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This instrument was prepared by:

William G. Skalitzky
Applegate & Thorne-Thomsen, P.C.
322 South Green Street
Suite 400
Chicago, Illinois 60607



Doc#: 0608744052 Fee: \$74.00
Eugene "Gene" Moore RHSP Fee: \$10.00
Cook County Recorder of Deeds
Date: 03/28/2006 12:06 PM Pg: 1 of 26

When recorded, return to:

U. S. Department of Housing
and Urban Development
77 West Jackson Boulevard
26th Floor
Chicago, Illinois 60604
Attention: Joseph Strobel

AGREEMENT RELATING TO USE RESTRICTIONS AND REVERTER

This Agreement Relating to Use Restrictions and Reverter ("Agreement") is entered into as of this 27th day of March, 2006, among The Anixter Village, an Illinois not for profit corporation ("Anixter"), the United States of America acting through the Secretary of the Department of Housing and Urban Development ("HUD"), and the Illinois Medical District Commission, a body politic and corporate created under the laws of the State of Illinois ("IMDC").

RECITALS

WHEREAS, the IMDC has previously conveyed to the City of Chicago via Quitclaim Deed dated March 8, 2002 and recorded on March 28, 2002 in the Cook County Recorder's Office as document no. 0020357373 (the "IMDC Deed"), the real property legally described on Exhibit A (the "IMDC Property");

WHEREAS, as set forth in the IMDC Deed, the IMDC Property is subject to a use restriction (hereinafter, the "Use Restriction"), ("[t]he foregoing conveyance is made upon the express condition that the above described lands and premises and any improvements constructed thereon ('Property') shall be maintained and used for the purposes described in 'an ACT in relation to the establishment of a medical center district in the City of Chicago and for the control and management thereof,' approved June 4, 1941, as amended (Illinois Compiled Statutes, 70 ILCS 915/0.01 *et seq.*") (the "IMDC Act") a right of reverter ("In case the said Property, or any part thereof, shall be used and/or maintained for any purpose other than those set forth above or of nonuse or disuse of said Property or any part, as provided in the said Act,

Box 430

26

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title to said Property shall revert to the Grantor named herein, its successors or assigns, in the manner and as provided by said Act.”) (the “Reverter Right”);

WHEREAS, Anixter will develop, own, construct, operate, maintain, and lease a 15-unit multifamily apartment building to be located at 2059 W. Washburne Avenue, Chicago, Illinois (the “Project”) in accordance with the requirements of HUD’s Section 811 Supportive Housing for Persons with Disabilities program, 42 U.S.C. Section 8013 (“Section 811”), its implementing regulations codified at 24 C.F.R. Part 891, the Notice of Fund Availability for the Section 811 Program, among other federal programs, published March 26, 2002 in the Federal Register (the “NOFA”), and HUD’s administrative directives and requirements relating to Section 811, including HUD Handbook 4571.4 entitled “Supportive Housing for Persons with Disabilities – Firm Commitment to Final Closing” (collectively, the “Section 811 Requirements”);

WHEREAS, Anixter has designed the Project with a special emphasis for the housing and supportive service needs of persons with physical and developmental disabilities resulting from or caused by spina bifida and similar disabilities, including designing all 15-units to be wheelchair accessible (e.g., lower cabinets and countertops, specially designed bathrooms, etc.), creating a refrigerated waste system to address the unique medical and related physical conditions of persons with spina bifida related disabilities, and constructing a community room in which occupational therapy (“Project Design”) and other supportive services will be provided to tenants in order to train such persons in transitioning to more independent living arrangements (“Programmatic Support”);

WHEREAS, Anixter and the IMDC desire that the Project serve as a national model for the continuing treatment of persons with physical and developmental disabilities resulting from spina bifida and similar disabilities, as improved medical treatment and interventions allow such persons to live longer and more independent lives and to pursue social, educational and economic opportunities not thought to be previously available;

WHEREAS, in accordance with 24 CFR Part 891.410(c)(2)(ii), Anixter has requested of HUD the authority to limit occupancy within the Project to persons with spina bifida and similar developmental and physical disabilities who require a similar set of supportive services in a supportive housing environment (collectively, the “Spina Bifida Related Disabilities”) and who have very-low income (i.e., less than fifty percent (50%) of area median income) in accordance with the Section 811 Requirements;

WHEREAS, HUD has approved Anixter’s request and will allow Anixter to limit occupancy within the Project to persons with spina bifida and similar developmental and physical disabilities who require a similar set of supportive services in a supportive housing environment, provided (i) Anixter must permit occupancy by any qualified person with a disability under the Section 811 Requirements who could benefit from the housing and/or services provided through the Project regardless of the person’s disability in accordance with 24 CFR Part 891.410(c)(2)(ii), and (ii) HUD shall have the right, at its sole discretion, to operate or cause the Project to be operated as housing for persons with physical and developmental disabilities generally in the event that HUD acquires possession of the Project through foreclosure, a deed in lieu of foreclosure or upon exercising its remedies under the HUD Capital

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Advance Documents, including its right to cause Anixter to assign its interests in the Project to a replacement operator as set forth in the HUD Use Agreement (the "HUD Approval Conditions"), provided, however, that approval and any new use by HUD or its successor shall be subject to the use approval of the Commission as provided for in the Illinois Medical District Act, 70 ILCS Section 915/1 et seq. (the "IMDC Act");

WHEREAS, as a result of the foregoing limited occupancy, Anixter will market the Project primarily to persons with Spina Bifida Related Disabilities (including without limitation providing Project information to Children's Memorial Hospital and the Illinois Spina Bifida Association) but shall also market the Project to minorities with disabilities in accordance with the Affirmative Fair Marketing Plan required by HUD pursuant to the Section 811 Requirements ("Marketing Initiatives");

WHEREAS, Anixter will construct, operate and maintain the Project on certain real property legally described on Exhibit B (the "Anixter Property") that the City of Chicago has conveyed or will convey to Anixter via quitclaim deed (the "City Deed");

WHEREAS, the primary financing for the development and construction of the Project is through a Capital Advance from HUD pursuant to the Section 811 Requirements in the amount of Two Million One Hundred Sixty-Seven Thousand Seven Hundred and No/100 Dollars (\$2,167,700.00), HUD Project No. 071-HD128/II06-Q021-006 (the "Project Capital Advance");

WHEREAS, the IMDC Act authorizes IMDC to permit to be constructed within the Illinois Medical District "hospitals, sanitariums, clinics, laboratories, or any other institution, building or structure or other ancillary or related facilities which the Commission may, from time to time, determine are established for and operated for the carrying out of any aspect of the Commission's purpose as set forth in [the] Act" 70 ILCS Section 915/4 (the "IMD Statutory Uses");

WHEREAS, IMDC has determined that the development, construction and operation of the Project by Anixter, subject to the commitments to Project Design, Marketing Initiatives, and Programmatic Support, as residential housing for very-low income persons with Spina Bifida Related Disabilities in accordance with the HUD Approval Conditions is in full conformity with and is compliant with the Act as a qualified IMD Statutory Use and the Use Restriction, as set forth in the (i) IMDC's May 2, 2001 Resolution following the May 2, 2001 public use hearing, (ii) IMDC's February 28, 2006 Resolution following the February 28, 2006 public hearing, and (iii) IMDC's Part II Approval Letter dated June 10, 2005 issued pursuant to Institutional Planned Development No. 30;

WHEREAS, all of the Anixter Property, with the exception of Lots 73 and 75 thereof, is subject to the Use Restriction and the Reverter Right pursuant to the IMDC Deed and City Deed and operation of law (the "Anixter Restricted Property");

WHEREAS, the Section 811 Requirements, and in particular the NOFA, require that the Project site shall be "free of any limitations, restrictions, or reverters which could adversely affect the use of the site for the proposed project for the 40-year capital advance period under

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HUD's rules and regulations" 67 Fed. Reg. 14436 (March 26, 2002), and HUD would not agree and will not make or disburse the Project Capital Advance but for the representations and agreements made herein;

WHEREAS, Anixter, IMDC and HUD desire that the Project be constructed on the Anixter Property and further desire to enter into this Agreement to provide HUD with certain protections relating to the Use Restrictions and Reverter Right in order to comply with the Section 811 Requirements and the NOFA;

NOW THEREFORE, in consideration of the mutual covenants set forth herein, and the foregoing Recitals, which are hereby incorporated into the body of this Agreement, the parties hereto agree as follows:

1. All capitalized terms not otherwise defined in the body hereof are defined in Section 7 of this Agreement.

2. **Project Compliance with Use Restriction.** The development and use of the Project as residential housing for persons with Spina Bifida Related Disabilities with the Project Design, Programmatic Support and Marketing Initiatives, as described herein, and in accordance with the HUD Approval Conditions and the Section 811 Requirements complies with and satisfies the Use Restriction affecting the Anixter Restricted Property and is in full conformity with and is compliant with the Act as a qualified IMD Statutory Use.

3. **Conditions Precedent to IMDC Use of Reverter Right.** If Anixter's operation or use of the Project violates or is claimed by the IMDC to violate the Use Restrictions or the IMDC Statutory Uses permitted under the Act, IMDC will deliver written notice of any and all such violations or claimed violations to Anixter and HUD (the "Default Notice"). The Default Notice shall specify with particularity the facts or alleged facts IMDC claims constitute each violation or alleged violation. In addition, IMDC will refrain and forbear from taking any action to enforce or exercise the Use Restrictions or the Reverter Right until the following procedures have been implemented and complied with during the HUD Interest Period:

A. **Anixter Right to Cure.** IMDC hereby grants Anixter ninety (90) days from and after the later of the date of Anixter's receipt of the Default Notice or the date of HUD's receipt of the Default Notice (the "Anixter Cure Period") to undertake all reasonable actions or to cease such actions as may be necessary to cure any violations or alleged violations of the Use Restrictions or IMDC Statutory Uses permitted under the Act specified in the Default Notice. Anixter shall advise the commission when the alleged violation has been cured, and upon inspection and confirmation of Anixter's cure of each violation stated in the Default Notice, IMDC shall send written notice to Anixter and HUD stating that the violation(s) has been cured and affirming that the Project is again compliant with the Use Restrictions and the Act.

B. **HUD's Right to Cure.** In the event Anixter fails to cure any claimed violation within the 90-day Anixter Cure Period, IMDC shall send written notice to Anixter and HUD stating exactly which claimed violation(s) remains uncured and shall specify if any portion of such violation(s) has been cured (the "HUD Default Notice").

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HUD shall have ninety (90) days (the "HUD Cure Period") from and after HUD's receipt of the HUD Default Notice to cure such claimed violations or parts thereof as are stated in the notice. IMDC shall not exercise any rights under this Agreement and shall continue to forbear from enforcement of the Use Restriction and the exercise of its Reverter Right until after it has delivered the HUD Default Notice and the HUD Cure Period has expired without resolution of the remaining violation.

HUD's right to cure the Anixter violation of the Use Restrictions includes, but is not limited to, the right for HUD to initiate foreclosure proceedings against Anixter in accordance with the HUD Capital Advance Documents and thereby acquire Anixter's rights, title and interest in the Anixter Property and Project via foreclosure or a deed in lieu of foreclosure, or (2) cause Anixter to assign and convey all of its rights, title and interest in the Anixter Property and the Project and its duties, obligations and liabilities under the Agreement and the HUD Capital Advance Documents to a replacement owner chosen by HUD in HUD's sole discretion (the "Replacement Owner"). The Replacement Owner will cause the Project to be operated in accordance with the Section 811 Requirements, the HUD Capital Advance Documents, as the same may be amended and supplemented as approved by HUD, and the Use Restrictions.

C. IMDC and HUD Meeting. In the event that the IMDC reasonably determines that the violation or alleged violation of the Use Restrictions and the Act remains uncured upon the expiration of the HUD Cure Period, IMDC shall continue to forbear from the enforcement of the Use Restriction and the exercise of its Reverter Right until all of the following conditions precedent have been satisfied: (1) IMDC must provide HUD or its designee with notice of its intent to exercise the Reverter Right (a "Reverter Notice") in which it sets forth the facts of the Event of Default; (2) within fifteen (15) business days of HUD's receipt of the Reverter Notice, the Director of HUD Chicago Multifamily HUB or the delegate of such Director and the Executive Director of IMDC or the delegate of such Director (collectively, the "HUD/IMDC Representatives") shall meet and/or consult via teleconference regarding the Event of Default and possible remedies thereto.

4. Exercise of Reverter Right. IMDC acknowledges and agrees that it has a Reverter Right against the Anixter Restricted Property only, and that it shall not exercise its Reverter Right against the Anixter Restricted Property until all of the conditions precedent set forth in Section 3 have been satisfied. In addition to the said Section 3 conditions, IMDC's exercise of its Reverter Right shall comply with all applicable statutory requirements, including without limitation 70 ILCS Section 915/6. Any interest acquired by IMDC in the Anixter Restricted Property pursuant to the exercise of its Reverter Right shall be subject to and shall not defeat, render invalid or otherwise limit the lien or encumbrance of the HUD Mortgage, HUD Use Agreement and HUD Regulatory Agreement of the HUD Capital Advance Documents.

5. IMDC Rights in the Anixter Restricted Property Subsequent to the Exercise of the Reverter Right. IMDC recognizes and agrees that its exercise of its Reverter Right will not vest IMDC with title to the entire Project or all of the Anixter Property and any title or interest IMDC obtains in the Project and Anixter Restricted Property is subject and subordinate to HUD's rights under the HUD Capital Advance Documents. IMDC further agrees that in the event HUD

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obtains fee simple title, by foreclosure or deed in lieu thereof, the title to the property shall not revert, but shall be subject to the restrictions as to use, but not any penalty for nonuse, contained in [the IMDC] Act with respect to any mortgagee in possession, or its successor or assigns. 70 ILCS Section 915/6. The parties hereto agree that if HUD obtains fee simple title to the Anixter Restricted Property, or any part thereof, by foreclosure or deed in lieu of foreclosure, the Reverter Right shall cease to exist with respect to the title of HUD, its grantees and its successor(s) and assign(s).

6. Definitions. The following terms that are not elsewhere defined in this Agreement shall have the following meanings:

A. "HUD Capital Advance Documents" means the Mortgage Note (HUD-93432-CA) dated as of March 1, 2006, executed by Anixter in favor of HUD, the HUD Mortgage (HUD-90165-CA) dated as of March 1, 2006, executed by Anixter in favor of HUD, the HUD Regulatory Agreement (HUD-92466-CA) dated as of March 1, 2006 between Anixter and HUD for the Project, the HUD Use Agreement (HUD-90163-CA) dated as of March 1, 2006 between Anixter and HUD for the Project, and all other documents that evidence and secure the Section 811 Capital Advance by HUD to Anixter for the Project.

B. "HUD Interest Period" means "the period commencing on the date hereof and continuing for so long as HUD has any one or more of the following interests or rights with respect to all or part of the Anixter Property or Project, including without limitation: (i) as holder of the fee estate hereof; (ii) as legal or equitable owner thereof; (iii) as mortgagee under any mortgage that is a lien thereon; (iv) as holder of an option or right to purchase or lease all or any part of the Anixter Property and Project, and (v) as a party to any HUD regulatory agreement or use agreement that is an encumbrance on all or any part of the Anixter Property or Project." It is anticipated that the HUD Interest Period will exist at least until in or about February, 2047. True and accurate copies of the form of the Mortgage, Regulatory and Use Agreements to be executed by Anixter and HUD, as applicable, for this Project are attached hereto as Exhibit C.

7. Notice. All notices and other communications in connection with this Agreement shall be in writing and will be deemed to have been duly given and received when hand delivered, or sent by registered or certified United States mail, postage prepaid, return receipt requested, or if deposited cost paid with a nationally recognized overnight carrier, or by use of a facsimile machine with proof of transmission and a copy of the notice with proof of transmission being sent by regular mail on the date of transmission. Notices to each party shall be sent to the address or facsimile number for such party as is set forth below:

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Anixter:

Lester and Rosalie Anixter Center
6610 N. Clark Street
Chicago, Illinois 60626
Attention: President
Facsimile: (773) 973-5268

HUD:

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

Attention: Director of Multifamily
Housing

Project No. 071-HD128/IL06-Q021-
006

Facsimile: 312-353-1690

IMDC:

Illinois Medical District Commission
600 South Hoyne Avenue
Chicago, Illinois 60612
Attention: Samuel W. Pruett
Executive Director
Facsimile: (312) 633-3438

Notices to Anixter and HUD shall be sent to the addresses or facsimile numbers set forth above, with copies to:

Applegate & Thorne-Thomsen, P.C.
322 Green Street, Suite 400
Chicago, Illinois 60607
Attention: Bill Skalitzky

Facsimile: (312) 421-6162

Department of Housing and Urban Development
Office of Regional Counsel
77 W. Jackson Boulevard, 26th Floor
Chicago, IL 60604
Project No. 071-HD128/IL06-Q021-006
Facsimile: (312) 886-4944

Any party may change its address for the giving of notice by giving written notice of such change to the other parties as provided above, but such change of address will not be effective until three (3) days after notice of such change is so sent.

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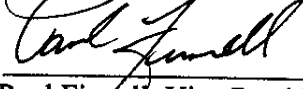
8. **Compliance with NOFA Requirements.** By its execution of this Agreement, HUD confirms that the exercise by IMDC of its Reverter Rights in accordance with the terms of this Agreement does not adversely affect the Project or the use of the Anixter Property as the site for the Project.
9. **IMDC Estoppel Certification.** IMDC hereby represents and warrants that as of the date hereof there are no outstanding, existing or uncured violations of the Use Restrictions. IMDC hereby represents and warrants that as of the date hereof IMDC has no grounds for the exercise of the Reverter Right.
10. **Counterparts.** This Agreement may be executed in several counterparts by duly authorized representatives of each party. Each counterpart of which shall be deemed to be an original copy and all of which together shall constitute one agreement binding on all parties hereto, notwithstanding that all the parties shall not have signed the same counterpart. A party's delivery of the signed counterpart constitutes its representation and warranty to the other parties that the Agreement has been signed by that party's duly authorized representative who has acted within the scope of his or her authority.
11. **Severability.** The invalidity, in whole or in part, of any of the provisions set forth above, shall not affect or invalidate any remaining provisions.
12. **Successors and Assigns.** This instrument shall bind, and the benefits shall inure to, the respective parties hereto, their legal representatives, executors, administrators, successors in office or interest, and assigns.
13. **Entire Agreement; Amendment.** This Agreement constitutes the sole and only agreement of the parties hereto and supersedes any prior understandings or written or oral agreements between the parties respecting the transactions contemplated by this Agreement. This Agreement cannot be changed except by a written instrument signed by the duly authorized representatives of all of the parties to this Agreement.
14. **Governing Law.** This Agreement shall be construed and enforced according to federal law and the laws of the State of Illinois. **TO THE MAXIMUM EXTENT PERMITTED BY LAW, IMDC HEREBY AGREES THAT ALL ACTIONS OR PROCEEDINGS ARISING IN CONNECTION WITH THIS AGREEMENT SHALL BE TRIED AND DETERMINED ONLY IN THE STATE OR FEDERAL COURT LOCATED IN THE COUNTY OF COOK, STATE OF ILLINOIS, IMDC HEREBY WAIVES PERSONAL SERVICE OF PROCESS UPON IMDC, AND AGREES THAT ALL SUCH SERVICE OF PROCESS MAY BE MADE BY REGISTERED MAIL DIRECTED TO IMDC AT THE ADDRESS STATED IN THIS AGREEMENT AND SERVICE SO MADE WILL BE DEEMED TO BE COMPLETED UPON ACTUAL RECEIPT.**
15. **Heading.** All headings used in the Agreement are for convenience only and do not constitute legally enforceable rights or obligations.

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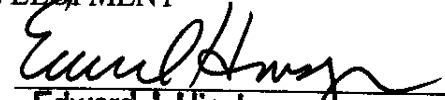
IN WITNESS WHEREOF, the parties have executed this Agreement Relating to Reverter as of the first date written above.

ANIXTER:

THE ANIXTER VILLAGE, an Illinois not for profit corporation

By: 
Paul Finnell, Vice President

UNITED STATES OF AMERICA
ACTING BY AND THROUGH THE
Secretary of the DEPARTMENT OF
HOUSING AND URBAN
DEVELOPMENT

By: 
Name: Edward J. Hinsberger
Title: Director, Chicago Multifamily HUB

IMDC:

ILLINOIS MEDICAL DISTRICT
COMMISSION, a body politic and
corporate

By: 
Samuel V. Pruet, Executive Director

Notice to Parties

Section 1001 of Title 18 of the United States Code (Criminal Code and Criminal Procedure, 72 Stat. 967) applies to this certification (18 U.S.C. 1001, among other things, provides that whoever knowingly and willfully makes or uses a document or writing knowing the same to contain any false, fictitious or fraudulent statement or entry, in any matter within the jurisdiction of any department or agency of the United States, shall be fined no more than \$10,000 or imprisoned for not more than five years, or both).

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State of Illinois)
) ss.
County of Cook)

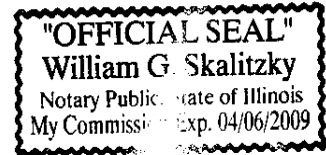
Before me, a Notary Public, in and for said County and State, on this day appeared Paul Finnell, personally known to me to be the person whose name is subscribed to the foregoing instrument, and personally known to me to be the Vice President of The Anixter Village, an Illinois not for profit corporation, and acknowledged to me that he executed said instrument for the purposes and consideration therein expressed, and as the act of said corporation.

Given under my hand and seal of office, this 28th day of March, 2006.

My commission expires: 4-6-09

W. G. Skalitzky
Notary Public

State of Illinois)
) ss.
County of Cook)



Before me, a Notary Public, in and for said County and State, on this day appeared Samuel W. Pruett, personally known to me to be the person whose name is subscribed to the foregoing instrument, and personally known to me to be the Executive Director of the Illinois Medical District Commission, a body politic and corporate, and acknowledged to me that he executed said instrument for the purposes and consideration therein expressed, and as the act of said District.

Given under my hand and seal of office, this 27th day of March, 2006.

My commission expires: 6/22/09

Sandra J. Valentino
Notary Public



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State of Illinois)
) ss.
County of Cook)

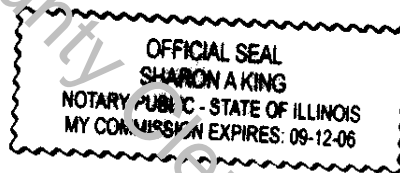
Before me, a Notary Public, in and for said County and State, on this day appeared Edward Hinsberger, who is personally well known to me to be the Dir. of MF HUD of HUD, and the person who executed the foregoing instrument by virtue of the authority vested in him/her by section 202 of the Housing Act of 1959, as amended, or section 811 of the National Affordable Housing Act, as amended, and he/she did acknowledge the signing thereof to be a free and voluntary act and done on behalf of the Secretary of Housing and Urban Development for the uses, purposes and considerations therein set forth.

Given under my hand and seal of office, this 28 day of March, 2006.

My commission expires:

Notary Public

Sharon A. King



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EXHIBIT A

LEGAL DESCRIPTION OF THE IMDC PROPERTY

LOTS 69 THROUGH 72, INCLUSIVE, LOT 74 AND LOTS 76 THROUGH 82, INCLUSIVE, TOGETHER WITH ANY AND ALL TITLE OR REVERSIONARY INTEREST OF GRANTOR (NOW OR HEREAFTER ACQUIRED) IN THE EAST-WEST PUBLIC ALLEYWAY LYING SOUTH OF AND ADJOINING LOTS 69 THROUGH 72, INCLUSIVE, AND LOT 74 AND LYING NORTH OF AND ADJOINING LOTS 76 THROUGH 82 IN W.J. TEWKESBURY'S SUBDIVISION OF BLOCK 5 IN SUBDIVISION OF SECTION 19, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN ACCORDING TO PLAT THEREOF RECORDED MARCH 7, 1873 AS DOCUMENT 86280, IN COOK COUNTY, ILLINOIS.

Address: 2045-51 West Washburne Avenue
2057 West Washburne Avenue
2044-48 West 13th Street
Chicago, Illinois 60608

PINs: 17-19-107-002, and 17-19-107-004 through -007, inclusive
17-19-107-027 through -033, inclusive

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The Anixter Village
Hud Project No. 071-HD128/I106-Q021-006
Chicago, Illinois

EXHIBIT B

LEGAL DESCRIPTION OF THE ANIXTER PROPERTY

LOTS 69 THROUGH 82 IN W.J. TEWKESBURY'S SUBDIVISION OF BLOCK 5 IN SUBDIVISION OF SECTION 19, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN ACCORDING TO PLAT THEREOF RECORDED MARCH 7, 1873 AS DOCUMENT 86280, IN COOK COUNTY, ILLINOIS.

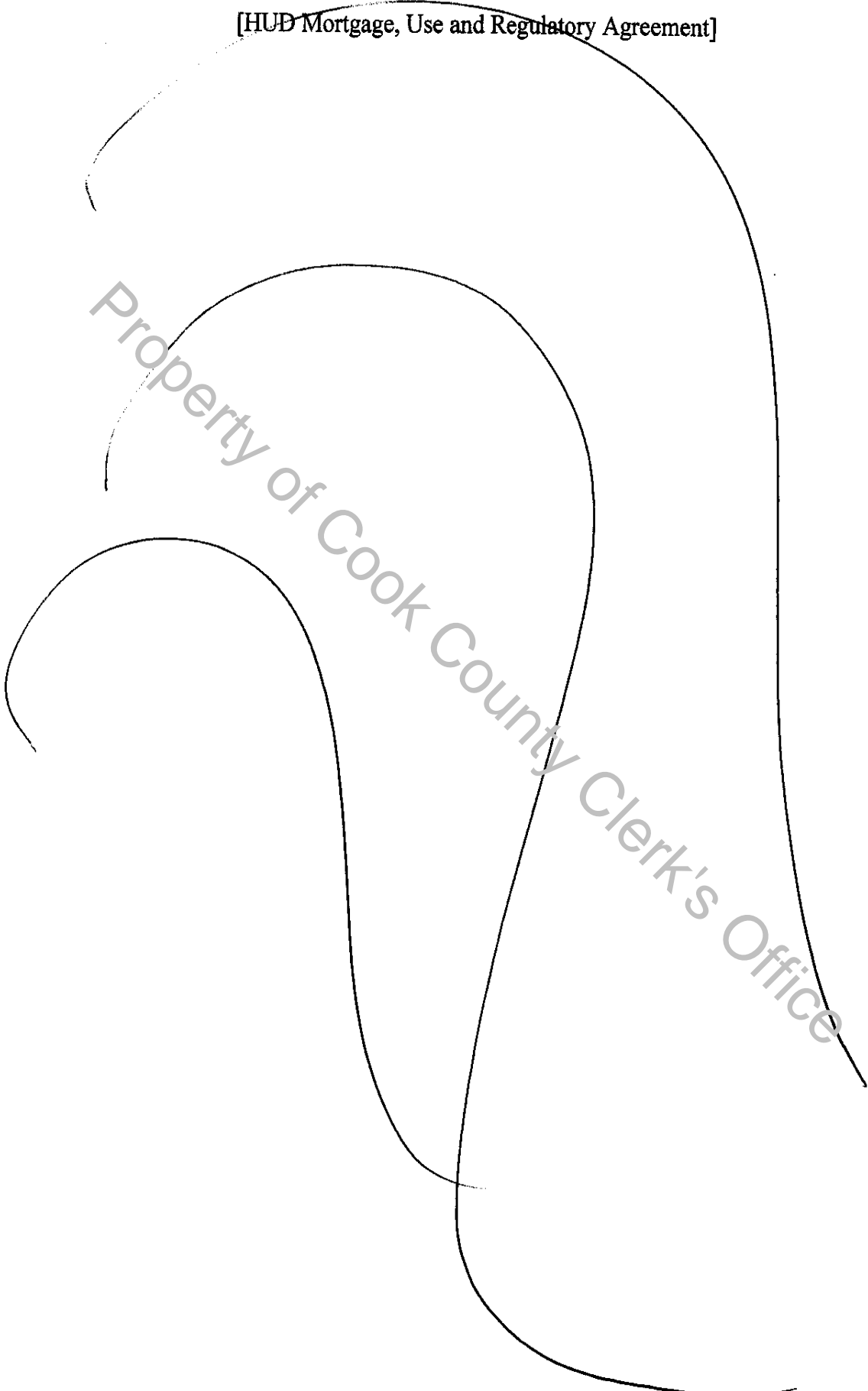
Address: 2045-59 West Washburne Avenue
2044-48 West 13th Street
Chicago, Illinois 60608

PINs: 17-19-107-001 through 007, inclusive
17-19-107-027 through 032, inclusive

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EXHIBIT C

[HUD Mortgage, Use and Regulatory Agreement]



Property of Cook County Clerk's Office

Capital Advance Program
Instructions for the Preparation of
**Mortgage, Deed of Trust,
or Security Deed**

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U.S. Department of Housing
and Urban Development
Office of Housing
Federal Housing Commissioner

OMB Approval No. 2502-0470
(exp. 01/31/2006)

Under Section 202 of the Housing Act of 1959 or Section 811 of the National Affordable Housing Act

Public reporting burden for this collection of information is estimated to average 6 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Reports Management Officer, Paperwork Reduction Project (2502-0470), Office of Information Technology, U.S. Department of Housing and Urban Development, Washington, D.C. 20410-3600. This agency may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number.

Do not send this form to the above address.

This information collection is necessary to ensure that viable projects are developed. It is important to obtain information from applicants to assist HUD in determining if nonprofit organizations initially funded continue to have the financial and administrative capacity needed to develop a project and that the project design meets the needs of the residents. The Department will use this information to determine if the projects meet statutory requirements, ensuring the continued marketability of the projects. This information is required in order to obtain benefits. This information is considered non-sensitive and no assurance of confidentiality is provided.

Use the current FHA corporate mortgage, deed of trust, or security deed form applicable to the jurisdiction in which the mortgage premises are located to prepare the Section 202 or Section 811 mortgage, deed of trust or security deed.

Appropriate modifications will be needed to show that the Secretary of Housing and Urban Development is making a capital advance rather than insuring a loan and to delete all references to mortgage insurance. A sample form is shown below and on the following pages showing these changes and others (note especially paragraphs 10, 19 and 20) pertinent to the special features of the Section 202 or Section 811 program.

Sample Mortgage Form:

This Indenture, made ^{as of} this 1st day of March, 20 06, between The Anixter Village, a
not for profit corporation

organized and existing under the laws of the State of Illinois, a corporation
and the United States of America acting by and through the Secretary of Housing and Urban Development, hereinafter referred to as Mortgagee.

Witnesseth: That whereas the Mortgagor is justly indebted to the Mortgagee in the principal (capital advance amount) sum of Two Million One Hundred Sixty-Seven Thousand Seven Hundred and No/100 Dollars (\$ 2,167,700.00), evidenced by its note of even date herewith, said principal being payable provided in said note with a final maturity of February 1, 2047, which note is identified as being secured hereby by a certificate thereon. Said note and all of its terms are incorporated herein by reference and this conveyance shall secure any and all extensions thereof, however evidenced.

Now, Therefore, the said Mortgagor, for the better securing of the payment of the said principal sum of money and the performance of the covenants and agreements herein contained, does by these presents **Convey, Mortgage, and Warrant** unto the Mortgagee, successors or assigns, the following-described real estate situate, lying, and being in the See attached Exhibit A

, in the County of Cook, and the State of Illinois, to wit:

See Exhibit A attached hereto and made a part hereof.

Together with all and singular the tenements, hereditaments and appurtenances thereunto belonging, and the rents, issues, and profits thereof; and all apparatus and fixtures of every kind in, or that may be placed in, any building now or hereafter standing on said land, and also all the estate, right, title, and interest of the said Mortgagor in and to said premises; including but not limited to all gas and electric fixtures; all radiators, heaters, furnaces, heating equipment, steam and hot-water boilers, stoves and ranges; all elevators and motors; all bathtubs, sinks, water closets, basins, pipes, faucets, and other plumbing fixtures; all mantels and cabinets; all refrigerating plants and refrigerators, whether mechanical or otherwise; all cooking apparatus; all furniture, shades, awnings, blinds, and other furnishings; all of which apparatus, fixtures, and equipment, whether affixed to the realty or not, shall be considered real estate for the purposes hereof; and including all furnishings now or hereafter attached to or used in and about the building or buildings now erected or hereafter to be erected on the lands herein described which are necessary to the complete and comfortable use and occupancy of such building or buildings for the purposes for which they were or are to be erected, and all renewals or replacements thereof or articles in substitution therefor; together with all building materials and equipment now or hereafter delivered to said premises and intended to be installed therein;

To Have And To Hold the above-described premises, with the appurtenances and fixtures, unto the said Mortgagee, successors and assigns, forever, for the purposes and uses herein set forth.

And Said Mortgagor covenants and agrees:

1. That it will pay the Mortgage Note at the times and in the manner provided therein;
2. That it will not permit or suffer the use of any of the property for any purpose other than the use for which the same was intended at the time this Mortgage was executed;
3. That the Regulatory Agreement, executed by the Mortgagor and the Secretary of Housing and Urban Development, which is being recorded simultaneously herewith, is incorporated in and made a part of this Mortgage. Upon default under the Regulatory Agreement, the Mortgagee, at his/her option, may declare the whole indebtedness secured to be due and payable;
4. That all rents, profits and income from the property covered by this Mortgage are hereby assigned to the Mortgagee for the purpose of

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discharging the debt hereby secured. Permission is hereby given to Mortgagor so long as no default exists hereunder, to collect such rents, profits and income for use in accordance with the provisions of the Regulatory Agreement;

5. That upon default hereunder Mortgagee shall be entitled to the appointment of a receiver by any court having jurisdiction, without notice, to take possession and protect the property described herein and operate same and collect the rents, profits and income therefrom;
6. That at the option of the Mortgagor the principal balance secured hereby may be adjusted on terms acceptable to the Mortgagee if partial prepayment results from an award in condemnation in accordance with provisions of paragraph 8 herein, or from an insurance payment made in accordance with provisions of paragraph 7 herein, where there is a resulting loss of project income;

7. That the Mortgagor will keep the improvements now existing or hereafter erected on the mortgaged property insured against loss by fire and such other hazards, casualties, and contingencies, as may be stipulated by the Mortgagee, and all such insurance shall be evidenced by standard Fire and Extended Coverage Insurance policy or policies, in amounts not less than necessary to comply with the applicable Coinsurance Clause percentage, but in no event shall the amounts of coverage be less than eighty per centum (80%) of the insurable values or not less than the principal sum of the Mortgage, whichever is the lesser, and in default thereof the Mortgagee shall have the right to effect insurance. Such policies shall be endorsed with standard Mortgagee Clause with loss payable to the Mortgagee, as interest may appear, and shall be deposited with the Mortgagee;

That if the premises covered hereby, or any part thereof shall be damaged by fire or other hazard against which insurance is held as hereinabove provided, the amounts paid by any insurance company, to the extent of the principal sum remaining, shall be paid to the Mortgagee, and, at his/her option, may be applied to the debt or released for the repairing or rebuilding of the premises;

8. That all awards of damages in connection with any condemnation for public use or injury to any of said property are hereby assigned and shall be paid to Mortgagee, and Mortgagee is hereby authorized, in the name of Mortgagor, to execute and deliver valid acquittance thereof and to appeal from any such award;

9. That it is lawfully seized and possessed of said real estate in fee simple and has good right to convey same;

10. To keep said premises in good repair, and not to do, or permit to be done, upon said premises, anything that may impair the value thereof, or of the security intended to be effected by virtue of this instrument; that it will not make any structural alterations to the building without the written consent of the Mortgagee; to pay to the Mortgagee, or deposit in an escrow account acceptable to the Mortgagee, as hereinafter provided, until the final maturity date, a sum sufficient to pay all taxes and special assessments that heretofore or hereafter may be lawfully levied, assessed or imposed by any taxing body upon the said land, or upon the Mortgagor or Mortgagee on account of the ownership thereof to the extent that provision has not been made by the Mortgagor for the payment of such taxes and special assessments as hereinafter provided in subparagraph 17;

11. In case of the refusal or neglect of the Mortgagor to make such payments, or to satisfy any prior lien or encumbrances, or to keep said premises in good repair, the Mortgagee may pay such taxes, assessments, and insurance premiums, when due, and may make such repairs to the property herein mortgaged as in the Mortgagee's discretion he/she may deem necessary for the proper preservation thereof, and any moneys so paid or expended shall become so much

additional indebtedness, secured by this Mortgage, to be paid out of the proceeds of the sale of the mortgaged premises, if not otherwise paid by the Mortgagor, and shall bear interest at the rate to be specified by the Mortgagee from the date of advance until paid, and shall be due and payable on demand;

12. It is expressly provided, however (all other provisions of this Mortgage to the contrary notwithstanding), that the Mortgagee shall not be required nor shall he/she have the right to pay, discharge, or remove any tax, assessment, or tax lien upon or against the premises described herein or any part thereof or the improvements situated thereon, so long as the Mortgagor shall, in good faith, contest the same or the validity thereof by appropriate legal proceedings brought in a court of competent jurisdiction, which shall operate to prevent the collection of the tax, assessments, or lien so contested and the sale or forfeiture of the said premises or any part thereof to satisfy the same, but in the event of a tax contest, the Mortgagor shall deposit with the Mortgagee an amount estimated by the Mortgagee sufficient to satisfy all taxes, penalties, interest, and costs which may reasonably accrue during such contest;

except with Mortgagee's Consent

13. That it will not voluntarily create or permit to be created against the property subject to this Mortgage any lien or liens inferior or superior to the lien of this Mortgage, and further that it will keep and maintain the same free from the claim of all persons supplying labor or materials which will enter into the construction of any all buildings now being erected or to be erected on said premises;

14. That the improvements about to be made upon the premises above described and all plans and specifications comply with all municipal ordinances and regulations made or promulgated by lawful authority, and that the same will upon completion comply with all such municipal ordinances and regulations and with the rules of applicable fire rating or inspection organization, bureau, association, or office. In the event the Mortgagor shall at any time fail to comply with such rules, regulations, and ordinances which are now or may hereafter become applicable to the premises above described, after due notice and demand by the Mortgagee, thereupon the principal sum and all arrears of interest and other charges provided for herein shall at the option of the Mortgagee become due and payable;

15. The Mortgagor covenants and agrees that so long as this Mortgage and the said note secured hereby are outstanding, it will not execute or file for record any instrument which imposes a restriction upon the sale or occupancy of the mortgaged property on the basis of race, color, national origin, sex, familial status, handicap, age, or creed, unless permitted by the Housing Act of 1959 or the National Affordable Housing Act and the HUD regulations promulgated thereunder.

16. That the funds to be advanced herein are to be used in the construction of certain improvements on the lands herein described, in accordance with a Capital Advance Agreement between the Mortgagor and

Mortgagee dated as of March 1, 20 06,

which Capital Advance Agreement (except such part or parts thereof as may be inconsistent therewith) is incorporated herein by reference to the same extent and effect as if fully set forth and made a part of this Mortgage; and if the construction of the improvements to be made pursuant to said Capital Advance Agreement shall not be carried on with reasonable diligence, or shall be discontinued at any time for any reason other than strikes or lock-outs, the Mortgagee, after due notice to the Mortgagor or any subsequent owner, is hereby invested with full and complete authority to enter upon said premises, employ watchmen to protect

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such improvements from depredation or injury and to preserve and protect the personal property therein, and to continue any and all outstanding contracts for the erection and completion of said buildings, to make and enter into any contracts and obligations wherever necessary, either in his/her own name or in the name of the Mortgagor, and to pay and discharge all debts, obligations, and liabilities incurred thereby. All such sums so advanced by the Mortgagee (exclusive of portions of the principal of the indebtedness secured thereby) shall be additionally secured by this Mortgage and shall be due and payable on demand with interest at the rate to be specified by the Mortgagee. The principal sum and other charges provided for herein shall, at the option of the Mortgagee or holder of this Mortgage and the note securing the same, become due and payable on the failure of the Mortgagor to keep and perform any of the covenants, conditions, and agreements of said Capital Advance Agreement. This covenant shall be terminated upon completion of the improvements to the satisfaction of the Mortgagee and the making of the final payment as provided in said Capital Advance Agreement;

7. The Mortgagor, will pay to the Mortgagee as required, until the final maturity date, a sum equal to the ground rents, if any, and the taxes and special assessments next due on the premises covered by the Mortgage, plus the premiums that will next become due and payable on policies of fire and other property insurance covering the premises covered hereby, plus water rates, taxes, and assessments next due on the premises covered hereby (all as estimated by the Mortgagee) less all sums already paid therefor divided by the number of months to elapse before one (1) month prior to the date when such ground rents, premiums, water rates, taxes and special assessments shall become due.

8. Any excess funds accumulated under the preceding paragraph remaining after payment of the items therein mentioned shall be credited to subsequent payments of the same nature required thereunder; but if any such item shall exceed the estimate therefor the Mortgagor shall without demand forthwith make good the deficiency. Failure to do so before the due date of such item shall be a default hereunder. If the property is sold under foreclosure or is otherwise acquired by the Mortgagee after default, any remaining balance of the accumulations under the preceding paragraph shall be credited to the principal of the Mortgage as of the date of commencement of foreclosure proceedings or as of the date the property is otherwise acquired; and

9. That the Mortgagee shall have the right to inspect the mortgaged premises at any reasonable time.

10. That so long as the Mortgage and Note secured hereby are outstanding, it will not (a) rent dwelling accommodations in the mortgaged premises in excess of the rates approved by the Mortgagee or for periods of less than one month; (b) rent the premises as an entirety; (c) rent the premises or any part thereof to any persons for the purpose of subleasing; (d) rent the premises or permit its use for hotel or transient purposes; (e) require of any tenant as a condition of occupancy life-lease contracts, fees or other payments over and above those for rents, utilities, and collateral services.

11. **In The Event** of default in making any payment provided for herein or in the note secured hereby for a period of thirty (30) days after the due date thereof, or in case of a breach of any other covenant herein stipulated, then the whole of said principal sum shall, at the election of the Mortgagee, without notice, become immediately due and payable, in which event the Mortgagee shall have the right immediately to foreclose this Mortgage;

22. **And In Case Of Foreclosure** of this Mortgage by said Mortgagee in any court of law or equity, a reasonable sum shall be allowed for the solicitor's fees of the complainant, not to exceed in any case five percentum (5%) of the amount of the principal indebtedness found to be due, and the stenographer's fees of the complainant in such proceeding, and costs of minutes of foreclosure, master's fees, and all other costs of suit, and also for all outlays of documentary evidence and the cost of a complete abstract of title for the purpose of such foreclosure; and in case of any other suit, or legal proceeding, instituted by the Mortgagee to enforce the provisions of this Mortgage or in case of any suit or legal proceeding wherein the Mortgagee shall be made a party thereto by reason of this Mortgage, its costs and expenses, and the reasonable fees and charges of the attorneys or solicitors of the Mortgagee, so made parties, for services in such suit or proceedings, shall be further lien and charge upon said premises under this Mortgage, and all such expenses shall become so much additional indebtedness secured hereby and be allowed in any decree foreclosing this Mortgage;

23. **And There Shall Be Included** in any decree foreclosing this Mortgage and be paid out of the proceeds of any sale made in pursuance of any such decree: (1) All the costs of such suit or suits, advertising, sale, and conveyance, including attorney's, solicitors', and stenographers' fees, outlays for documentary evidence and cost of said abstract and examination of title; (2) All the moneys advanced by the Mortgagee, if any, for any purpose authorized in the mortgage, with interest on such advances at the rate specified by the Mortgagee, from the time such advances are made; (3) All the accrued interest remaining unpaid on the indebtedness hereby secured; (4) All the said principal sum. The over-plus of the proceeds of sale, if any, shall then be paid as the court may direct;

24. **A Reconveyance** of said premises shall be made by the Mortgagee to the Mortgagor on full payment of the indebtedness aforesaid, the performance of the covenants and agreements herein made the Mortgagor, and the payment of the sums owed under the terms of the said note

25. **It Is Expressly Agreed** that no extension of the time for payment of the debt hereby secured given by the Mortgagee to any successor in interest of the Mortgagor shall operate to release, in any manner, the original liability of the Mortgagor;

26. The Mortgagor hereby waives any and all rights of redemption from sale under any order or decree of foreclosure of this Mortgage on its own behalf and on behalf of each and every person except decree or judgment creditors of the Mortgagor acquiring any interest in or title to the premises subsequent to the date of this Mortgage;

27. **The Covenants Herein Contained** shall bind, and the benefits and advantages shall inure to, the successors and assigns of the respective parties hereto. Wherever used, the singular number shall be plural, the plural the singular, and the use of any gender shall be applicable to all genders.

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In Witness Whereof, the Mortgagor has caused its corporate seal to be hereunto affixed and these presents to be signed by its Paul Finnell, Vice President and attested by its N/A on the _____ day and year first above written, pursuant to authority given by resolution duly passed by Board of Directors of said corporation.
Corporate Seal]

by The Anixter Village, an Illinois not for profit corporation)
Paul Finnell, Vice President *Paul Finnell*)
Attest)

State of _____)
County of _____)
)
)

_____, a Notary Public, in and for said County, in the State aforesaid, do hereby certify that _____ and _____, personally known to me to be the same persons whose names are respectively as President and Secretary of _____, subscribed to the foregoing instrument, appeared before me in person and severally acknowledged that they, being thereunto duly authorized, signed, sealed with corporate seal, and delivered the said instrument as the free and voluntary act of said corporation and as their own free and voluntary act, for the uses and purposes therein set forth.
Given under my hand and notarial seal, this _____ day of _____, 20_____.

Notary Public
My commission expires _____

See Attached Notary Page

Property of Cook County Clerk's Office

Capital Advance Program Use Agreement

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U.S. Department of Housing
and Urban Development
Office of Housing
Federal Housing Commissioner

OMB Approval No. 2502-0470 (exp. 11/30/2006)

For Section 202 of the Housing Act of 1959 or
Section 811 of the National Affordable Housing Act

Public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Reports Management Officer, Paperwork Reduction Project (2502-0470), Office of Information Technology, U.S. Department of Housing and Urban Development, Washington, D.C. 20410-3600. This agency may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number.

Do not send this form to the above address.

This information collection is necessary to ensure that viable projects are developed. It is important to obtain information from applicants to assist HUD in determining if nonprofit organizations initially funded continue to have the financial and administrative capacity needed to develop a project and that the project design meets the needs of the residents. The Department will use this information to determine if the projects meet statutory requirements, ensuring the continued marketability of the projects. This information is required in order to obtain benefits. This information is considered non-sensitive and no assurance of confidentiality is provided.

This Agreement made ^{as of} the 1st day of March, 20 06, by and between the United States of America, Secretary of Housing and Urban Development (hereinafter called "HUD") and The Anixter Village a ~~private nonprofit~~ corporation, organized and existing under and by virtue of the laws of the State of Illinois (hereinafter called the "Owner"), provides as follows:

Whereas, the Owner and HUD have entered into a Capital Advance Agreement to assist in financing a rental housing project to house elderly persons or persons with disabilities, (hereinafter called "persons"), in accordance with Section 202 of the Housing Act of 1959 or Section 811 of the National Affordable Housing Act, and the applicable regulations;

Whereas, HUD through the Capital Advance Agreement has provided funding for the Project identified as project number 071-HD128/IL06-Q021-006, financed with a Note and Mortgage (Deed of Trust), dated as of March 1, 2006 and covering real property as described in Exhibit "A" attached hereto, which Mortgage was recorded in the Recorder's Office of Cook County on March, 2006, as instrument , Book , Page ;

Whereas, The Project is subject to a Regulatory Agreement, dated as of March 1, 2006 and recorded on March, 2006 in the Recorder's Office of Cook County as document number , Book , Page ;

Whereas, pursuant to section 202 of the Housing Act of 1959 (elderly projects) or section 811 of the National Affordable Housing Act (disabled projects) and the corresponding regulations, in exchange for HUD's agreement to provide capital advance financing and project rental assistance payments, the Owner has agreed to continue to operate the Project only as rental housing for very-low income elderly or disabled persons for not less than 40 years from February 1, 2007, unless otherwise approved by HUD;

Now Therefore, in consideration of the mutual promises set forth herein and of other valuable consideration, the parties hereby agree as follows:

- Definitions.** All terms used in this Agreement have the same meaning as set forth in the definitions in 24 CFR Part 889 or 890.
- Term.** This Agreement shall remain in effect for not less than 40 years from February 1, 2007, unless otherwise approved by HUD.
- Use Restriction.** The Project shall be used solely as rental housing for very-low income elderly or disabled persons.
- Transfer.** HUD has been granted and is possessed of an interest in the above described Project such that the Owner shall remain seized of the title to said property and refrain from transferring, conveying, assigning, leasing, mortgaging, pledging, or otherwise encumbering or permitting or suffering any transfer, conveyance, assignment, lease, mortgage, pledge or other encumbrance of said property or any part thereof without the release of said covenants by HUD. The Owner has constituted HUD as its attorney-in-fact to transfer the project to another private nonprofit corporation in the event of default under the Capital Advance Agreement or the Regulatory Agreement. The Owner may transfer the Project during the term of this Agreement only with the prior written approval of HUD, and any such grantee shall assume the obligations under this Agreement as a condition of any transfer. In any event, this Agreement shall be binding upon the Owner's successors and assigns.
- Release.** The endorsement by a duly authorized officer of HUD (1) upon any conveyance or transfer made by the Owner of any real or personal property which is determined to be excess to the needs of the Project, or (2) upon any instrument of conveyance or dedication of property, or any interest therein, for use as streets, alleys, or other public rights-of-way, or for the establishment, operation and maintenance of public utilities, or (3) upon any instrument transferring or conveying an interest therein, or (4) upon any instrument of release made by the Owner of the Project shall be effective to release such property from the restrictive covenants hereby created.
- Enforcement.** In the event of a breach or threatened breach of any of the provisions of this Agreement, any eligible tenant or applicant for occupancy, or the Secretary or his or her successors or delegates, may institute proper legal action to enforce performance of such provisions, to enjoin any acts in violation of such provisions, to recover whatever damages can be proven, and/or to obtain whatever other relief may be appropriate.
- Severability.** The invalidity, in whole or in part, of any of the provisions set forth above shall not affect or invalidate any remaining provisions.

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In Witness Whereof, HUD and the Owner by its officers thereunto duly authorized has caused these presents to be signed in its name and its corporate seal to be hereunto affixed and attested this day of March, 2006

(Seal)

Attest:

Name of Owner: The Anixter Village
an Illinois not for profit corporation

Secretary:

By: (President)

By: *Paul Finnell*
Paul Finnell, Vice President

United States of America, Secretary of Housing and Urban Development

By:

Edward J. Hinsberger

Title:
Edward J. Hinsberger
Director, Chicago Multifamily HUB

Property of Cook County Clerk's Office

Capital Advance Program Regulatory Agreement

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U.S. Department of Housing
and Urban Development
Office of Housing
Federal Housing Commissioner

Housing for the Elderly or Handicapped (Nonprofit)

Section 202 of the Housing Act of 1959 or Section 811
of the National Affordable Housing Act.

This agreement entered into _____ day of March, 2006, between _____

Anixter Village whose address is 6610 N. Clark Street, Chicago, IL 60626

hereinafter called Mortgagor, and the undersigned Secretary of Housing and Urban Development hereinafter called HUD.

In consideration of the making of the capital advance by HUD and the disbursement of any part thereof, and in order to comply with the requirements of the Housing Act of 1959 or National Affordable Housing Act of 1990 and the Regulations adopted by the Secretary pursuant thereto, the Mortgagor agrees for itself, its successors and assigns, and any owner of the mortgaged property, that in connection with the mortgaged property and the project operated thereon and so long as the capital advance is outstanding:

1. The Note and Mortgage bear no interest and repayment is not required so long as the housing remains available for very low-income elderly persons or very low-income persons with disabilities (whichever is applicable).

2. Mortgagor will establish and maintain a special fund to be known as the revenue fund account in a bank which is a member of the Federal Deposit Insurance Corporation, Savings Association Insurance Fund, or the National Credit Union Share Insurance Fund, into which will be deposited all rentals, charges, income and revenue arising from the operation or ownership of the project. The bank in which this account is established shall provide collateral acceptable to HUD to equal the maximum amount in the account at any one time when such amount exceeds \$100,000. If the bank will not provide appropriate collateral in such instances, the Mortgagor will be required to establish accounts in two or more banks so that the total amount on deposit at any time does not exceed \$100,000 in any one bank. Expenditures shall be made from the revenue fund account only in accordance with the operating budget submitted to and approved by HUD.

3. Not later than 30 days prior to the beginning of each fiscal year, the Mortgagor shall submit an operating budget for that fiscal year to HUD. The budget shall include all necessary operating expenses, current maintenance charges, expenses of reasonable upkeep and repairs, taxes and special assessment levies, prorated amounts required for insurance and all other expenses incident to the operation of the project; and shall show the expected revenue to pay such expenses, including reserve fund deposits. The expenses incurred and disbursements shall not exceed the reasonable and necessary amount thereof, and the Mortgagor will not expend any amount or incur any obligations in excess of the amounts approved in the annual operating budget except upon written certification by the Mortgagor to HUD that such expenses were unanticipated and are necessary and provided further, that nothing in this section shall limit the amount which the Mortgagor may expend from funds ob-

tained from some other source than project revenues or other funds required of the Mortgagor pursuant to this Agreement or the Capital Advance Agreement.

4. As security for the Capital Advance for the required payments under this Agreement into the reserve fund for replacements, and for all other obligations of the Mortgagor under this Agreement, the Mortgagor hereby assigns, pledges and mortgages to HUD all its rights to the income and charges of whatever sort which it may receive or be entitled to receive from the operation of the mortgaged property, subject, however, to any assignment of rents or project income in the Mortgage referred to herein. Until a default occurs under this Agreement, however, permission is granted to Mortgagor to collect and retain under the provisions of this Agreement such rents, income, operating surplus and charges, but upon default this permission is terminated, as to all rents, income, operating surplus and charges due or collected thereafter.
5. (a) Mortgagor will establish and maintain a reserve fund for replacements in a separate account in a bank which is insured by the Federal Deposit Insurance Corporation, Savings Association Insurance Fund, or the National Credit Union Share Insurance Fund. Concurrently with the effective commencement of rental assistance payments under the Project Rental Assistance Contract, the Mortgagor will deposit an amount equal to \$_____ per month unless a different date or amount is approved in writing by HUD.

Such fund, whether in the form of a cash deposit or invested in obligations of, or fully guaranteed as to principal by, the United States of America shall at all times be subject to the control of HUD. Disbursements from such fund, whether for the purpose of effecting replacement of structural elements and mechanical equipment of the project for any other purpose, may be made only after the consent in writing of HUD. In the event of a default in the terms of the mortgage, HUD may demand the full or partial application of the balance in such fund to be amount due on the mortgage debt.

- (b) Mortgagor will deposit the minimum capital investment with an escrow agent acceptable to HUD ^{pursuant} to Regulations. _{pursuant}
- (c) Within 60 days after the end of each fiscal year, any residual receipts realized from the operation of the mortgaged property shall be deposited in a separate

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residual receipts account. Residual receipts shall be under the control of HUD and shall be disbursed only at the discretion of HUD for such purpose as it may determine to be necessary or appropriate.

The Mortgagor must comply with any applicable State and local laws concerning interest payments on security deposits.

The Mortgagor, subject to State and local law, may use the family's security deposit balance as reimbursement for any unpaid family contribution or other amount which the family owes under the lease in accordance with the Regulations.

5. The real property covered by the Mortgage and this Agreement is described in Schedule A attached hereto.

7. Mortgagor shall not without the written approval of the Secretary;

(a) Transfer, dispose of or encumber any of the mortgaged property. Any such transfer shall be only to a person or persons or corporation satisfactory to and approved by HUD, who shall, by legal and valid instrument in writing, to be recorded or filed in the same recording office in which conveyances of the property covered by the Mortgage are required to be filed or recorded, duly assume all obligations under this Agreement and under the Note and Mortgage;

(b) Assign, transfer, dispose of, or encumber any personal property, including rents or charges, and shall not disburse or pay out any funds except as provided herein and in the Capital Advance Agreement.

(c) Remodel, reconstruct, add to, or demolish any part of the mortgaged property or subtract from any real or personal property of the project;

(d) Pay any compensation or make any distribution of income or other assets to any of its officers, directors or stockholders;

(e) Enter into any contract or contracts for supervisory or managerial services;

(f) Require as a condition of occupancy or leasing of any unit or residential space in the project, any consideration or deposit other than a security deposit in an amount equal to one month's total tenant payment or \$50, whichever is greater. The family is expected to pay the security deposit from its own resources and other available public or private resources. The Mortgagor may collect the security deposit on an installment basis.

The security deposits must be placed in a segregated interest-bearing account. A record shall be maintained of the amount in this account that is attributable to each family in residence in the project. Annually for all families, and when computing the amount available for disbursement, the Mortgagor shall allocate to the family's balance, the interest accrued on the balance during the year. Unless prohibited by State or local law, the Mortgagor may deduct for the family, from the accrued interest for the year, the administrative cost of computing the allocation to the family's balance. The amount of the administrative cost adjustment shall not exceed the accrued interest allocated to the family's balance for the year. The amount of the segregated, interest-bearing account maintained by the Mortgagor must at all times equal the total amount collected from the families then in occupancy plus any accrued interest and less allowable administrative cost adjustments.

(g) Permit the use of the dwelling accommodations of the project for any purpose except the use which was originally intended, or permit commercial use greater than that originally approved by HUD.

(h) Amend its articles of incorporation or by-laws other than as permitted under the terms of the articles of incorporation approved by HUD.

8. Mortgagor shall maintain the mortgaged premises, accommodations and the grounds and equipment appurtenant thereto, in good and substantial repair and condition; **provided that**, in the event all or any of the buildings covered by the Mortgage shall be destroyed or damaged by fire or other casualty, the money derived from any insurance on the property shall be applied in accordance with the terms of the Mortgage.

9. Mortgagor shall not file any petition in bankruptcy or insolvency, or for a receiver, or for reorganization or composition, or make any assignment for the benefit of creditors or to a trustee for creditors; or permit an adjudication in bankruptcy, or insolvency, the taking possession of the mortgaged property or any part thereof by a receiver, or the seizure and sale of the mortgaged property or any part thereof under judicial process or pursuant to any power of sale and fail to have such adverse actions set aside within 45 days.

10. Mortgagor shall from funds other than project income immediately satisfy or release any mechanic's lien, or any other lien which attaches to the mortgaged property or any personal property used in the operation of the project, and shall dismiss or have dismissed or vacated any receivership, or petition in bankruptcy or assignment for benefit of creditors, creditors bill or insolvency proceeding involving the project or the mortgaged property.

11. (a) If the Mortgagor has or comes to have any nonproject funds, all income and other funds of the mortgaged project shall be segregated from any such funds of the Mortgagor and segregated from any funds of any other corporations or persons. Income and other funds pledged to the mortgaged project shall be expended only for the purposes of the project.

(b) Mortgagor shall provide for the management of the project satisfactory to HUD. Any management contract entered into by the Mortgagor involving the project shall contain a provision that it shall be subject to termination, without penalty and with or without cause, upon written request by HUD addressed to the Mortgagor and the management agent. Upon receipt of such request the Mortgagor shall immediately move to terminate

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- the contract within a period of not more than 60 days and shall make arrangements satisfactory to HUD for continuing proper management of the project.
- (c) Neither Mortgagor nor its agents shall make any payments for services, supplies or materials unless such services are actually rendered for the project or such supplies or materials are delivered to the project and are reasonably necessary for its operation. Payments for such services or materials shall not exceed the amount ordinarily paid for such services, supplies or materials in the area where the services are rendered or the supplies or materials furnished.
- (d) The mortgaged property, equipment, buildings, plans, offices, devices, books, apparatus, contracts, records, documents, and all other papers relating thereto shall at all times be maintained in reasonable condition for proper audit and subject to examination and inspection at any reasonable time by HUD and its duly authorized agents. Mortgagor and its successors, assigns or its agents shall retain copies of all written contracts or other instruments which affect the mortgaged property, all or any of which may be subject to inspection and examination by HUD or its duly authorized agents.
- (e) The books and accounts of the operations of the mortgaged property and of the project shall be kept in accordance with the requirements of HUD.
- (f) Within 60 days following the end of each fiscal year HUD shall be furnished with a complete annual financial report based upon an examination of the books and records of Mortgagor prepared in accordance with the requirements of HUD, certified to be an officer of the Mortgagor and, when required by HUD, prepared and certified by a Certified Public Accountant, or other person accepted to HUD.
- (g) At the request of HUD, its agents, employees, or attorneys, the Mortgagor shall give specific answers to questions upon which information is desired from time to time relative to the income, assets, liabilities, contracts, operation, and condition of the property and the status of the Mortgage and any other information with respect to the Mortgagor or the mortgaged property and of the project which may be requested.
- (h) All receipts of the project shall be deposited in the name of the project in a bank, whose deposits are insured by the FDIC, Savings Association Insurance Fund, or the National Credit Union Share Insurance Fund. Such funds shall be withdrawn only in accordance with the provisions of this Agreement for expenses of the project. Any person receiving funds of the project shall immediately deposit such funds in the project bank account and failing so to do in violation of this Agreement shall hold such funds in trust. Any person receiving property of the project in violation of this Agreement shall immediately deliver such property to the project and failing so to do shall hold such property in trust.
- (i) Mortgagor shall at all times, if required by the laws of the jurisdiction, maintain in full force and effect a license to operate the project from the State and/or other licensing authority. Mortgagor shall lease any portion of the project only on terms approved by HUD.
- (j) Mortgagor shall not collect from tenants or occupants or prospective tenants or occupants of the project any admission fee, founder's fee, life-care fee, or similar payment pursuant to any agreement, oral or written, whereby the Mortgagor agrees to furnish accommodations or services in the project to persons making such payments.
- (k) No officer, director, trustee, member, stockholder nor authorized representative of the Mortgagor except for management by sponsor or non-profit affiliate, shall have any financial interest in any contractual arrangement entered into by the Mortgagor in connection with rendition of services, the provision of goods or supplies, management of the project, procurement of the site or other matters whatsoever.
12. (a) If project is funded under Section 202 of the Housing Act of 1959, as amended, Mortgagor will limit public occupancy of the project to elderly families and individuals as defined in Section 202 of the Housing Act of 1959, and applicable HUD Regulations. If project is funded under Section 811 of the National Affordable Housing Act of 1990, Mortgagor will limit public occupancy of the project to persons with disabilities as defined in Section 811 of the National Affordable Housing Act of 1990, and applicable HUD Regulations. The criteria governing eligibility of tenants for admission to Section 202 or Section 811 units and the conditions of continued occupancy shall be in accordance with the Project Rental Assistance Contract.
- (b) Except as provided in (d) below Mortgagor will make its dwelling accommodations and services available to eligible occupants at charges established in accordance with a schedule to be approved in writing by HUD. Such accommodations shall not be rented for a period less than 30 days. Commercial facilities, if any, shall be rented only in accordance with a schedule of charges fixed by the Mortgagor and approved in writing by HUD. Subleasing of dwelling accommodations or commercial facilities shall be permitted only upon the terms and conditions approved by HUD in writing.
- (c) Upon prior written approval by the Secretary, Mortgagor may charge to and receive from any tenant such amounts as from time to time may be mutually agreed upon between the tenant and the Mortgagor for any facilities and/or services which may be furnished by the Mortgagor or others to such tenant upon request, in addition to the facilities and services included in the approved Project Rental Assistance Contract.
- (d) Nothing contained in this Agreement shall be construed to relieve the Mortgagor of any obligations under the Project Rental Assistance Contract.

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3. Mortgagor will comply with the provisions of any Federal, State or local law prohibiting discrimination in housing on the grounds of race, color, creed, age, sex, handicap, familial status or national origin, including Title VI of the Civil Rights Act of 1964 (42U.S.C.2000d-1), the Fair Housing Act (42U.S.C.3601), Section 504 of the Rehabilitation Act of 1973(29U.S.C.794), Age Discrimination Act of 1975(42U.S.C.6101) Executive Orders 11063 and 11246, Section 3 of the Housing and Urban Development Act of 1968, and the affirmative fair housing marketing requirements at 24CFR part 200, subpart M.
4. No litigation seeking the recovery of a sum in excess of \$5,000 nor any action for specific performance or other equitable relief shall be instituted nor shall any claim for a sum in excess of \$5,000 be settled or compromised by the Mortgagor unless prior written consent thereto has been obtained from HUD. Such consent may be subject to such terms and conditions as HUD may prescribe.
5. Upon a violation of any of the above provisions of this Agreement by Mortgagor, HUD may give written notice, thereof, to Mortgagor, by registered or certified mail, addressed to the address stated in this Agreement, or such other address as may subsequently, upon appropriate written notice thereof to HUD, be designated by the Mortgagor as its legal business address. If such violation is not corrected to the satisfaction of HUD within 30 days after the date such notice is mailed or within such further time as HUD determines is necessary to correct the violation, without further notice HUD may declare a Default under this Agreement effective on the date of such declaration of default and such default HUD may:
- Take possession of the project, bring any action necessary to enforce any rights of the Mortgagor growing out of the project operation, and operate the project in accordance with the terms of this Agreement until such time as HUD in its discretion determines that the Mortgagor is again in a position to operate the project in accordance with the terms of this Agreement and in-compliance with the requirements of the Note and Mortgage, or require Power of Attorney from Mortgagor to effectuate transfer of the project to a HUD approved nonprofit corporation.
 - Collect all rents and charges in connection with the operation of the project and use such collections to pay the Mortgagor's obligations under this Agreement and under the Note and Mortgage, and the necessary expenses of preserving the property and operating the project.
 - Declare the whole of said indebtedness immediately due and payable and then proceed with the foreclosure of the mortgage.
 - Apply to any court, State or Federal, for specific performance of this Agreement, for an injunction against any violation of this Agreement, for the appointment of a receiver to take over and operate the property in accordance with the terms of this Agreement, or for such other relief as may be appropriate, since the injury to HUD arising from a default under any of the terms of this Agreement would be irreparable and the amount of damage would be difficult to ascertain.
16. (e) Require the Mortgagor to transfer all of its right title and interest in the project and to all project assets to a private nonprofit corporation designated by HUD and, for this purpose the Mortgagor hereby constitutes and appoints HUD its true and lawful attorney-in-fact, with full power of substitution in the premises, to transfer the project and all project assets to the private nonprofit corporation designated by HUD, if the Mortgagor fails or refuses to make such a transfer as required by HUD.
16. (a) Mortgagor has executed the Project Rental Assistance Contract. The terms of the Project Rental Assistance Contract, when executed, shall be incorporated by reference into this Regulatory Agreement.
- (b) A violation of the Project Rental Assistance Contract may be construed to constitute a default hereunder in the sole discretion of HUD.
- (c) In the event said Project Rental Assistance Contract expires or terminates before the expiration or termination of this Agreement, the provisions of this paragraph and any other reference to said Contract, and to assisted units contained herein shall be self-cancelling and shall no longer be effective as of the date of the expiration or termination of the Project Rental Assistance Contract.
- 17 As used in this Agreement the term:
- "Default" means a default declared by HUD when a violation of this Agreement is not corrected to its satisfaction within the time allowed by this Agreement or such further time as may be allowed by HUD after written notice; or a default of a subordinate mortgage as approved by HUD
 - "Distribution" means any withdrawal or taking of cash or other assets of the project other than for payment of reasonable expenses incident to its construction, operation and maintenance;
 - "Mortgage" includes "Deed of Trust", "Chattel Mortgage" Declaration of Covenants" and any other security for the Note identified herein;
 - "Mortgaged Property" includes property, real, personal, or mixed, covered by the mortgage or mortgages securing the note held by HUD;
 - "Mortgagee" refers to the holder of the mortgage identified herein, its successors and assigns;
 - "Project" includes the mortgaged property and all its other assets or whatsoever situate, used in or owned by the business conducted on said mortgaged property;
 - "Residual Receipts" means any cash remaining after;
 - The Payment of;
 - All amounts required to be deposited in the reserve fund for replacements;

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(ii) All obligations of the project other than the mortgage held by HUD unless funds for payment are set aside or deferment of payment has been approved by HUD; and

(2) The segregation of;

(i) An amount equal to the aggregate of all special funds required to be maintained by the project;

(ii) All tenant security deposits held.

(h) "Assisted Units" refer to units assisted pursuant to Project Rental Assistance Contract.

(i) "Assistance Contract" refers to a Project Rental Assistance Contract between the Mortgagor and HUD under Section 202 of the Housing Act of 1959 or between the Mortgagor and HUD under Section 811(d)(2) of the National Affordable Housing Act of 1990.

8. HUD shall not be liable for any of its actions hereunder except for arbitrary and capricious conduct.

9. This instrument shall bind, and the benefits shall inure to, the respective parties hereto, their legal representatives, executors, administrators, successors in office or interest, and assigns, and all owners of the mortgaged property, so long as the Mortgage is outstanding.

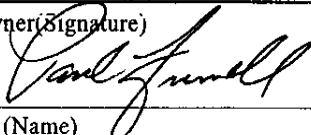
20. The invalidity of any clause, part or provision of this Agreement shall not affect the validity of the remaining portions thereof.

21. Mortgagor warrants that it has not, and will not, execute any other agreement with provisions contradictory of, or in opposition to, the provisions hereto, and that, in any event, the requirements of this Agreement are paramount and controlling as to the rights and obligations set forth and supersede any other requirements in conflict therewith.

22. Mortgagor does not assume personal liability for payments due under the Note and mortgage or for payments to the reserve for replacement fund. However, defaults or other failures to follow program requirements may result in limited denial of participation or debarment from HUD or other Federal programs.

23. Mortgagor shall have available necessary equipment or devices and make reasonable accommodations to meet the needs of persons with visual and/or hearing impairments in compliance with Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and 24 CFR Part 8.

24. The Rider attached hereto is incorporated by reference.

United States of America Secretary of Housing and Urban Development (Signature)		The Anixter Village, an Illinois not for profit corporation Owner (Signature) 	
By (Name)		By (Name) <u>Paul Finnell</u>	
Official Title	Date	Official Title	Date
		<u>Vice President</u>	<u>March</u> , 2006

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Anixter Village Apartments
Chicago, Illinois
HUD Project No. 071HD128/IL06-Q021-006

RIDER TO REGULATORY AGREEMENT

THIS RIDER is attached to and made a part of that certain Capital Advance Program Regulatory Agreement dated as if March 1, 2006 made by The Anixter Village, an Illinois not for profit corporation ("Mortgagor") and the Secretary of Housing and Urban Development ("Mortgagee") relating to the \$2,167,700 Capital Advance for this project.

The Mortgagee hereby consents to the creation of the encumbrances on the Project by the following documents:

- A. Agreement for the Sale and Redevelopment of Land between the City of Chicago and The Anixter Village (City Redevelopment Agreement) dated as of November 20, 2002.
- B. Amendment to the Agreement for the Sale and Redevelopment of Land (Including Subordination Provisions) between the City of Chicago and The Anixter Village dated March 1, 2006.
- C. Illinois Affordable Housing Tax Credit Regulatory Agreement dated as of March 1, 2006.

The undersigned Mortgagee hereby consents to the foregoing liens and encumbrances as listed above.

**Secretary of the U.S. Department of
Housing and Urban Development**

By: _____
(authorized agent)