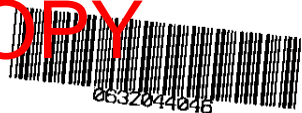


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Doc#: 0632044046 Fee: \$72.50  
Eugene "Gene" Moore RHSP Fee: \$10.00  
Cook County Recorder of Deeds  
Date: 11/16/2008 03:12 PM Pg: 1 of 25

**NOTICE**

WITHDRAWAL AGREEMENT

**PREPARED BY AND WHEN  
RECORDED RETURN TO:**

Nabil Foster, Esq.  
Pugh, Jones, Johnson & Quandt P.C.  
Suite 3400  
180 N. LaSalle  
Chicago, IL 60601

4814 - 4820 W. Monroe Street, Chicago IL 60614  
16-16-202-047-0000

Attached please find a certified copy of the WITHDRAWAL AGREEMENT.

By:   
Nabil Foster

ok  
Bm

# UNOFFICIAL COPY

## ACKNOWLEDGMENT

STATE OF ILLINOIS )

COUNTY OF COOK )

I, Kathleena Darden, a Notary Public in and for said County in the State aforesaid, do hereby certify that **NABIL FOSTER** personally known to me to be the same person whose name IS subscribed to the foregoing instrument, appeared before me this day in person, and acknowledged that they signed and delivered the instrument as their free and voluntary act, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal, this 11<sup>th</sup> day of November, 2006.

Kathleena Darden

NOTARY PUBLIC



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## WITHDRAWAL AGREEMENT (AUSTIN SQUARE)

THIS WITHDRAWAL AGREEMENT (this "Agreement") is made as of the 1st day of February, 1998, by and among SHOREBANK DEVELOPMENT CORPORATION, CHICAGO (f/k/a City Lands Corporation), a Delaware corporation (the "Withdrawing General Partner"); Investment Management Corporation, an Illinois not-for-profit corporation (the "Incoming General Partner"); and Chicago Equity Fund 1993 Limited Partnership, an Illinois limited partnership, and Chicago Equity Fund 1994 Limited Partnership, an Illinois limited partnership (together, the "Limited Partner").

### WITNESSETH:

WHEREAS, the Withdrawing General Partner and the Limited Partner previously entered into Amended and Restated Articles of Limited Partnership dated December 1, 1994, as amended through the date hereof (the "Partnership Agreement"), establishing Austin Square Limited Partnership, an Illinois limited partnership (the "Partnership"), for the purpose of developing the housing project described in the Partnership Agreement (the "Project"); and

WHEREAS, the Withdrawing General Partner wishes to assign its entire interest in the Partnership, together with all of its rights as General Partner and those Remaining Obligations to be performed by the General Partner under the Partnership Agreement accruing from and after the Effective Date (as such terms are defined below) of such assignment to the Incoming General Partner, and the Incoming General Partner has agreed to accept such assignment of the Withdrawing General Partner's interest and assume such rights and the Remaining Obligations, all in accordance with the terms and conditions of this Agreement; and

WHEREAS, upon such assignment of its interest in the Partnership to the Incoming General Partner, the Withdrawing General Partner wishes to withdraw from the Partnership; and

WHEREAS, the Partnership Agreement does not permit the Withdrawing General Partner to withdraw from the Partnership and assign its interest as General Partner therein without the prior written consent of the Limited Partner, and the Limited Partner has agreed to grant such consent, in accordance with the terms and conditions of this Agreement; and

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WHEREAS, while the Withdrawing General Partner's withdrawal from the Partnership pursuant to this Agreement is pending, the Withdrawing General Partner and the Limited Partner wish to provide for the Withdrawing General Partner's delegation to the Incoming General Partner of the Withdrawing General Partner's powers, authority and discretion as General Partner of the Partnership, in accordance with the terms and conditions of the Delegation of Management Powers of even date herewith (the "Delegation Agreement");

NOW, THEREFORE, in consideration of the foregoing recitals, the mutual covenants set forth hereinbelow, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. Recitals: Defined Terms. The foregoing recitals are hereby incorporated into this Agreement as though fully set forth herein. All terms (capitalized and uncapitalized) appearing herein that are defined in the Partnership Agreement shall have the meanings assigned to such terms in the Partnership Agreement, unless otherwise defined herein. The term "General Partner" as used herein shall mean, as the context requires, either the Withdrawing General Partner or the Incoming General Partner as the entity then serving as general partner of the Partnership.

2. First Amendment to Partnership Agreement. Subject to the Withdrawing General Partner's satisfaction of the Conditions described in Paragraph 3 hereof, the Withdrawing General Partner, the Incoming General Partner and the Limited Partner shall execute and deliver on the Closing Date described in Paragraph 5 hereof a First Amendment to the Partnership Agreement (the "First Amendment") prepared or approved by the Limited Partner's attorney (provided, however, that if there already exists one or more numbered amendments to the Partnership Agreement, the title of the First Amendment shall instead refer to the next successive number). The First Amendment shall be effective as of February 1, 1998 (the "Effective Date") and shall incorporate the following provisions:

(a) The Withdrawing General Partner shall assign its entire interest as General Partner in the Partnership, together with all of its rights as General Partner and the Remaining Obligations, to the Incoming General Partner, and the Incoming General Partner shall accept the assignment and assumption of such rights and the Remaining Obligations, in accordance with the terms and conditions of the First Amendment. Notwithstanding anything herein to the contrary, the Incoming General Partner shall assume no guaranty obligations under Paragraphs 6.12 and 6.13 of the Partnership Agreement or any obligations retained by the Withdrawing General Partner in

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accordance with the terms and conditions of the First Amendment. In consideration of the Incoming General Partner's assumption of the Remaining Obligations and the Assumed Prior Obligations, as defined in Paragraph 2(b) hereof, the Withdrawing General Partner shall assign to the Incoming General Partner all of the Withdrawing General Partner's right, title and interest in and to payment of any and all amounts due from the Partnership, including, without limitation, payment of all deferred and accrued fees and repayment of advances and any amounts due under any and all promissory notes or other instruments made by the Partnership in favor of the Withdrawing General Partner, except for that portion of the accrued and unpaid Partnership Management Fees net of the Offset Amount, as further described in Exhibit B hereto, which shall remain due and owing to the Withdrawing General Partner until paid in full; provided, however, that it is acknowledged and agreed that such portion of Partnership Management Fees is payable only out of Net Cash Flow, as defined in Exhibit C to the Partnership Agreement, and that payment of such portion of Partnership Management Fees is subordinated to payment by the Partnership to the Limited Partner of an amount equal to its total aggregate limited partner capital contributions to the Partnership as determined under Subparagraph 7.2(b)(i) of the Partnership Agreement, in accordance with Paragraph 14.3 thereof and Exhibit C thereto. Concurrently with its execution and delivery of the First Amendment, the Withdrawing General Partner shall cause any of its affiliates ("Affiliates") to whom payment of any such fees or repayment of any such advances may be owed to execute and deliver an instrument assigning to the Incoming General Partner each such Affiliate's entire right, title and interest in and to payment of such fees and advances. Any and all deferred fees and advances described in this Paragraph 2(a) that may be due the Withdrawing General Partner or its Affiliates are referred to collectively in this Agreement as the "Deferred Fees and Advances."

(b) Except for the obligations of the Partnership as are described on Exhibit B hereto (the "Assumed Prior Obligations"), the Incoming General Partner shall assume only those obligations of the Partnership accruing from and after the Effective Date that are incurred (i) by the Withdrawing General Partner on behalf of the Partnership in the ordinary course of its business and are disclosed in writing to the Incoming General Partner and accepted in writing by the Incoming General Partner on or prior to the Closing Date, or (ii) by IMC Property Management, L.L.C. on behalf of the Partnership, (iii) by the Incoming General Partner on behalf of the Partnership or (iv) by the Incoming General Partner under the Partnership Agreement (collectively, the "Remaining Obligations") The Incoming General Partner shall have no personal liability for any obligations of the Partnership incurred or accruing prior to the Effective Date, other than the Assumed Prior Obligations, or incurred by the Withdrawing

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General Partner from and after the Effective Date without acceptance in writing by the Incoming General Partner (all such obligations, other than the Assumed Prior Obligations, being referred to herein as the "Unassumed Obligations"), and the Withdrawing General Partner shall remain solely and exclusively liable for all Unassumed Obligations for which the "General Partner" is liable after the Incoming General Partner's admission to the Partnership as a general partner. The Withdrawing General Partner shall agree to defend, indemnify and hold harmless the Incoming General Partner from and against all claims, liabilities, costs and expenses (including, without limitation, reasonable attorney's fees and costs) arising from or related to the Unassumed Obligations.

(c) The Withdrawing General Partner shall withdraw from the Partnership and the Limited Partner shall consent to such withdrawal. Except as expressly provided in Paragraph 8 of Exhibit B hereto, no distribution or other amount shall be paid to the Withdrawing General Partner in connection with its withdrawal from the Partnership, and the Withdrawing General Partner shall acknowledge and agree that no payments of any kind are due and owing by the Partnership or the Incoming General Partner to the Withdrawing General Partner from and after the Effective Date of its withdrawal from the Partnership.

(d) The Limited Partner shall release the Withdrawing General Partner from any and all obligations, including any guaranty obligations, accruing under the Partnership Agreement from and after the Effective Date of the First Amendment, which release shall not apply to any obligations of the Withdrawing General Partner arising under the Partnership Agreement prior to the Effective Date of the First Amendment; provided, however, that the Limited Partner shall agree not to pursue any remedies against the Withdrawing General Partner for nonperformance of any such prior obligations, except in the case of negligence or willful misconduct, or unless and to the extent such non-performance involves an Unassumed Prior Obligation for which the Withdrawing General Partner is liable or causes any of the representations made by the Withdrawing General Partner in this Agreement or the First Amendment to be false or misleading in any material respect.

Notwithstanding anything contained herein to the contrary, the Limited Partner acknowledges and agrees that

(i) as a result of the Withdrawing General Partner's full compliance with its obligations and guarantee under Paragraph 6.12 (Guaranty of Construction Completion) of the Partnership Agreement prior to the date of this Agreement, the Withdrawing General Partner has no outstanding obligations or guarantees under Paragraph 6.12;

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(ii) The Withdrawing General Partner has represented to the Limited Partner that it has complied with Paragraph 6.13 (Guaranty Against Operating Deficits) of the Partnership Agreement prior to the Effective Date and the Limited Partner and Incoming General Partner hereby waive any and all rights related thereto), and the Limited Partner shall release the Withdrawing General Partner from any and all obligations to advance or cause to be advanced funds necessary to pay any operating deficits, for all applicable periods commencing or continuing, occurring or accruing after the Effective Date.

(iii) The Limited Partner shall release the Withdrawing General Partner from any and all obligations pursuant to Paragraph 6.14 (Guaranty of Tax Credit Compliance) of the Partnership Agreement for all applicable periods commencing or occurring on or after the Effective Date and as may be provided in Exhibit B hereto

(e) The Withdrawing General Partner shall make the following representations and warranties as of the Effective Date, excepting therefrom anything that negates or is contrary to such representation or warranty if it is (i) expressly provided elsewhere in this Agreement, (ii) disclosed on any exhibit hereto or (iii) contained within the Remaining Obligations and/or Assumed Prior Obligations or that is not a material or substantive deviation from the following:

(i) from and after the execution and delivery of the Partnership Agreement through the Effective Date, no funds of the Partnership were used other than for Partnership purposes, as required or permitted by the Partnership Agreement;

(ii) all fees received by the Withdrawing General Partner and its Affiliates were paid in the amounts and in the manner prescribed in the Partnership Agreement;

(iii) no master lease, no purchase option agreement, no other agreements for transfer of the long-term use or ownership of the Project, no instruments encumbering title, and no loans or loan documents, except as heretofore approved by or disclosed in writing to the Limited Partner, were executed by the Withdrawing General Partner on behalf of the Partnership with respect to the Project;

(iv) no financial obligations were incurred by the Withdrawing General Partner on behalf of the Partnership other than as disclosed in writing in reports submitted to the Limited Partner in accordance with the Partnership Agreement;

(v) the Withdrawing General Partner has no notice or knowledge of any violations of any applicable laws, ordinances, order, requirements or regulations of any applicable

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governmental authorities affecting the Partnership or the Project, except as disclosed in writing in reports submitted to the Limited Partner in accordance with the Partnership Agreement;

(vi) there are no existing, pending or, to the best of the Withdrawing General Partner's knowledge, threatened actions or proceedings by any person, entity or applicable governmental authority against the Partnership, the Project, the Withdrawing General Partner, or its Affiliates that would have an adverse affect on the Project or the investment of the Limited Partner in the Partnership or the ability of the Incoming General Partner to perform its obligations under the Partnership Agreement from and after the Effective Date;

(vii) the Project is in material and substantial compliance with all applicable requirements affecting the availability to the Partnership of federal low-income housing tax credits (the "tax credits") under Section 42 of the Code and the regulations promulgated thereunder, and all conditions precedent to the Partnership's right to claim such tax credits in the amounts shown on the financial projections attached to the Project Investment Proposal have been satisfied;

(viii) the Partnership is duly formed and validly existing under the laws of the State of Illinois, the Withdrawing General Partner has made all filings and paid all fees required by applicable governmental authorities to maintain the valid existence of the Partnership, and the Withdrawing General Partner has complied with all other requirements necessary under applicable law for the preservation of the limited liability of the Limited Partner;

(ix) the execution and delivery of this Agreement, the First Amendment and all other instruments and documents to be executed and delivered by the Withdrawing General Partner pursuant to this Agreement have been duly authorized by the resolutions of the directors of the Withdrawing General Partner and (if required) its Affiliates, and the consummation of the transactions contemplated herein does not constitute a breach or violation of, or a default under, the organizational documents of the Withdrawing Partner or its Affiliates, or any loan agreement or other agreement, order or decree by which the Withdrawing General Partner, any of its Affiliates or the Partnership is bound;

(x) there are no uncured defaults on the part of the Partnership under any loan documents or any other agreements to which the Partnership is a party, except as previously disclosed in writing to the Limited Partner;

(xi) all financial information concerning the Partnership and the Project previously provided to the Limited Partner by



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the Withdrawing General Partner is full, complete and accurate in all material respects; and

(xii) there are no management or other operating agreements affecting the Project, except for those agreements identified in Exhibit A hereto.

The Withdrawing General Partner shall acknowledge and agree that the Incoming General Partner's agreement to assume the Remaining Obligations, the Limited Partner's consent to the Withdrawing General Partner's withdrawal from the Partnership and the Limited Partner's release of the Withdrawing General Partner described hereinabove are given in reliance upon the truth and accuracy of the foregoing representations and warranties; and, consequently, the Withdrawing General Partner shall be liable to the Incoming General Partner and the Limited Partner in the event of any loss, damage or liability to the Incoming General Partner or the Limited Partner arising from any untruth or material inaccuracy in the foregoing representations and warranties. The Withdrawing General Partner shall agree to defend, indemnify and hold harmless the Incoming General Partner and the Limited Partner against any such loss, damage or liability, including attorneys' fees, incurred by the Incoming General Partner or the Limited Partner as a result of any untruth or material inaccuracy in such representations and warranties. Such indemnity by the Withdrawing General Partner shall survive the withdrawal of the Withdrawing General Partner from the Partnership.

(f) [Intentionally Omitted]

(g) The First Amendment shall contain such other provisions as may be required to give effect to the withdrawal of the Withdrawing Limited Partner, the assignment and assumption of its entire interest as general partner of the Partnership, and the Limited Partner's consent to such withdrawal and assignment, in accordance with the terms and conditions of this Agreement.

To induce the Limited Partner to execute and deliver this Agreement, the Withdrawing General Partner hereby represents and warrants to the Limited Partner that the matters described in Paragraph 2(e) hereof are true and correct in all material respects as of the date of this Agreement or shall be true and correct in all material respects on or before the Closing Date.

3. Pre-Closing Conditions. On or before the Closing Date, as hereinafter defined, the Withdrawing General Partner, at its cost and expense, shall cause each of the following conditions (collectively, the "Conditions") to be satisfied (however, the Limited Partner and the Incoming General Partner shall be primarily responsible for the completion of 3(a) below and shall assist in the completion of the other Conditions as

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may be required or as may be reasonably requested by the Withdrawing General Partner):

(a) Each Project lender whose consent to the transactions contemplated herein is required shall consent in writing to the Withdrawing General Partner's withdrawal from the Partnership and its assignment of its General Partner interest to the Incoming General Partner hereunder.

(b) The Withdrawing General Partner shall furnish the Limited Partner with the following documents:

(i) the IRS Form 8609 for each building that makes up the Project, together with copies of all correspondence between the Withdrawing General Partner and the agency issuing the tax credits to the Partnership;

(ii) UCC, tax lien, judgment and pending suit and bankruptcy searches for the Withdrawing General Partner and the Partnership;

(iii) current (dated not more than fifteen (15) days prior to the Closing Date) certificate of good standing for the Withdrawing General Partner issued by the Illinois Secretary of State, certified corporate resolutions, certified by-laws and certificates of incumbency for the Withdrawing General Partner evidencing the due authorization and valid execution of this Agreement, the First Amendment and any other instruments and agreements to be executed and delivered by the Withdrawing General Partner pursuant to this Agreement; and

(iv) current (dated not more than fifteen (15) days prior to the Closing Date) certificate of existence issued by the Illinois Secretary of State for the Partnership or, if the Partnership is not in good standing as of the date of this Agreement, copies of the Application for Reinstatement and Biennial Renewal Reports, together with evidence of payment of all reinstatement fees and penalties, as submitted to the Office of the Illinois Secretary of State.

The Limited Partner shall have the right to review and approve all submittals and other information furnished by the Withdrawing General Partner in connection with the above Conditions. The Limited Partner's obligation to consent to the withdrawal of the Withdrawing General Partner hereunder is conditioned upon the Limited Partner's approval of all such submittals and information as to form and content.

4. Closing Documents. The following documents shall be executed and delivered concurrently with the execution and delivery of the First Amendment by the parties hereto:

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(a) a certificate of amendment to certificate of limited partnership executed by the Withdrawing General Partner and the Incoming General Partner that identifies the new general partner of the Partnership and contains such other information as may be required by applicable law;

(b) [Intentionally Omitted]

(c) an affidavit, hold harmless and indemnity that there are no original notes and other instruments evidencing and securing any indebtedness owed the Withdrawing General Partner or any of its Affiliates by the Partnership except as provided, if at all, in Exhibit B, unless such original notes and instruments shall be delivered and cancelled or endorsed to the Incoming General Partner;

(d) an instrument executed by any Affiliate of the Withdrawing General Partner to whom any amounts may be owed by the Partnership, whereby such Affiliate assigns its entire right, title and interest in and to payment of such amounts to the Incoming General Partner; and

(e) such other documents, instruments and agreements as may be reasonably required to effect the assignment of the Withdrawing General Partner's interest to the Incoming General Partner in accordance with the terms and conditions of this Agreement.

5. Withdrawal Date. The Withdrawing General Partner shall cause each of the Conditions to be satisfied on or before December 16, 1998 (the Closing Date). Notwithstanding anything contained in this Agreement to the contrary, if the Project lenders do not consent in writing on or before the Closing Date to this Agreement, the Withdrawing General Partner shall not be liable to the Partnership, the Limited Partner or the Incoming General Partner as a result of any Project lender's failure to consent for so long as the Withdrawing General Partner reasonably cooperates in obtaining such consents.

6. Limited Partner's Removal Rights [Intentionally Deleted].

7. Delegation of Management Powers. Concurrently herewith, the Withdrawing General Partner and the Incoming General Partner shall enter into the Delegation Agreement, which agreement shall be in all respects subject to the prior written approval of the Limited Partner.

8. Entire Agreement; Counterparts. This Agreement contains the entire understanding among the parties hereto with respect to the subject matter hereof and supersedes any prior

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understandings and written or oral agreements among them respecting the subject matter hereof. In the event that any provisions of this Agreement is held to be invalid or unenforceable, the remainder of this Agreement shall not be affected thereby, the provisions of this Agreement being severable in any such instance. This Agreement may be executed by the parties in counterparts, each of which shall be deemed an original but all of which shall constitute one and the same agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date hereof.

Withdrawing General Partner:

SHOREBANK DEVELOPMENT CORPORATION,  
CHICAGO, a Delaware corporation

By: [Signature]  
Title: Partner  
Address: 5100 West Harrison  
Chicago, IL 60644

Incoming General Partner:

INVESTMENT MANAGEMENT  
CORPORATION, an Illinois  
not-for-profit corporation

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

Address: One East Superior  
Street  
Suite 604  
Chicago, IL 60611  
Attn: William W. Higginson

Limited Partner:

CHICAGO EQUITY FUND  
1993 LIMITED PARTNERSHIP,  
an Illinois limited partnership

By: CHICAGO EQUITY FUND, INC.,  
an Illinois not-for-profit  
corporation, Managing Partner

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

Address: One East Superior Street  
Suite 604  
Chicago, IL 60611  
Attn: William W. Higginson

CHICAGO EQUITY FUND  
1994 LIMITED PARTNERSHIP,  
an Illinois limited  
partnership

By: CHICAGO EQUITY FUND, INC.,  
an Illinois not-for-profit  
corporation, Managing Partner

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

Address: One East Superior  
Suite 604  
Chicago, IL 60611  
Attn: William W. Higginson

Withdrawal Agreement/Austin

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understandings and written or oral agreements among them respecting the subject matter hereof. In the event that any provisions of this Agreement is held to be invalid or unenforceable, the remainder of this Agreement shall not be affected thereby, the provisions of this Agreement being severable in any such instance. This Agreement may be executed by the parties in counterparts, each of which shall be deemed an original but all of which shall constitute one and the same agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date hereof.

Withdrawing General Partner:

SHOREBANK DEVELOPMENT CORPORATION,  
CHICAGO, a Delaware corporation

By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Address: 5100 West Harrison  
Chicago, IL 60644

Incoming General Partner:

INVESTMENT MANAGEMENT  
CORPORATION, an Illinois  
not-for-profit corporation

By: William W. Higginson  
Title: President

Address: One East Superior  
Street  
Suite 604  
Chicago, IL 60611  
Attn: William W. Higginson

Limited Partner:

CHICAGO EQUITY FUND  
1993 LIMITED PARTNERSHIP,  
an Illinois limited partnership

By: CHICAGO EQUITY FUND, INC.,  
an Illinois not-for-profit  
corporation, Managing Partner

By: William W. Higginson  
Title: President

Address: One East Superior Street  
Suite 604  
Chicago, IL 60611  
Attn: William W. Higginson

CHICAGO EQUITY FUND  
1994 LIMITED PARTNERSHIP,  
an Illinois limited  
partnership

By: CHICAGO EQUITY FUND, INC.,  
an Illinois not-for-profit  
corporation, Managing Partner

By: William W. Higginson  
Title: President

Address: One East Superior  
Suite 604  
Chicago, IL 60611  
Attn: William W. Higginson

Withdrawal Agreement/Austin

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EXHIBIT A  
MANAGEMENT OR OTHER OPERATING AGREEMENTS

1. Management Agreements: By oral agreement between the Withdrawing General Partner and the Limited Partner, IMC Property Management, L.L.C. an Illinois corporation, assumed property management of the Project replacing Withdrawing General Partner as property manager as of February 1, 1998.
2. Other Operating Agreements: See attached

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FOR EXHIBIT A: Austin Square Limited Partnership

Other Operating Agreements:

**A) Rubbish Removal Contract**

West Coast Disposal Service

**B) Pest Elimination Contract**

No contracts  
No service guarantees outstanding  
Vendor has been Excel

**C) Elevator Service Contract**

Not applicable

**D) Parking Lot Contract**

Lincoln Towing Service

**E) Laundry Contract**

Advance/Family Pride

**F) Security**

Alarm system: Seal Tight  
Monitoring: Reliance - managed by Seal Tight

**G) Tax Appeal Representation**

Neal, Gerber & Eisenberg  
Atty: Thomas J. McNulty

**H) Bulk Gas Contract**

National Energy Management

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## EXHIBIT B ASSUMED PRIOR OBLIGATIONS

1. Books and Records. Any and all obligations or liabilities disclosed in any financial reports, tax returns or books of account, any other management reports to the Limited Partner or any other information, financial or otherwise, delivered to or disclosed or summarized in writing by the Withdrawing General Partner to the Partnership or the Limited Partner prior to the Effective Date, whether or not accepted in writing by the Limited Partner ("Reports"), if and to the extent such Reports do not result in liability after the Effective Date to the Partnership, the Limited Partner or the Incoming General Partner in an amount in excess of \$5,000.00 in the aggregate.
2. Property Management. All activities, and omissions of IMC Property Management, I.L.C. ("IMC") whether related to its activities as property manager for the Project or otherwise, and whether before, on or after the Effective Date, including any otherwise Unassumed Prior Obligation within the control, access or exclusive knowledge of IMC related to its management of the Project.
3. Project Condition "AS IS". Any and all obligations or liabilities related to the physical condition of the Project and all improvements therein, including but not limited to all matters related to the foundations, structural components, roofs, utility systems, HVAC systems, plumbing and sewerage systems, safety, fire prevention, sprinkler and security systems and apparatus, fixtures, appliances, personalty, tenant improvements, tenant acts and omissions, windows, doors, lights, ceilings, walls, floors, common areas, sidewalks, alleys, streets and any other area serving or adjoining the Project.
4. Project Expenses. All expenses set forth in Schedule B-1 hereto and all bills, invoices and claims for payment received by IMC heretofore with respect to the Project and not disclosed in writing to Withdrawing General Partner.
5. Litigation. All pending, threatened and actual litigation set forth on Schedule B-2 hereto and all notices, claims and potential claims received by IMC heretofore with respect to the Project and not disclosed in writing to Withdrawing General Partner.
6. Future Bills. All invoices received by Withdrawing General Partner and delivered to IMC on or before April 30, 1998



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that are due and owing for operating expenses incurred in the normal course of business of operating, owning or managing the Project.

## 7. Tax Credit Compliance.

(a) All non-material and non-substantial obligations and liabilities related to Withdrawing General Partner's failure to comply with federal tax laws including those that do not affect the Limited Partner's interest with respect to its Project investment as it relates to low-income housing tax credits.

(b) Any and all obligations and liabilities pursuant to Paragraph 6.14 (Guaranty of Tax Credit Compliance) of the Partnership Agreement for

(i) any units not leased as of the Effective Date;

(ii) any tenant certifications, income verifications, tax credit compliance reports or similar information to be supplied to any government agency in connection with tax credit compliance that was not supplied, or was incomplete or inaccurate, if readily capable of being supplied, completed or corrected by the Limited Partner, the Incoming General Partner, IMC, or tenants of the Project before any material adverse consequences occur, or

(iii) tenant non-compliance (i.e., income requirements) which can be corrected before any material adverse consequences occur.

8. Partnership Management Fee. Partnership Management Fees accrued prior to the Effective Date in the amount of \$92,308.00 due and payable to the Withdrawing General Partner as required under the Partnership Agreement, less the amount or value of all Assumed Prior Obligations as of the Closing Date (the "Offset Amount"), as such Offset Amount may be calculated from time to time on the basis of reasonable supporting evidence thereof. Such obligation shall be evidenced on the Closing Date by a promissory note by the Partnership payable to the order of the Withdrawing General Partner from Net Operating Cash Flow, without interest, and in all other respects in accordance with the form of Exhibit C to the Partnership Agreement.

9. Exclusions. Without limiting the generality of the term Unassumed Obligations, the parties hereby further agree, for purposes of clarification, as follows:

A. Real Estate Taxes. The Incoming General Partner assumes liability for real estate taxes on the Project only to the extent of 1998 and subsequent

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taxes accruing on and after the Effective Date, as part of the Remaining Obligations. The Incoming General Partner does not assume liability for 1997 taxes payable in 1998 or for prorated 1998 taxes accruing prior to the Effective Date. The Withdrawing General Partner hereby represents that sufficient funds to pay such taxes accruing prior to the Effective Date have been escrowed with the Project first mortgage lender, and the Incoming General Partner agrees that to the extent such funds have been escrowed, it waives any claim against the Withdrawing General Partner with respect to such taxes.

- B. Mortgage Payments. The Incoming General Partner assumes liability for mortgage payments relating to the Project only to the extent of payments of principal due and owing on or after the Effective Date and interest accruing on and after the Effective Date, as part of the Remaining Obligations. The Incoming General Partner does not assume liability for payments of principal due and owing prior to the Effective Date, or for interest prior to the Effective Date regardless when payable. The Withdrawing General Partner hereby represents that all payments of principle due prior to the Effective Date have been made, and the Incoming General Partner agrees that to the extent such principal and interest have been paid, it waives any claim against the Withdrawing General Partner with respect to such payments.
- C. Union Issues. The Incoming General Partner does not assume any liability of the Withdrawing General Partner for claims of unfair labor practices. The Incoming General Partner acknowledges that it is responsible, as part of the Remaining Obligations, for any claims of unfair labor practices against the Partnership or the Incoming General Partner arising from and after the Effective Date.

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NOTE: THE BELOW LIST DOES NOT INCLUDE MORTGAGE PAYMENTS

Exhibit B-1  
(Page 1 of 2)

	ORIGINAL INVOICE	PRIOR PAYMENTS	CURRENT ADJUSTMNT	DISPUTED AMOUNT	NET TOTAL	PROPERTY TOTAL
AUSTIN SQUARE						
NATIONAL ENERGY MANAGEMENT	3,271.98	(1,971.20)			0.00	
PEOPLE'S GAS	160.71			209.46	1,510.24	
PEOPLE'S GAS	26.21				160.71	
PEOPLE'S GAS	173.74				26.21	
AUSTIN SQUARE	170.00				173.74	
AUSTIN SQUARE	626.28				170.00	
ALPHA ADJUSTING	117.01				626.28	
CITY OF CHICAGO DEPT. OF REVENUE	250.00				117.01	
CHICAGO SUN TIMES	279.64				250.00	
HINCKLEY & SCHMIDT	6.00				279.64	
STATE AUTOMATIC	2,413.38				6.00	
STATE AUTOMATIC	1,228.50				2,413.38	
WEST COAST DISPOSAL	1,090.00				1,228.50	
KINGS ACE	18.44				1,090.00	
KINGS ACE	9.26				18.44	
KINGS ACE	0.99				9.26	
KINGS ACE	1.99				0.99	
KINGS ACE	50.79				1.99	
KINGS ACE	12.13				50.79	
PEOPLE'S GAS	1,321.24				12.13	
FRIDUSS LUKEE	365.40				1,321.24	
COM ED	186.14				365.40	
COM ED	583.07				186.14	
COM ED	493.74				583.07	
AMBASSADOR BUSINESS SOLUTIONS	354.05				493.74	
AMERICAN NATIONAL BANK	95.00				354.05	
CITY OF CHICAGO DEPT OF REVENUE	72.65				95.00	
FRIDUSS LUKEE	3,060.50				72.65	
KINGS ACE	7.82				3,060.50	
KINGS ACE	21.72				7.82	
KINGS ACE	1.85				21.72	
KINGS ACE	14.56				1.85	
KINGS ACE	3.98				14.56	
KINGS ACE	21.92				3.98	
KINGS ACE	14.71				21.92	
PROFESSIONAL JANITORIAL	99.00				14.71	
REGISTRY	275.00				99.00	
VAN CROTTY, INC.	78.18				275.00	
WEST PERSONNEL	130.77				78.18	
CHICAGO DEPARTMENT OF WATER	0.00				130.77	
PEOPLE'S GAS	186.43				0.00	
PEOPLE'S GAS	172.93				186.43	
PEOPLE'S GAS	26.92				172.93	
AMERITECH	304.78				26.92	
END					304.78	16,037.67

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Exhibit B-1  
(page 2 of 2)

Investment Management Corporation  
Mortgage Information

ASSET #	PARTNERSHIP NAME	MORTGAGEE	LENDER POSITION	MORTGAGE BAL		MORTGAGE BAL INCR (DECR)	PAYMENTS IN ARREARS		TOTAL # MONTHS
				@ 12/31/97	@ 1/31/98		PAY ESCROW	OTHER	
591	JEFFERY PARTNERS	GREYSTONE SERVICING HOUSING AND URBAN DEV	1ST	2,033,852	2,037,567	(1,086)			8
			2ND	1,810,320	1,610,326	0	76,328	76,328	
			PND	4,300,000	4,300,000	0			
			TOTAL	8,144,172	8,947,893	1,003			
516	AUSTIN SQUARE LP	COMMUNITY INVESTMENT CORP CITY OF CHICAGO, DOH	1ST	1,672,288	1,608,801	3,448			0
			2ND	6,265,747	6,254,022	11,725			
			BRIDGE	500,000	500,000	0			
			TOTAL	8,438,035	8,362,823	15,173			
615	DORCHESTER WAY LP	HARRIS TRUST AND SAVINGS BANK CITY OF CHICAGO, DOH	1ST	1,540,493	1,446,493	94,000			3
			2ND	3,484,718	3,484,716	2	38,613	38,613	
			BRIDGE	473,352	473,383	(31)	10,185	10,185	
			TOTAL	5,498,563	5,404,592	94,661	48,983	48,983	
603	JACKSON TERRACE LP	COMMUNITY INVESTMENT CORP CITY OF CHICAGO, DOH	1ST	404,706	404,993	(287)			0
			2ND	65,828	65,822	6			
			BRIDGE	407,877	407,877	0			
			TOTAL	878,311	878,692	(381)			
587	NORTH CENTRAL LP	ILLINOIS AFFORDABLE HOUSING TRUST CITY OF CHICAGO, DOH	1ST	1,843,718	1,843,718	0			0
			2ND	1,868,989	1,868,989	0			
			BRIDGE	152,000	150,000	2,000			
			TOTAL	4,864,707	4,862,707	2,000			
604	PALE PLACE LP	COMMUNITY INVESTMENT CORP CITY OF CHICAGO, DOH	1ST	3,762,198	3,748,681	13,517			0
			2ND	887,018	883,781	3,237			
			BRIDGE	711,256	716,955	(5,699)			
			TOTAL	5,360,472	5,349,417	10,855			
GRAND TOTAL				1,500,000	1,500,000	0	0	0	0

LETTERS  
A. ACCOUNT NUMBER  
B. ACCOUNT LAST NAME

IN ADDITION, \$150,000 BUDGET LOAN

County Clerk's Office

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## Exhibit B-2 Litigation Summary

### Property Management

Docket 983411 (Citation 126507): 4816 W. Monroe. Streets & Sanitation violation. Administrative hearing was on 3/3/98. SDC sent notice of hearing to IMC prior to hearing date. A search of the computerized docket at the Cook County Clerk of Court's Office by SDC on 8/21/98 indicated the Partnership received a fine of \$1,020.00 for failure to appear. SDC agrees to cooperate with IMC in this matter but will look to IMC to follow-up on this matter.

ICN 9499024: 5000-18 W. Madison. Code violations. Reinspection was to be scheduled before April 5, 1998. SDC has no knowledge of whether reinspection occurred, as property management was turned over to IMC prior to this date.

ICN 9493181: 7124 36 S. Jeffery. Code violation. SDC complied with notice. IMC should arrange for reinspection.

96M1400121: 542 N. Pine. Code violation dated 1/4/96 shown on title search received in 4/98. SDC has no knowledge of nature of charge and no knowledge of ever having received copy of charge. A search of the computerized docket at the Cook County Clerk of Court's Office by SDC on 8/21/98 indicated no action since the filing date of 1/4/96.

### Mechanic's Liens & Construction

Mechanics Lien claims totaling \$12,750.00 all filed 4/18/97 by Thomas Mechanical Corporation ("Thomas") as follows:

97272894: 330-46 N. Pine (Pine Place LP) for \$2,600 incurred 1/13/97

97272895: 127-45 N. Central (North Central LP) for \$4,800 incurred 1/13/97

97272896: 5036 W. Quincy (Austin Square LP) for \$1,300 incurred 1/13/97

97272898: 4900 W. Jackson (Jackson Terrace LP) for \$2,600 incurred 1/13/97

97272901: 4815-27 W. Monroe (Austin Square LP) for \$1,450 incurred 1/13/97

SDC retained John Kalman of the Chicago law firm of John Kalman & Associates ("Kalman") to represent the above-referenced partnerships in the above-referenced mechanics lien claims. On the date these claims were filed, a total of 19 claims (inclusive of the above) were filed against partnerships for which SDC was or is the property manager. All of these claims are for work allegedly performed on 1/13/97 or 1/18/97.

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Kalman indicated that base on available facts and documents, Thomas's claims appear to have little likelihood of succeeding. All of the claims relate to plumbing and site clean-up, including cleaning catch basins, rodding and removing debris. However SDC represents that Thomas signed a contract for mechanical work that does not cover the work allegedly performed and the contract provides that Thomas would only be paid pursuant to a work order signed by SDC. SDC represents that no such work orders exist. SDC contacted Thomas on or about 2/1/98 and proposed a settlement of a portion of the amount claimed, not because SDC believed that the claims have any merit, but because the claims are clouds on title to the property that SDC wanted cleared. Thomas refused the settlement.

No lawsuits have been filed by Thomas. Kalman advised SDC that Thomas must file suit within two years from the date work was allegedly performed or the claims are not actionable. Kalman suggested that SDC options are to (i) file a "Section 34" notice pursuant to which Thomas would have 30 days to file a formal law suit or its claim would no longer be actionable or (ii) take no action since the claims are not actionable if no action is taken by January of 1999. SDC determined not to file a Section 34 notice since it has had no further communications from Thomas and hedged that as a matter of law Thomas' claims will be non-actionable in 1/99.

## HUD

Case No. 05-97-1249-8: On 7/15/97 Catherine Brown filed a complaint against SDC as agent for Pine Place Limited Partnership with HUD alleging that she was unlawfully discriminated against on the basis of her race (Afr-Amer), sex (female) and family status (children under 18) in the denial of her application to rent an apartment at 342 N. Pine St. No dollar amount of damages is raised in the claim. Race and sex issues are not mentioned in the text of the complaint, which does however challenge SDC's policy of denying applications to families with high levels of unexplained absence from school by teenage children. SDC has filed a response to the complaint denying liability and maintaining that this policy does not discriminate against families with children, but rather against families with truant children and that truancy is a problem clearly recognized by the state and the school board. Further SDC maintains that there is a valid business reason for the policy: the presence of truant teenage children is accompanied, in SDC's experience, by increased levels of vandalism and crime. In a 10/31/97 letter from HUD, SDC was advised that HUD projected a completion of its investigation by 5/1/98. However, SDC has not received any further communication from HUD since the 10/31/97 letter, except that on 8/28/98 the President of SDC was advised by phone that the investigation "is picking back up" and that the President of SDC should expect to receive a Data Request Letter from HUD shortly, which was received by SDC on or about 9/1/98. The investigator identified himself as Michael Shifren from HUD's Columbus, Ohio office. He indicated that he would be out of the office the "first half of September" and that his phone number is (614) 469-5737, Ext. 8174. SDC agrees to reasonably cooperate with IMC in this investigation, but will look to IMC to assemble available documents requested by HUD, which were delivered to SDC to IMC on or about 2/1/98 in connectoin with the turn-over of property management.

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## Injury & Nuisance Suits, Attorney's Liens and Other Matters

(1) Case 96-L-06627: 6800 S. Dorchester (Dorchester Way LP) filed 6/19/96 alleging injuries sustained by Bernice Blair, guest of tenant Phylis McGee on 1/14/94. SDC referred complaint to Hanover Insurance, who retained Loretta Griffin of Law Offices of Loretta M. Griffin. SDC was initially advised that it's maximum exposure was a \$1,000 deductible.

On 8/21/98 Griffin advised SDC that SDC was dismissed as a party defendant by obtaining a summary judgment against the plaintiff. Griffin indicated that the reasons for the summary judgment for SDC are as follows: The plaintiff alleged that she was injured in the bathtub and that the injury would not have been sustained if the bathtub had rubber protectors and/or a grab bar. However, the plaintiff is not a tenant and the lease did not require SDC or the Partnership to provide these improvements. Griffin indicated that as a matter of law, summary judgment was granted because SDC has no duty under the lease or under any other principal of law to the plaintiff.

However, while the complaint was dismissed as to SDC it was not dismissed as to Dorchester Way Limited Partnership, under the mistaken assumption by Griffin that she was not retained to act on behalf of the Partnership. SDC has since asked Griffin to proceed with dismissal of the Partnership and Griffin is in the process of attempting to receive confirmation from Hanover Insurance that she should proceed with a request for summary judgment against the Partnership. Griffin advised SDC that the likelihood of dismissal of the Partnership is very high because SDC received summary judgement based on the facts of the complaint, and, that had Griffin known she was also defending the Partnership, she is confident that she would have obtained summary judgment for the Partnership as well.

(2) Case 97-M1-400195: 137 N. Central (3<sup>rd</sup> floor north) (North Central LP). SDC previously advised IMC that cause was to be heard on 3/9/98, Room 1101, Daley Center at 9:30 a.m in connection with the turn-over of property management on or about 2/1/98. However, a recent computer search by SDC of the records of the Cook County Clerk of Courts indicated that on 6/22/98 judgment was entered exparte for \$460.00 against SDC and North Central Limited Partnership. The complaint alleged defective lead based paint in the unit.

(3) Notice of Attorney Lien: 1962 E. 71<sup>st</sup> Place (Jeffery Partners LP). SDC received a letter dated 2/3/98 from attorney Marc D. Alberts of the Law Offices of Marc D. Alberts, P.C. indicating that he represents Dorothy Walker, a tenant at the property who had an accident on 1/15/98. His letter did not describe the nature of the accident and SDC has no knowledge of the nature of the accident. Mr. Alberts asked that SDC forward his letter to its insurer. On 2/9/98 SDC sent a memo to IMC advising IMC of the matter and requesting that IMC file an incident report with the insurer. On or about that date, SDC sent a copy of the Attorney Lien to Hanover Insurance. On August 26, 1998, SDC

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received another letter from Marc Alberts indicating that he has received no response to his 2/3/98 letter, and that he would file lawsuit if he did not hear from SDC within 30 days from the date of this letter. SDC agrees to cooperate with IMC but will look to IMC to handle this matter with the insurer and Marc Alberts.

(4) Letter from IHDA: 429-91 Jackson Terrace (Jackson Terrace LP). SDC received a letter from IHDA dated August 24, 1998 indicating the Partnership is in non-compliance with the IRS reporting requirements for tax credit projects as compliance information was due to be delivered to IHDA's office by March 1, 1998. In January of 1998, SDC notified IMC of this compliance requirement. SDC agrees to cooperate with IMC but will look to IMC to handle this matter with IHDA and the IRS.

(5) SDC has some knowledge of two other alleged personal injury claims at 542 N. Pine (Pine Place LP) that SDC believes were sustained, if at all, prior to the date that the Partnership took title to the property. SDC believes that it learned about these claims either from the former owner or shortly after the time the Partnership took title to the property. SDC has no knowledge of current lawsuits for either of these matters and discloses all that it knows as follows:

- (a) Notes discovered by SDC from a former property management employee indicate that SDC received on or about 4/94 a Notice of Attorney's Lien, filed April 7, 1994. SDC has received no further information regarding this lien claim and believes there is no actionable claim. SDC has no current knowledge of the identity of the attorney claiming the lien or the amount of the claim. SDC recalls that a former property manager was told by Reginald Purnell, a tenant at the time that his minor child, Katrina Sims sustained personal injuries, the nature of which is not currently known by SDC. A recent litigation search conducted on behalf of SDC does not show anything related to this threatened claim.
- (b) Notes discovered by SDC from a former property management employee indicate that on or about December 3, 1993, prior to SDC's ownership interest in or management of the property a complaint was made by Sharon Clark to the former property owner of personal injuries sustained on the property. A recent litigation search conducted on behalf of SDC does not show anything related to this threatened claim.

The Incoming General Partner shall have no obligation to defend or indemnify the Withdrawing General Partner individually against any third-party litigation or claim, but shall be responsible for the defense of the Partnership and the satisfaction of any liability of the Partnership assumed hereunder, arising from any such litigation or claim that is an Assumed Prior Obligation.



16	16	202	047	7701	1582	0027														
AREA	SUB-AREA	BLOCK	PARCEL	CODE	WAR-RANT	ITEM	SUFFIX	WAR-RANT	ITEM	SUFFIX	FIRST SUFFIX	SECOND SUFFIX	THIRD SUFFIX	CARD						

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**OFFICE OF THE CLERK OF COOK COUNTY, ILLINOIS**  
 PERMANENT REAL ESTATE INDEX NUMBER AND LEGAL DESCRIPTION

VOLUME

**565**

AREA	SUB-AREA	BLOCK	PARCEL	TAX CODE					
16	16	202	47	7701					
SCHOOL TRS SUB	16	39	13		L	B	L		
PART N OF RR									
D G DAVIS SUB 2 &					6)	1			3
					(T09)				

AREA	SUB-AREA	BLOCK	PARCEL	CODE	WAR-RANT	ITEM	SUFFIX	FIRST SUFFIX	SECOND SUFFIX	THIRD SUFFIX	CARD
00	00	00	00	00	00	00	00	0000	0000	0000	00
46	47	48	49	50	51	52	53	54	55	56	57
58	59	60	61	62	63	64	65	66	67	68	69
70	71	72	73	74	75	76	77	78	79	80	
1	1	1	1	1	1	1	1	1111	1111	1111	1
2	2	2	2	2	2	2	2	2222	2222	2222	2
3	3	3	3	3	3	3	3	3333	3333	3333	3
4	4	4	4	4	4	4	4	4444	4444	4444	4
5	5	5	5	5	5	5	5	5555	5555	5555	5
6	6	6	6	6	6	6	6	6666	6666	6666	6
7	7	7	7	7	7	7	7	7777	7777	7777	7
8	8	8	8	8	8	8	8	8888	8888	8888	8
9	9	9	9	9	9	9	9	9999	9999	9999	9

Property of Cook County Clerk's Office