development

By: Lori T. Healey
Lori T. Healey, Commissioner *DL*

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DEVELOPER:


WHP Homes, LLC, an Illinois limited liability company

By: BMH-I, LLC, an Illinois limited liability Company, its Managing Member

By: Brinshore Holding, LLC, an Illinois limited liability company, a Member

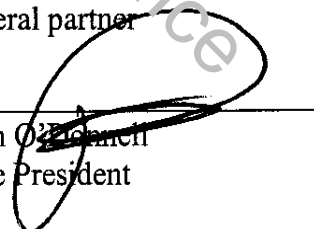
By: Brinshore Development, L.L.C., an Illinois limited liability company, its Sole Member

By: RJS Real Estate Services, Inc., an Illinois corporation, its Member

By: 
Richard Sciortino
President

By: The Michaels Development Company I, L.P., a New Jersey limited partnership, a member

By: The Michaels Development Holding Company, L.L.C., a New Jersey limited liability company, its sole general partner

By: 
John O'Connell
Vice President

CITY OF CHICAGO, acting by and through its Department of Planning and Development

By: _____
Lori T. Healey, Commissioner

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

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

SECTION 14. MAINTAINING RECORDS/RIGHT TO INSPECT

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

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

SECTION 15. DEFAULT AND REMEDIES

15.01 Events of Default. The occurrence of any one or more of the following events, subject to the provisions of Section 15.03, shall constitute an "Event of Default" by the Developer hereunder:

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

(b) the failure of the Developer to perform, keep or observe any of the covenants, conditions, promises, agreements or obligations of Developer under any other agreement

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LIST OF EXHIBITS

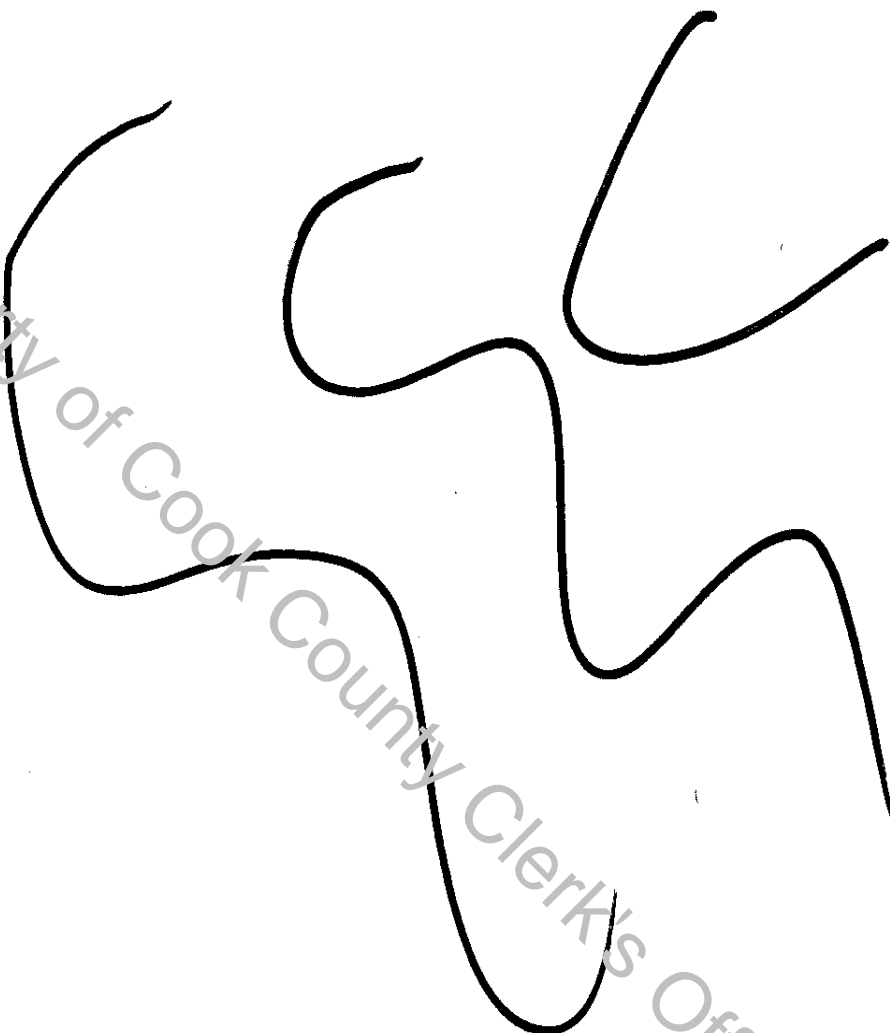
Exhibit A	Legal Description of Redevelopment Area
Exhibit B	Legal Description of Land
Exhibit C	Description of Unit Types/Locations
Exhibit D	Prior Expenditures
Exhibit E	TIF-Funded Improvements
Exhibit F	Redevelopment Plan
Exhibit G	Form of City Recapture Mortgage
Exhibit H	Description of Project Financing
Exhibit I	Opinion of Developer's Counsel
Exhibit J	For Sale Unit Profit Sharing Guidelines
Exhibit K	Developer Infrastructure Improvements
Exhibit L-1	MBE/WBE Project Budget
Exhibit L-2	Project Budget
Exhibit M	Permitted Liens
Exhibit N	Requisition Form
Exhibit O	List of Plans and Specifications
Exhibit P-1	Architect's Opening Certificate
Exhibit P-2	Architect's Closing Certificate
Exhibit Q	Affordable For Sale Unit Price Schedule

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EXHIBIT A

REDEVELOPMENT AREA PROPERTY LEGAL DESCRIPTION

(Do not attach for recording purposes.)



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EXHIBIT B

LAND LEGAL DESCRIPTION

Leasehold estate created by that certain "Ground Lease For a Portion of the Westhaven Park Development" dated as of December 1, 2005 executed by Chicago Housing Authority, an Illinois municipal corporation, as lessor, and WHP Homes, LLC, an Illinois limited liability company, as tenant, which Ground Lease demises the following described parcels 1 and 2 for a term of 99 years.

PARCEL 1

LOTS 1, 6, 7, 10 AND 12 IN BELL RESUBDIVISION, BEING A RESUBDIVISION AND CONSOLIDATION OF PART OF CAMPBELL'S SUBDIVISION OF BLOCK 55, AND OF WILSON AND PATES' SUBDIVISION IN CAMPBELL'S SUBDIVISION OF BLOCK 55, INCLUDING THE EAST-WEST VACATED ALLEY AND VACATED WEST MAYPOLE AVENUE IN SAID BLOCK 55, IN CANAL TRUSTEES' SUBDIVISION OF SECTION 7, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED NOVEMBER 7, 2002 AS DOCUMENT NUMBER 0021230667, IN COOK COUNTY, ILLINOIS.

PINs and Addresses:

17-07-321-036, Commonly known as: 2257 W. Lake Street
 17-07-321-041, Commonly known as: 2220 W. Maypole Avenue
 17-07-321-042, Commonly known as: 2238 W. Maypole Avenue
 17-07-321-045, Commonly known as: 2235 and 2231 W. Maypole Avenue
 17-07-321-047, Commonly known as: 120 N. Leavitt Street
 All in Chicago, Illinois

PARCEL 2

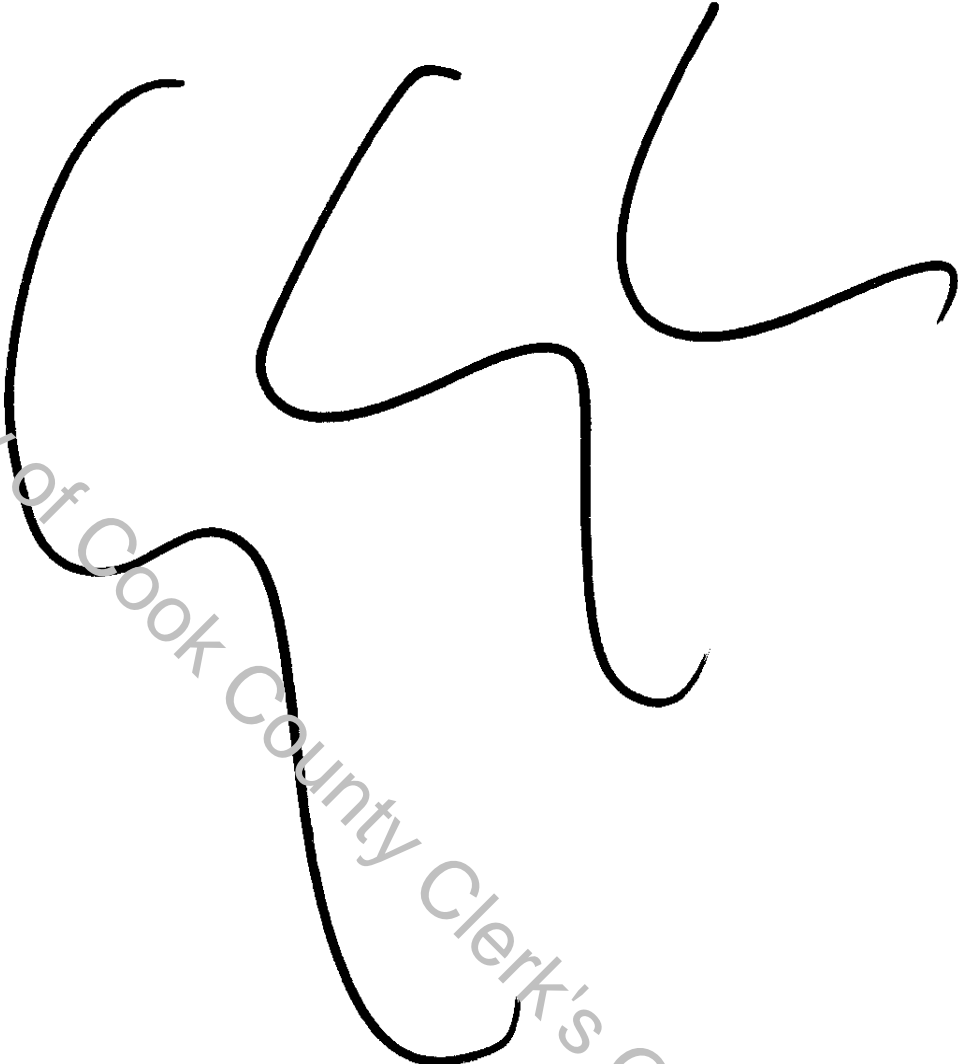
LOT 6 IN MAYPOLE RESUBDIVISION, BEING A RESUBDIVISION AND CONSOLIDATION IN BLOCKS 2 AND 3 IN PAGE AND WOOD'S SUBDIVISION OF BLOCKS 50, 63 AND 64, AND IN THE SUBDIVISION OF LOTS 5 AND 6 IN SAID BLOCK 3 IN PAGE AND WOOD'S SUBDIVISION, INCLUDING THE EAST-WEST VACATED ALLEYS AND VACATED WEST MAYPOLE AVENUE,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

PIN and Address:

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17-07-423-019, Commonly known as: 1752 W. Maypole Avenue, Chicago, Illinois

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A large, stylized handwritten signature in black ink, consisting of several loops and curves, is written over the diagonal watermark text.

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EXHIBIT C

DESCRIPTION OF UNIT TYPES/LOCATIONS

Bldg	Owner Type	Unit	Description	Model	SF	Price	Features
2257 W. Lake							
1A	M	101	3br/2ba	Oakley	1,779	\$282,300	Adaptable
	A	102	1br/1ba	Bell	1,035	\$117,500	Adaptable
	M	103	1br/1ba	Bell	1,035	\$180,400	
	M	201	3br/2ba	Lake	1,639	\$283,400	
	A	202	2br/2ba	Washington	1,290	\$137,000	
	M	203	2br/2ba	Washington	1,290	\$248,800	
	M	301	3br/2ba	Lake	1,639	\$288,400	
	M	302	2br/2ba	Washington	1,290	\$250,800	
	M	303	2br/2ba	Washington	1,290	\$250,800	
Total Bldg:					12,287	\$2,039,400	

2235 W. Maypole							
3C	M	101	3br/2ba	Oakley	1,779	\$296,400	Adaptable
	A	102	1br/1ba	Bell	1,035	\$117,500	
	A	103	1br/1ba	Bell	1,035	\$117,500	
	M	201	3br/2ba	Lake	1,639	\$278,800	
	M	202	2br/2ba	Washington	1,290	\$243,800	
	M	203	2br/2ba	Washington	1,290	\$248,800	
	M	301	3br/2ba	Lake	1,639	\$280,800	
	M	302	2br/2ba	Washington	1,290	\$250,800	
	M	303	2br/2ba	Washington	1,290	\$250,800	
Total Bldg:					12,287	\$2,090,200	

2231 W. Maypole							
3D	M	101	3br/2ba	Oakley	1,779	\$296,400	Adaptable
	A	102	1br/1ba	Bell	1,035	\$117,500	
	A	103	1br/1ba	Bell	1,035	\$117,500	
	M	201	3br/2ba	Lake	1,639	\$278,800	
	M	202	2br/2ba	Washington	1,290	\$248,800	
	M	203	2br/2ba	Washington	1,290	\$239,300	
	M	301	3br/2ba	Lake	1,639	\$288,400	
	M	302	2br/2ba	Washington	1,290	\$250,800	
	M	303	2br/2ba	Washington	1,290	\$250,800	
Total Bldg:					12,287	\$2,088,300	

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120 N. Leavitt							
3F	M	101	3br/2ba	Oakley	1,779	\$296,400	Adaptable
	A	102	1br/1ba	Bell	1,035	\$117,500	Adaptable
	A	103	1br/1ba	Bell	1,035	\$117,500	
	M	201	3br/2ba	Lake	1,639	\$283,400	
	M	202	2br/2ba	Washington	1,290	\$248,800	
	A	203	2br/2ba	Washington	1,290	\$137,250	
	M	301	3br/2ba	Lake	1,639	\$288,400	
	M	302	2br/2ba	Washington	1,290	\$248,300	
	M	303	2br/2ba	Washington	1,290	\$250,800	
Total Bldg					12,287	\$1,988,350	

2238 W. Maypole							
1C	M	101	2br/2ba	Hermitage w/bay	1,338	\$242,800	Adaptable
	M	102	1br+den/1ba	Maypole	1,151	\$197,300	Adaptable
	M	201	2br/2ba	Hermitage Front	1,207	\$239,200	
	M	202	3br/2ba	Madison	1,948	\$306,400	
	A	203	2br/2ba	Hermitage	1,207	\$137,250	
	M	301	2br/2ba	Hermitage Front	1,207	\$240,800	
	M	302	3br/2ba	Madison	1,948	\$310,800	
	M	303	2br/2ba	Hermitage Rear	1,181	\$238,800	
	Total Bldg					11,187	\$1,913,350

2220 W. Maypole							
2D	M	101	2br/2ba	Hermitage w/bay	1,338	\$242,800	Adaptable
	M	102	1br+den/1ba	Maypole	1,151	\$215,800	Adaptable
	M	201	2br/2ba	Hermitage Front	1,207	\$238,900	
	M	202	3br/2ba	Madison	1,948	\$306,400	
	A	203	2br/2ba	Hermitage	1,207	\$137,250	
	M	301	2br/2ba	Hermitage Front	1,207	\$240,800	
	M	302	3br/2ba	Madison	1,948	\$310,400	
	M	303	2br/2ba	Hermitage Rear	1,181	\$238,800	
	Total Bldg					11,187	\$1,931,050

1752 W. Maypole							
8D	M	101	2br/2ba	Hermitage w/bay	1,338	\$242,800	Adaptable
	M	102	1br+den/1ba	Maypole	1,151	\$190,300	Adaptable
	M	201	2br/2ba	Hermitage Front	1,207	\$236,300	
	M	202	3br/2ba	Madison	1,948	\$306,400	
	A	203	2br/2ba	Hermitage	1,207	\$137,250	
	M	301	2br/2ba	Hermitage Front	1,207	\$241,800	
	M	302	3br/2ba	Madison	1,948	\$298,300	
	M	303	2br/2ba	Hermitage Rear	1,181	\$246,800	
	Total Bldg					11,187	\$1,899,950

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EXHIBIT D

PRIOR EXPENDITURES

Construction	\$ 24,778
Lender Fees	14,550
Letter of Credit	1,675
Architect/Engineering/Reimbursables	131,869
Survey	1,500
Permits	105,340
Marketing	51,196
Real Estate Taxes	3,899
TIF Consulting	8,750
Total	\$ 343,557

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EXHIBIT E

TIF-FUNDED IMPROVEMENTS

<u>Category</u>	<u>Amount</u>
Property assembly costs, including, but not limited to, acquisition of land, demolition of Buildings, site preparation, site improvements that serve as an engineered barrier and the cleaning and grading of land (65 ILCS 5/11-74.4-3(q)(2))	\$1,398,036
50% of the cost of construction of new housing units to be occupied by low-income households (65 ILCS 5/11-74.4-3(q)(11)(F))	\$1,103,785
TOTAL:	\$2,501,821

The Commissioner shall have authority to consent to adjustments between the line items set forth above and to consent to additional TIF-Funded Improvement redevelopment project costs within other categories authorized under the Act.

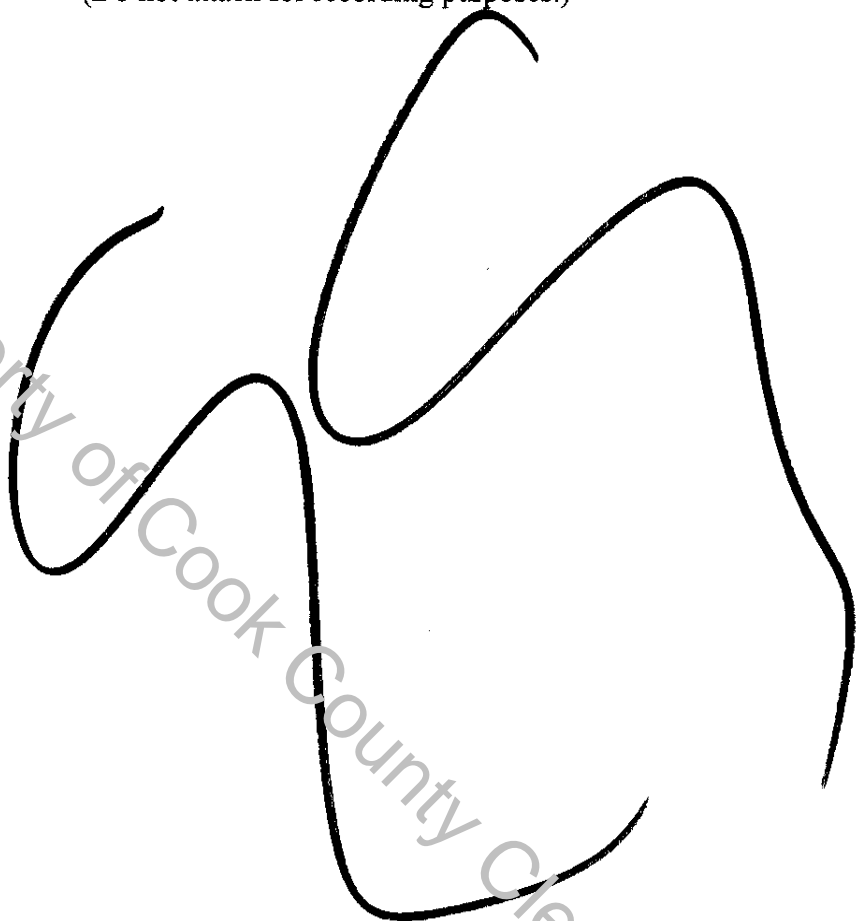
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EXHIBIT F

REDEVELOPMENT PLAN

(Do not attach for recording purposes.)

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EXHIBIT G

CITY RECAPTURE MORTGAGE

This instrument prepared by
and after recording return to:

Department of Law
City of Chicago
Room 600
121 North LaSalle Street
Chicago, Illinois 60602

MORTGAGE, SECURITY AND RECAPTURE AGREEMENT, INCLUDING RESTRICTIVE COVENANTS

THIS MORTGAGE, SECURITY AND RECAPTURE AGREEMENT, INCLUDING RESTRICTIVE COVENANTS ("this Mortgage") is made as of this ___ day of _____, 200__ from _____ ("Mortgagor"), to the CITY OF CHICAGO, an Illinois municipal corporation, having its principal office at City Hall, 121 N. LaSalle Street, Chicago, Illinois 60602 (the "City" or "Mortgagee").

RECITALS

WHEREAS, Mortgagor is on the date hereof purchasing from the Initial Seller (i) that certain real property legally described on Exhibit A attached hereto and a single family home or townhome located thereon, or (ii) that certain condominium unit as described on Exhibit A attached hereto (the property described on Exhibit A hereto is hereinafter referred to as the "Home") (certain terms used herein and not otherwise defined are defined on Exhibit B attached hereto); and

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

WHEREAS, the City's TIF Contribution was conditioned upon, among other things, the requirement that the Home be subject to the Affordability Requirements that shall be imposed as encumbrances and as covenants running with the land; and

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WHEREAS, the Affordability Requirements are necessary to implement certain requirements of the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1 et seq., and/or the City's TIF Affordability Guidelines and the requirements of Chapter 2-44-090 of the Municipal Code]][TIF RECITAL ONLY APPLICABLE TO 80% AMI UNITS; MUNICIPAL CODE RECITAL APPLICABLE TO 100% AMI UNITS]]; and

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

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

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

WHEREAS, Mortgagor is able to purchase the Home for less than its fair market value because of the City's TIF Contribution, which has subsidized a portion of the construction costs of the Home, and because of the imposition of the Affordability Requirements pursuant to this Mortgage; and

WHEREAS, but for the City's TIF Contribution, and the City's imposition of the Affordability Requirements, Mortgagor would have been unable to purchase the Home for an Affordable Price; and

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

WHEREAS, in consideration of the City's TIF Contribution, the benefits accruing to Mortgagor as a result of its purchase of the Home for an Affordable Price, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Mortgagor has executed and delivered to the City this Mortgage;

NOW, THEREFORE, to secure the performance and observance by Mortgagor of all the terms, covenants and conditions described in this Mortgage, and in order to charge the properties, interests and rights hereinafter described with such consideration, Mortgagor has executed and delivered this Mortgage and does hereby grant, convey,

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assign, mortgage, grant a security interest in, and confirm unto Mortgagee and its successors and assigns forever, all of the following described property (which is hereinafter sometimes referred to as "Mortgaged Property"):

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

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

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

TO HAVE AND TO HOLD the Mortgaged Property and all parts thereof unto Mortgagee, its successors and assigns, to its own proper use, benefit and advantage forever, subject, however, to the terms, covenants and conditions herein;

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

THIS MORTGAGE IS GIVEN TO SECURE: (a) amounts which may become due and payable pursuant to this Mortgage, and (b) performance of each and every one of the other covenants, conditions and agreements contained in the this Mortgage, and in any other agreement, document or instrument to which reference is expressly made in the Mortgage.

ARTICLE I

INCORPORATION OF RECITALS

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

ARTICLE II

COVENANTS, REPRESENTATIONS AND WARRANTIES

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

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

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

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

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

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

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

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

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

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

(c) Upon any other entering upon or taking of possession of the Mortgaged Property after the occurrence of an Event of Default and the expiration of the applicable cure period and other than by means of a foreclosure, Mortgagee, subject to the rights of the Senior Lender, may hold, use, manage and control the Mortgaged Property and, from time to time (i) make all necessary and proper maintenance, repairs, renewals, replacements, additions, betterments and improvements thereto and thereon and purchase or otherwise acquire additional fixtures, personalty and other property required in connection therewith; (ii) insure or keep the Mortgaged Property insured; (iii) manage the

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Mortgaged Property and exercise all the rights and powers of Mortgagor to the same extent as Mortgagor could in its own name or otherwise with respect to the same; and (iv) enter into any and all agreements with respect to the exercise by others of any of the powers herein granted to Mortgagee, all as Mortgagee from time to time may reasonably determine to be to its best advantage. Mortgagee may collect and receive all the rents, issues, profits and revenues of the same, including those past due as well as those accruing thereafter, and, after deducting to the extent reasonable: (aa) expenses of taking, holding and managing the Mortgaged Property (including compensation for the services of all persons employed for such purposes); (bb) the cost of all such maintenance, repairs, renewals, replacements, additions, betterments, improvements and purchases and acquisition; (cc) the cost of such insurance; (dd) such taxes, assessments and other similar charges as Mortgagee may determine to pay; (ee) other proper charges upon the Mortgaged Property or any part thereof; and (ff) the reasonable compensation, expenses and disbursements of the attorneys and agents of Mortgagee, shall apply the remainder to the payment of amounts due under this Mortgage. The balance of such funds, if any, after payment in full, of all of the aforesaid amounts shall be paid to Mortgagor.

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

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

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

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

4.07 Waiver. No delay or omission of Mortgagee to exercise any right, power or remedy accruing upon any Event of Default shall exhaust or impair any such right, power or remedy or shall be construed to be a waiver of any such Event of Default or acquiescence therein; and every right, power and remedy given by this Mortgage to Mortgagee may be exercised from time to time as often as may be deemed expedient by Mortgagee. No consent or waiver, expressed or implied, by Mortgagee to or of any breach or Event of Default by Mortgagor in the performance of its obligations hereunder shall be deemed or construed to be a consent or waiver to or of any other breach or Event

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of Default in the performance of the same or any other obligations of Mortgagor hereunder. Failure on the part of Mortgagee to complain of any act or failure to act or to declare an Event of Default, irrespective of how long such failure continues, shall not constitute a waiver by Mortgagee of its rights hereunder or impair any rights, powers or remedies on account of any breach or default by Mortgagor.

ARTICLE V

MISCELLANEOUS PROVISIONS

5.01 Successors and Assigns. This Mortgage shall inure to the benefit of and be binding upon Mortgagor and Mortgagee and their respective legal representatives, successors and assigns. Whenever a reference is made in this Mortgage to Mortgagor or to Mortgagee, such reference shall be deemed to include a reference to legal representatives, successors and assigns of Mortgagor or Mortgagee, as applicable.

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

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

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

5.05 Modification. No change, amendment, modification, cancellation or discharge hereof, or of any part hereof, shall be valid unless in writing and signed by the parties hereto or their respective successors and assigns. Mortgagor shall have no right to convey the Home into a land trust without obtaining the prior written consent of the City.

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5.06 No Merger. It being the desire and intention of the parties that this Mortgage and the lien hereof do not merge in fee simple title to the Mortgaged Property, it is hereby understood and agreed that should Mortgagee acquire any additional or other interests in or to said property or the ownership thereof, then, unless a contrary interest is manifested by Mortgagee as evidenced by an appropriate document duly recorded, this Mortgage and the lien hereof shall not merge in the fee simple title, toward the end that this Mortgage may be foreclosed as if owned by a stranger to the fee simple title.

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

5.08 Administration. All consents, approvals, modifications, waivers, adjustments or other actions of the City described herein shall be made in writing by the City, acting through its Department of Housing, or any successor department thereto. All notices, requests, or other communications to the City hereunder shall be made to the Department of Housing at the following address: _____,
Attention: _____.

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

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

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

ARTICLE III

RECAPTURE OF CITY SUBSIDY PROVISIONS

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

3.02 Primary Residence; No Leasing. Mortgagor covenants to the City that during the Recapture Period, it shall own and use the Mortgaged Property as its primary residence (and the primary residence of Mortgagor's Qualified Household) as long as Mortgagor owns the Mortgaged Property. Mortgagor covenants that during the Recapture Period, it will not lease the Mortgaged Property to any person or let any other person to occupy or use the property without the prior written consent of the City, which shall be in the City's reasonable discretion, and which, if granted, will require that the total amount payable by any tenant household not exceed the amount set forth to qualify such housing as "affordable housing" as defined in the Illinois Affordable Housing Act, 310 ILCS 65/1 et seq.

3.03 Permitted Transfers. Mortgagor covenants that during the Recapture Period, it shall not sell or otherwise directly or indirectly transfer ownership of the Mortgaged Property, except (a) to a Qualified Household, (b) for an Affordable Price, and provided

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STATE OF ILLINOIS)

)
COUNTY OF COOK)

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

Given under my hand and notarial seal this ____ day of _____, 200__.

Notary Public

My commission expires _____.

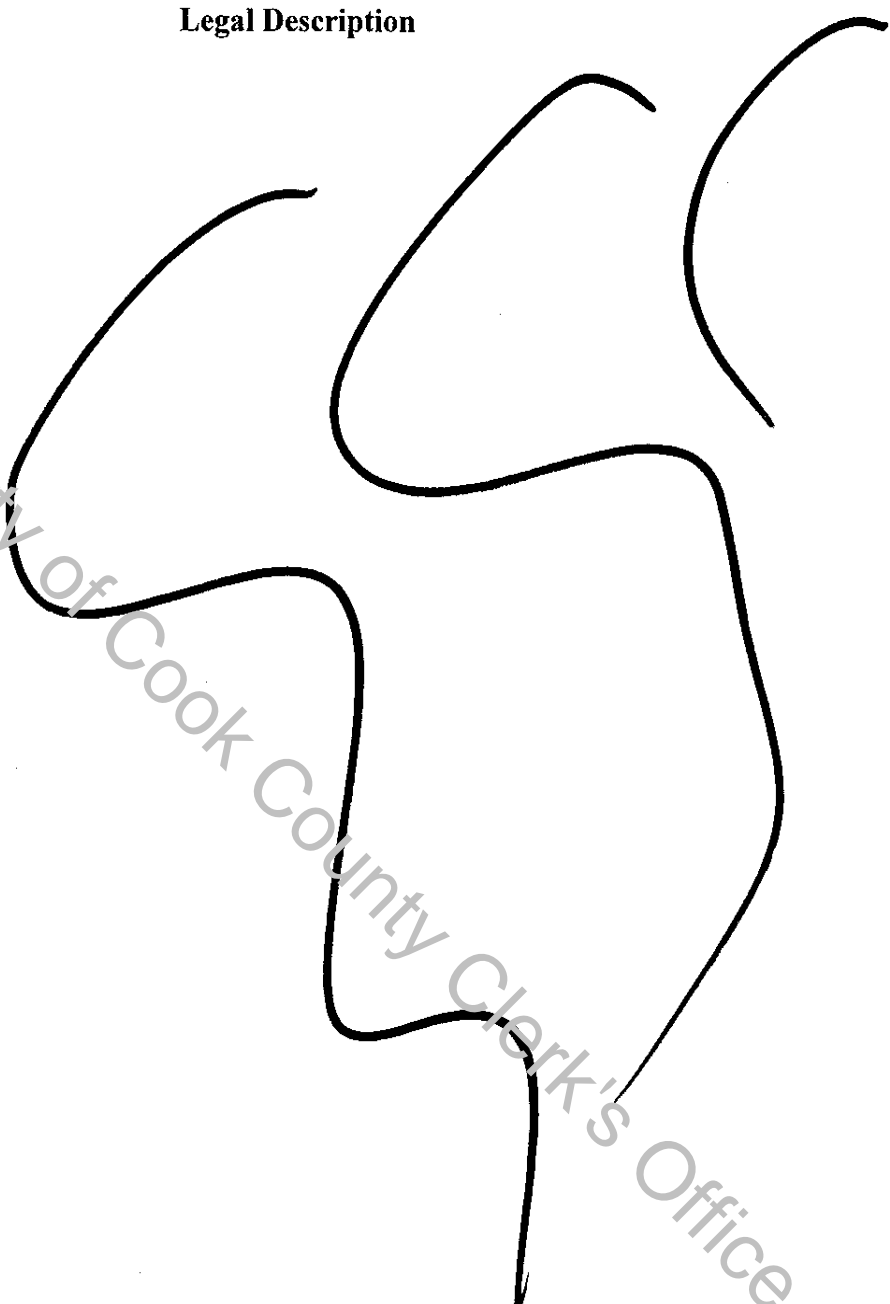
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Exhibit A to Attachment 1 (Form of Recapture Mortgage)

Legal Description

Property of Cook County Clerk's Office



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Exhibit B to Form of Recapture Mortgage

Definitions

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

“Affordable Price” shall mean an amount less than or equal to the price at which Monthly Homeownership Costs for the Home would total not more than 30% of household income for a household with a family size equal to the product of 1.5 multiplied by the number of bedrooms in the Home whose income is the maximum amount allowable for such household to be a Qualified Household.

“Base Purchase Price” shall mean _____, being the amount of the Purchase Price exclusive of upgrades.

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

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

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

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

“Initial Seller” shall mean _____.

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

- (i) monthly principal and interest payments on a 30-year fixed rate purchase money mortgage in the amount of 95% of the purchase price, bearing interest at a rate equal to the prevailing rate as published in the Chicago Tribune (or posted on the internet website maintained by the Chicago Tribune) as of the date of calculation of Monthly Homeownership Costs, rounded up to the nearest 1/4,
- (ii) annual estimated real property taxes, divided by 12,
- (iii) annual insurance premiums, divided by 12, for homeowners' insurance in the amount of the replacement value of the Home, and
- (iv) monthly condominium assessment payments or similar homeowner's association payments, if applicable.

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that (c) the Qualified Household executes a mortgage, security and recapture agreement in similar form to this Mortgage, if such resale Affordable Price is below the market price, as reasonably determined by the City's Department of Housing. Any transfer of ownership (x) resulting from Mortgagor's death and occurring pursuant to (i) the terms of a written land trust, personal trust or will, or (ii) state intestacy law, (y) to a spouse or member of Mortgagor's Qualified Household, or (z) that simply consists of Mortgagor's transfer of the Home into a land trust or personal trust of which Mortgagor is the sole beneficiary and holder of power of direction, as applicable, shall be subject to the foregoing transfer restriction, provided, however, that the transferee in any such transfer shall be bound by all of the affordable housing covenants contained in this Mortgage. **If Mortgagor attempts or purports to transfer the Mortgaged Property to a transferee in violation of any one or more of the conditions in clauses (a), (b) and (c), such attempted or purported transfer shall be a violation of the Affordability Requirements, and shall constitute an immediate Event of Default under Section 4.01(a).**

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

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

3.06 REASONABLE RESTRAINT ON ALIENATION. MORTGAGOR ACKNOWLEDGES AND AGREES THAT TO THE EXTENT THE AFFORDABILITY REQUIREMENTS, ANYTHING IN THIS ARTICLE III, OR ANY OTHER PROVISION IN THIS MORTGAGE COULD BE DEEMED A RESTRAINT ON ALIENATION, THAT ANY SUCH RESTRAINT (A) IS REASONABLE, (B) IS, AS EXPLAINED IN THE RECITALS, SUPPORTED BY ADEQUATE CONSIDERATION, (C) IS NECESSARY TO IMPLEMENT THE CITY'S PUBLIC POLICY OBJECTIVE OF DEVELOPING AND MAINTAINING LOW-INCOME AND VERY LOW-INCOME HOUSING, (D) SHOULD BE ENFORCED AS WRITTEN, AND (E) WAS A MATERIAL INDUCEMENT TO THE CITY'S INITIAL DECISION TO PROVIDE THE TIF CONTRIBUTION, WHICH HAS ENABLED MORTGAGOR TO BUY THE HOME FOR THE PURCHASE PRICE, WHICH IS MATERIALLY BELOW THE FAIR MARKET VALUE PRICE. MORTGAGOR, THEREFORE, KNOWINGLY AND VOLUNTARILY, TO THE FULLEST EXTENT PERMITTED BY LAW, WAIVES THE RIGHT TO RAISE ANY DEFENSE TO

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THE ENFORCEMENT OF THE AFFORDABILITY REQUIREMENTS, WHETHER AT LAW OR IN EQUITY.

ARTICLE IV

DEFAULT

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

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

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

- (a) Recapture Payment Event. If an Event of Default occurs under Section 4.01(a) prior to the Recapture Period expiration (a "Recapture Payment Event"), any purported lease, direct or indirect sale or transfer of ownership or mortgaging of the Mortgaged Property shall make the City entitled to the specific enforcement of the Affordability Requirements and any other remedies available under this Mortgage. The City, in its sole discretion, and in lieu of its specific enforcement of the Affordability Requirements, may elect to require payment of the City Subsidy Recapture Amount (as defined below) in the event that the City determines that specific enforcement of the Affordability Requirements is impractical or inappropriate. If Mortgagor pays to the City the City Subsidy Recapture Amount, then the City shall have no other remedy with respect to such Event of Default and shall be obligated to execute and deliver a release of this Mortgage in recordable form and the transferee shall not be bound by any Affordability Requirements or otherwise required to execute and deliver any mortgage in favor of the City.

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

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For example, if (a) this Mortgage was dated January 1, 2002, (b) the date of the Recapture Payment Event was July 1, 2008, and (c) the City Subsidy Amount was \$20,000, then (i) the interest on the City Subsidy Amount would be \$1,300 (\$200/year for 6 years, plus \$100 for one half-year), and (ii) the City Subsidy Recapture Amount would be \$21,300 (\$20,000 plus \$1,300.)]

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

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

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

4.03 Other Remedies. (a) If any amounts due under and secured by this Mortgage shall become due, whether by acceleration or otherwise, Mortgagee shall have

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

“Recapture Period” shall mean for the period commencing on the Closing Date and ending upon the 30th anniversary of the Closing Date.

“Qualified Household” shall mean a single person, family or unrelated persons living together whose adjusted income is not more than 80% of the Chicago-area median income, adjusted for family size, as such adjusted income and Chicago-area median income are determined from time to time by the United States Department of Housing and Urban Development for purposes of Section 8 of the United States Housing Act of 1937. As of the Closing Date, such income limitations are as follows:

<u># of Persons In Household</u>	<u>80% of AMI</u>
1	\$
2	\$
3	\$
4	\$
5	\$
6	\$

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

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

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

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EXHIBIT H

DESCRIPTION OF PROJECT FINANCING

1st Mortgage Loan-Private Lender Construction Loan

Amount: Approximately \$12,000,000, or such other amount to which the City may consent
 Source: Citibank, F.S.B.
 Term: Construction period financing, to be repaid from sales of units
 Interest: An interest rate acceptable to the City

City Funds

Amount: Approximately \$2,501,821, or such other amount to which the City may consent
 Source: Available Incremental Taxes

Developer Equity

Amount: \$275,419, or such other amount to which the City may consent
 Source: BMH-I, LLC, as the Managing Member of the Developer

Investor Equity

Amount: \$2,478,774, or such other amount to which the City may consent
 Source: CRF Projects LLC Series 2003-4

Certain environmental remediation costs associated with the Project that are to be paid for by the CHA are not included in the Project Budget attached as Exhibit L-2 and will not be paid for from the sources of funds described above.

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EXHIBIT I

OPINION OF DEVELOPER'S COUNSEL

[To be retyped on the Developer's Counsel's letterhead]

December __, 2005
City of Chicago
121 North LaSalle Street
Chicago, IL 60602
ATTENTION: Corporation Counsel

Re: WHP Homes, LLC

Ladies and Gentlemen:

We have acted as special counsel to WHP Homes, LLC, an Illinois limited liability company (the "Developer"). We represent Developer in connection with a certain redevelopment agreement between Developer and the City of Chicago (the "City"), and the provision of tax increment financing assistance to Developer from the City relating to the construction and development of seven three-story buildings located at the former Henry Horner Homes site, in Chicago, Illinois (the "Project"), located within the City's Central West Tax Increment Financing Redevelopment Project Area. In that capacity, we have examined, among other things, (i) the Horner/Westhaven Park Phase IIA2 Lowrise Transformation Project Redevelopment Agreement dated as of July __, 2005 (the "Agreement") by and between the Developer and the City; and (ii) articles of organization, a certificate of existence and a certified copy of the operating agreement for the Developer (the documents set forth above in (i) and (ii) are collectively referred to herein as the "Documents").

In rendering this opinion we have also examined the original or certified, conformed or photostatic copies of: Judgment Searches of Developer performed by CT Corporation System, dated October 6, 2005; and Judgment Searches of BMH-1, LLC, an Illinois limited liability company, performed by CT Corporation System dated October 6, 2005 (collectively, the "Searches"); the Certificate as defined in paragraph 3 below and referred to in qualification (i) below; and such legal matters as we have deemed necessary or relevant for purposes of issuing the opinions hereinafter expressed.

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

a. The execution and delivery of the Agreement and other documents reviewed by us, and the entry into and performance of the transactions contemplated by the Agreement, by all parties other than Developer have been duly authorized by all

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necessary actions. Further, the Agreement and other documents reviewed constitute the valid and binding obligations of all parties other than Developer.

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

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

1. Developer is a limited liability company duly organized, legally existing under the laws of Illinois and has full limited liability company power and authority to own and lease its properties and to carry on its business as presently conducted.

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

3. Developer has all requisite limited liability company right, power and authority to execute and deliver the Agreement and to perform its obligations thereunder. Such execution, delivery and undertaking of performance will not conflict with, or result in a violation of Developer's Articles of Organization or Operating Agreement or any of the organizational documents of the Developer. Such execution, delivery and undertaking of performance (provided Developer performs in accordance with the terms and conditions of the Agreement) will not result in a breach or other violation of any of the terms, conditions or provisions of any law, regulation, order, writ, injunction or decree of any court or governmental or regulatory authority. Such execution and delivery, to our knowledge (based on the Certificate of Developer (attached hereto and made a part hereof (the "Certificate"))) and without further investigation, will not: (a) result in the creation of any lien, charge or encumbrance on any property or assets of Developer, except as contemplated by the Agreement and certain financing documents in connection with that certain construction loan made by Citibank, F.S.B. to Developer, (b) result in a violation of any of the terms, conditions or provisions of any order, writ, injunction or decree of any court, governmental or regulatory authority, (c) constitute grounds for the acceleration of the maturity of any agreement or other instrument to which Developer is a party or by which any of the property of Developer may be bound, or (d) conflict with, constitute an event of default under, or result in a violation of the provisions of any agreement or other instrument of which we have knowledge to which Developer is a party, or by which the properties or assets of Developer are bound.

4. No authorizations, approvals or consents of, or filings or registrations with, or the giving of notice to, any person or any governmental or regulatory authority or agency of the State of Illinois or any political subdivision thereof are necessary for the

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execution and delivery of the Agreement or for the validity or enforceability thereof, except for recording or filing of the Agreement.

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

6. To our knowledge, relying solely on the Searches and the Certificate, except as set forth in the Searches (copies of which have been delivered to the City), there are no judgments outstanding against Developer and no legal, administrative or other governmental proceedings pending or threatened before any court or governmental agency by or against Developer, or affecting the Project.

7. To our knowledge relying solely on the Certificate, without further investigation, there is no default by Developer with respect to any indenture, loan agreement, mortgage, deed of trust, note or any other agreement or instrument to which Developer is a party or by which Developer is bound, a default under which would have a material adverse effect on Developer or its business except as disclosed in the Certificate.

8. To our knowledge, relying solely on the Certificate, without further investigation, as of the date of this opinion, there are no options, rights or commitments to acquire or transfer any ownership interests of Developer except as permitted under the Agreement and except as provided in the Operating Agreement of Developer.

9. To our knowledge, relying solely on the Certificate and the Searches, except as set forth in the Searches, Developer is not in default with respect to any order, writ, injunction or decree of any court, government or regulatory authority or in default in or under any law, order, regulation or demand of any governmental agency or instrumentality, a default under which would have a material adverse effect on Developer or its business.

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

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

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However, we know of no facts which lead us to believe such factual matters are untrue or inaccurate;

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

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

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

v. If, and to the extent, the Agreement is construed to provide for the payment of interest on interest, such provisions may be unenforceable under *Bowman v. Neeley*, 137 Ill. 443 (1891) and other cases to the same effect.

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

vii. We call your attention to the fact that although we represent Developer as special counsel in connection with the subject transaction, we do not represent it generally, and our engagement has been limited to the specific matters as to which we have been consulted.

Our opinion is limited to the laws of the United States (except as set forth below) and the laws of the State of Illinois and (as to matters set forth in Paragraph 4 only) political subdivisions thereof in effect on the date hereof as they presently apply. We shall have no continuing obligations to inform you of changes in law or fact subsequent to the date hereof or of facts of which we become aware after the date hereof.

We express no opinion as to matters of title or priority or perfection of liens or security interests with regard to real and personal property. We understand that, with

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respect to all real and personal property security interests intended to be created by the Agreements and the priority of the liens thereof, you will rely on a title insurance policy being provided to Developer and such Uniform Commercial Code and other searches as you deem adequate, and, accordingly, we express no opinion to such matters.

We have not reviewed and do not opine as to: (i) compliance by the Project with applicable health, fire, safety, building, environmental, subdivision laws, ordinances, codes, rules or regulations, (ii) ERISA laws, rules and regulations, or (iii) Federal or state taxation, banking, securities or "blue sky" laws, rules or regulations.

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

Very truly yours,

Bennett P. Applegate

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CERTIFICATE -1

December ____, 2005

The undersigned, Richard Sciortino, the president of RJS Real Estate Services, Inc., an Illinois corporation, a member of Brinshore Development, L.L.C., an Illinois limited liability company, the sole member of Brinshore Holding, LLC, an Illinois limited liability company, a member of BMH-I, LLC, the managing member of Developer, hereby certifies as follows:

1. This certificate (the "Certificate") is made in reference to the Horner/Westlaven Park Phase IIA2 Transformation Project Redevelopment Agreement, and all documents referenced in the legal opinion to which this certificate is attached (the "Agreement") executed by Developer and the City of Chicago, Illinois, an Illinois municipal corporation (the "City"), relating to a redevelopment project in the City concerning real estate located at the former Henry Horner Homes site in Chicago, Illinois (the "Project").

2. The undersigned is familiar with the Agreement and has made inquiry of those personnel of Developer who are familiar with matters relating to the Agreement and this Certificate.

3. In the course of my duties for Developer, I am in a position to be familiar with, or I have made inquiry of those personnel of Developer who are in a position to be familiar with, the following: (a) any judgments, orders, writs, injunctions, or decrees, of any court, governmental or regulatory authority, affecting Developer or its execution and delivery of the Agreement ("Court Orders"), (b) any agreements or other instrument to which Developer is a party, or by which the properties or assets of Developer are bound, and affecting the execution and delivery of the Agreement by Developer ("Instruments"), (c) any agreements or other instrument which could cause the creation of any lien, charge or encumbrance on any property or assets of Developer ("Encumbrance Agreements"), (d) any judgments, legal or administrative proceedings pending or to my knowledge threatened before any court or governmental agency against Developer or affecting the Project ("Litigation"), and (e) any options, rights or commitments to transfer or acquire any ownership interests in Developer ("Options").

4. The signatures on the Agreement on behalf of Developer are genuine.

5. Except for the following, to my knowledge there are no Court Orders (if none, so state): None

6. Except for the following, to my knowledge there are no Instruments (if none, so state): None

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7. Except for the following, to my knowledge there are no Encumbrance Agreements other than the Agreements and certain financing documents in connection with that certain construction loan made by Citibank, F.S.B. to Developer (if none, so state): None
8. Except for the following, to my knowledge there is no Litigation (if none, so state): None
9. Except for the following, to my knowledge there are no Options (if none, so state): None.
10. Attached hereto as Exhibit "C" is an accurate and complete copy of Developer's Articles of Organization and Operating Agreement, as amended, which are in full force and effect. There are no other filings, agreements or actions governing the existence, organization or operation of Developer. All annual reports required to be filed with the Illinois Secretary of State have been filed and all required fees have been paid in connection therewith.
11. No circumstances have occurred or exist which have triggered or will trigger a dissolution of Developer under its Articles of Organization or Operating Agreement, and Developer continues to exist as a limited liability company as of the date hereof.
12. There exists no default by Developer with respect to any indenture, loan agreement, mortgage, deed of trust, note or other agreements or instrument to which Developer is a party or by which Developer is bound, a default under which would have a material adverse effect on Developer, its business or its ability to perform under the Agreement.
13. Developer is not in default with respect to any order, writ, injunction or decree of any court, government or regulatory authority or in default in or under any law, order, regulation or demand of any governmental agency or instrumentality, a default under which would have a material adverse effect on Developer, its business, or its ability to perform under the Agreement.
14. The Articles of Organization and Operating Agreement, and the records of Developer in my possession or control, indicate that all of the interests of Developer are owned by the undersigned.
15. The assets of the Developer are free and clear of all mortgages, liens, pledges, security interests and encumbrances except for those specifically set forth in or contemplated by the Documents.
16. The Developer owns or possesses or is licensed or otherwise has the right to use all licenses, permits and other governmental approvals and authorizations, operating authorities, certificates of public convenience, authorizations and other rights

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that are necessary for the operation of its business (other than the final building permit to be issued for the Project by the City of Chicago, which issuance will take place at a time consistent with the construction schedule for the Project).

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

IN WITNESS WHEREOF, the undersigned has executed this Certificate as of the date set forth above.

By:

Richard Sciortino, president of RJS Real Estate Services, Inc., member of Brinshore Development, L.L.C., sole member of Brinshore Holding LLC, a member of BMH-I LLC, managing member of WHP Homes, LLC

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EXHIBIT J

FOR SALE UNIT PROFIT SHARING GUIDELINES

“Available Net Cash Proceeds” (as hereinafter defined) generated from the sale of the For Sale Units at the Project shall be determined as of the date of closing of the sale of the last For Sale Unit and shall be paid fifty percent to the Developer and fifty percent to the CHA and the City, collectively. Available Net Cash Proceeds shall mean the net cash realized by the Developer from the sale of the For Sale Units after retirement of applicable debt, payment of all reasonable and customary transaction costs associated with the sale of the For Sale Units, including, without limitation, costs of title insurance, surveys, transfer taxes, customer service/warranty reserve and legal fees, in accordance with the Project Budget attached as Exhibit L-2, and after the return of and return on Equity. Return on Equity provided by Community Reinvestment Fund, Inc. for purposes of the above profit-sharing formula shall be capped at the preferred return payable to Community Reinvestment Fund, Inc. under the terms of the Developer’s operating agreement. Return on Equity provided by the Developer shall be capped at an annual rate of fifteen percent (15%) per annum.

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EXHIBIT L-1

MBE/WBE PROJECT BUDGET

Hard Costs	
Construction	\$9,418,161
Site Development	1,398,036
Contractor's General Conditions	632,425
<u>Contractor Overhead</u>	333,378
TOTAL HARD COSTS	\$11,782,000
Soft Costs	
Architectural & Design	\$270,460
<u>Engineering Fees</u>	32,046
TOTAL SOFT COSTS	\$302,506
TOTAL	\$12,084,506*

* Certain environmental remediation costs associated with the Project that are to be paid for by the CHA are not included in the Project Budget and will not be paid for from the sources of funds described herein

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EXHIBIT L-2

PROJECT BUDGET

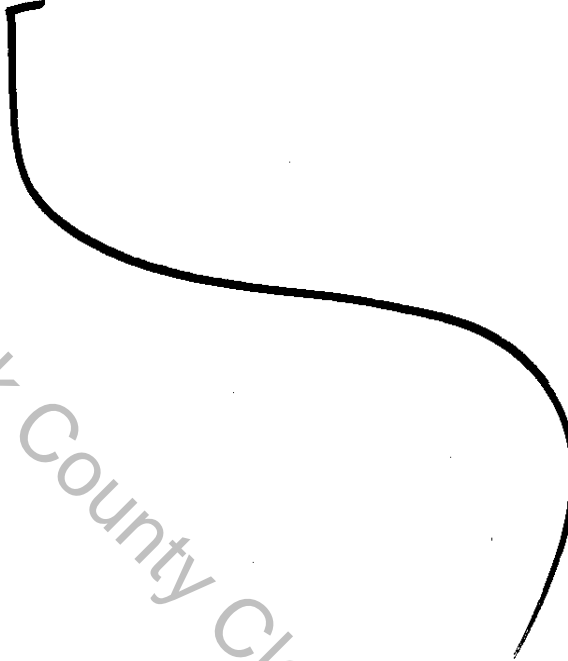
Development Costs*

Site Improvements	\$1,398,036
Envir. Testing	\$10,000
Constr. Costs	\$9,418,161
Contractor P&O	\$920,741
Constr. Contingency	\$586,847
Site Security	\$135,500
Soil Testing	\$27,730
Utility Connections	\$15,000
Constr/Bridge Loan Fee	\$81,153
Constr. Interest	\$404,550
Interest Reserve	\$60,450
Lender Fees	\$24,000
Equity Preferred Return	\$350,782
Equity Syndication Fee	\$50,000
Letter of Credit Fees	\$6,000
Inspection Fees	\$18,000
Architect Design	\$216,368
Architect Supervision	\$54,092
Engineering/Reimbursables	\$32,046
Title & Recording	\$22,500
Surveys	\$21,000
Permits	\$150,202
Legal/Accounting	\$165,000
Closing Costs	\$51,000
Marketing	\$332,698
Sales	\$513,013
Model	\$32,374
Finish Selections	\$55,000
Builders' Risk Insurance	\$165,000
Real Estate Taxes	\$37,141
Reserves/Assessments	\$18,000
TIF Costs	\$10,000
Customer Service/Warranty	\$60,000
Developer Overhead	\$463,272
Developer Profit	\$1,389,815
Total Uses	\$17,295,471

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* Certain environmental remediation costs associated with the Project that are to be paid for by the CHA are not included in the Project Budget and will not be paid for from the sources of funds described herein

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EXHIBIT M

PERMITTED LIENS

1. Liens or encumbrances against the Property:

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

2. Liens or encumbrances against the Developer or the Project, other than liens against the Property, if any: None.

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DEVELOPER:

WHP Homes, LLC, an Illinois limited liability company

By: BMH-I, LLC, an Illinois limited liability Company, its Managing Member

By: Brinshore Holding, LLC, an Illinois limited liability company, a Member

By: Brinshore Development, L.L.C., an Illinois limited liability company, its Sole Member

By: RJS Real Estate Services, Inc., an Illinois corporation, its Member

By: _____
Richard Sciortino
President

By: The Michaels Development Company I, L.P., a New Jersey limited partnership, a member

By: The Michaels Development Holding Company, L.L.C., a New Jersey limited liability company, its sole general partner

By: _____
John O'Donnell
Vice President

Subscribed and sworn before me this ___ day of _____.

My commission expires: _____

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EXHIBIT O

LIST OF PLANS AND SPECIFICATIONS

The following Plans and Specifications prepared by the Architect:

List of Plans for Buildings 1A, 3C, 3D & 3F

- A0.0 TITLE PAGE + SITE PLAN
- A0.1 NOTES, CODE MATRIX
- A0.2 WALL TYPES
- A0.3 ACCESSIBILITY
- A1.0 SITE PLAN 3F
- L1.0 LANDSCAPE SITE 3F
- A1.1 SITE PLAN 1A
- L1.1 LANDSCAPE SITE 1A
- A1.2 SITE PLAN 3C AND 3D
- L1.2 LANDSCAPE SITE 3C & 3D
- L2.0 LANDSCAPE NOTES
- C1.0 SITE GEOMETRY PLAN
- C2.0 SITE PAVING & GRADING PLAN
- C3.0 SITE UTILITY PLAN
- C4.0 PAVING DETAILS
- C5.0 UTILITY DETAILS
- C5.1 UTILITY DETAILS
- C5.2 UTILITY DETAILS
- A2.0 GROUND FLOOR
- A2.1 2ND/3RD FLOOR
- A2.2 ROOF PLAN
- A3.0 NOT USED
- A4.0 ELEVATIONS
- A4.1 ELEVATIONS
- A5.0 BUILDING SECTIONS
- A6.0 WALL SECTIONS
- A6.1 WALL SECTIONS
- A6.2 STAIR SECTIONS
- A7.0 FOUNDATION DETAILS
- A7.1 FLOOR DETAILS
- A7.2 PARAPET DETAILS
- A7.3 DETAILS
- A7.4 DETAILS
- A7.5 BALCONY DETAILS
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