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Eugene "Gene" Moore
Cook County Recorder of Deeds
Date: 06/07/2007 12:09 PM Pg: 1 of 12

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**FIRST AMENDMENT TO
REDEVELOPMENT AGREEMENT
CITY LOTS FOR CITY LIVING PROGRAM**

This First Amendment to City Lots For City Living Program ("First Amendment"), dated as of MAY 15, 2007, is made by and between the City of Chicago, an Illinois municipal corporation, having its offices at City Hall, 121 North LaSalle Street, Chicago, Illinois 60602 ("City"), acting by and through its Department of Housing ("DOH") and Garvey Development, LLC, an Illinois limited liability company, having its principal office at 4250 N. Marine Drive, Unit 1814, Chicago, Illinois 60613 ("Developer"). Capitalized terms not otherwise defined herein shall have the meaning given in the Original Redevelopment Agreement (as defined below).

RECITALS

A. The City, as a home rule unit under the 1970 Constitution of the State of Illinois, has the authority to promote the health, safety and welfare of its inhabitants, to prevent the spread of blight and to encourage private development in order to enhance the local tax base and create employment, and to enter into contractual agreements with third parties for the purpose of achieving the aforesaid purposes.

B. Pursuant to ordinance adopted by the City Council of the City (the "City Council") on July 27, 2005, and published in the Journal of Proceedings of the City Council for such date at pages 53658-53661, the City Council has previously approved the participation of and the conveyance of certain City-owned parcels to the Developer for construction of homes under the City Lots For City Living Program.

C. Pursuant to such ordinance and the City Lots For City Living Program, the City and the Developer have entered into that certain "Redevelopment Agreement City Lots For

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City Living Program" dated as of August 17, 2005 and recorded in the Recorder's Office of Cook County on October 26, 2005 as document no. 0529919092 (the "Original Redevelopment Agreement"). Since the recording of the Original Redevelopment Agreement, the City Lots For City Living Program ordinance has been amended by that certain ordinance adopted on April 26, 2006 and published in the Journal for such date at pages 75201 - 75212 (the "Restated Program Ordinance"), which revised and updated the City Lots For City Living Program ordinance by, among other things, increasing the maximum lot value for City lots that may be conveyed to developers to \$50,000.00 per lot and increasing the maximum base purchase, and making the other changes described in the Restated Program Ordinance. The Original Redevelopment Agreement, as amended by this First Amendment, and as further amended by the Restated Program Ordinance, the terms of which are hereby made applicable to the Project, is hereinafter referred to as the "Redevelopment Agreement."

D. Section 4.6 of the Original Redevelopment Agreement obligated the Developer to complete the construction of all Homes within twelve (12) months of the execution date of the Original Redevelopment Agreement. To date, the Developer has constructed one 6-flat. DOH and the Developer are entering into this First Amendment to extend the completion date for the Project set forth in Section 4.6 to permit the City to convey to the Developer the two remaining parcels included in the Original Redevelopment Agreement and legally described on Exhibit A to this First Amendment (the "Remaining Parcels") and to permit the Developer to construct a second 6-flat on the Remaining Parcels in accordance with the terms of the Redevelopment Agreement, and to make certain other changes to the Redevelopment Agreement in connection with completion of the Project.

NOW, THEREFORE, in consideration of the above recitals and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

SECTION 1. INCORPORATION OF RECITALS.

The recitals set forth above, including, without limitation, the application of the terms of the Restated Program Ordinance to the project contemplated by the Redevelopment Agreement, constitute an integral part of this First Amendment and are incorporated herein by this reference as if fully set forth herein.

SECTION 2. CONFLICT.

In the event of a conflict between the terms of the Original Redevelopment Agreement or the First Amendment and the terms of this First Amendment, the terms of this First Amendment shall govern and control.

SECTION 3. AMENDMENTS TO PRICE LIMITS.

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(a) The reference to "Twenty Thousand Dollars (\$20,000) in Recital E the Original Redevelopment Agreement, shall be amended to read "Fifty Thousand Dollars (\$50,000)," which is the maximum fair market value for City Lots under the Restated Program Ordinance. Such revised limit shall apply to the Remaining Parcels, together with the recapture provisions in Section 8(a) of the Restated Program Ordinance, which recapture provisions shall apply to the full fair market value of the Remaining Parcels (i.e., to both to the first \$50,000 in value, and to any excess value over \$50,000).

(b) The maximum base purchase price for all of the Homes in the Project shall be governed by the Restated Project Ordinance.

SECTION 4. INCORPORATION OF REPRESENTATIONS AND WARRANTIES.

The representations and warranties of the Developer in the Original Redevelopment Agreement, including, without limitation, in Section II thereof, are incorporated herein by reference as if fully set forth herein as the restated and continuing representations and warranties of the Developer.

SECTION 5. CONVEYANCE OF REMAINING PARCELS.

The conveyance of the Remaining Parcels shall be governed by the provisions in Section III of the Original Redevelopment Agreement and such provisions are herein incorporated by reference as if fully set forth herein. In no instance shall of the Remaining Parcels be conveyed after December 31, 2007. The construction of all Homes shall be completed not later than June 30, 2008. Both such outside dates are subject to extension for the occurrence of any Permitted Delay described in Section 6.2 of the Redevelopment Agreement.

SECTION 6. CONSTRUCTION OF THE PROJECT

The construction of Homes on the Remaining Parcels shall be governed by the provisions of Section IV of the Original Redevelopment Agreement, and such provisions are herein incorporated by reference as if fully set forth herein, subject, however, to the following modifications. In lieu of the completion deadlines set forth in Section 4.6 of the Original Redevelopment Agreement, the Developer shall, subject to the occurrence of Permitted Delays described in Section 6.2 of the Redevelopment Agreement, diligently complete the Project by the dates set forth in Section 5 of this First Amendment. The Commissioner of DOH shall have discretion, but no obligation, to extend such dates by executing a written amendment to the Redevelopment Agreement extending such time periods by up to six (6) months for good cause shown.

SECTION 7. PROGRAM COVENANTS.

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The City Lots For City Living Program covenant provisions set forth in Section V of the Original Redevelopment Agreement shall apply to the construction of Homes on the Remaining Parcels and such provisions are herein incorporated by reference as if fully set forth herein, subject, however, to the following modifications, all of which make provisions of the Restated Program Ordinance applicable to the Project:

- (a) Developer shall advise each homebuyer who executes a purchase contract for a Home on a Remaining Parcel that such homebuyer shall be required to execute and record at the time of the homebuyer's closing (and the Developer shall attach as an exhibit to the homebuyer's sales contract) a mortgage, security and recapture agreement in favor of the City (the "City Junior Mortgage"), in the City's customary form then in use, which shall also include the homebuyer's covenant to use the Home as the homebuyer's principal residence, and shall secure all amounts described in the Original Redevelopment Agreement and this First Amendment as being subject to recapture or repayment.
- (b) Homebuyers who execute a purchase contract for any Home in the Project may be charged the maximum base purchase price permitted under this First Amendment.

SECTION 8. PERFORMANCE

The general performance provisions of Section VI of the Original Redevelopment Agreement shall continue to apply to the construction of Homes on the Remaining Parcels and such provisions are herein incorporated by reference as if fully set forth herein.

SECTION 9. MISCELLANEOUS PROVISIONS

The Miscellaneous Provisions of Section VII of the Original Redevelopment Agreement shall continue to apply to the construction of Homes on the Remaining Parcels and such provisions are herein incorporated by reference as if fully set forth herein, except that notices to the Corporation Counsel under Section 7.9 of the Redevelopment Agreement shall be sent to:

City of Chicago
 Department of Law
 121 N. LaSalle Street, Room 600
 Chicago, Illinois 60602
 Attn: Real Estate Division

Notices to the Developer shall be sent to the address given in the preamble of this First Amendment.

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SECTION 10. BUSINESS RELATIONSHIPS.

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

SECTION 11. PATRIOT ACT CERTIFICATION.

Developer represents and warrants that neither Developer nor any Affiliate thereof (as defined in the next paragraph) is listed on any of the following lists maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the Bureau of Industry and Security of the U.S. Department of Commerce or their successors, or on any other list of persons or entities with which the City may not do business under any applicable law, rule, regulation, order or judgment: the Specially Designated Nationals List, the Denied Persons List, the Unverified List, the Entity List and the Debarred List.

As used in the above paragraph, an Affiliate shall be deemed to be a person or entity related to Developer that, directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with Developer, and a person or entity shall be deemed to be controlled by another person or entity, if controlled in any manner whatsoever that results in control in fact by that other person or entity (or that other person or entity and any persons or entities with whom that other person or entity is acting jointly or in concert), whether directly or indirectly and whether through share ownership, a trust, a contract or otherwise.

SECTION 12. PROHIBITION ON CERTAIN CONTRIBUTIONS - MAYORAL EXECUTIVE ORDER 05-01.

Developer agrees that Developer, any person or entity who directly or indirectly has an ownership or beneficial interest in Developer of more than 7.5 percent ("Owners"), spouses

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and domestic partners of such Owners, Developer' contractors (i.e., any person or entity in direct contractual privity with Developer regarding the subject matter of the Redevelopment Agreement) ("Contractors"), any person or entity who directly or indirectly has an ownership or beneficial interest in any Contractor of more than 7.5 percent ("Sub-owners") and spouses and domestic partners of such Sub-owners (Developer and all the other preceding classes of persons and entities are together, the "Identified Parties"), shall not make a contribution of any amount to the Mayor of the City of Chicago (the "Mayor") or to his political fundraising committee (i) after execution of this First Amendment by Developer, (ii) while the Redevelopment Agreement or any Other Contract is executory, (iii) during the term of the Redevelopment Agreement or any Other Contract between Developer and the City, or (iv) during any period while an extension of the Redevelopment Agreement or any Other Contract is being sought or negotiated.

Developer represents and warrants that from the later of (i) February 10, 2005, or (ii) the date the City approached Developer or the date Developer approached the City, as applicable, regarding the Original Redevelopment Agreement, no Identified Parties have made a contribution of any amount to the Mayor or to his political fundraising committee.

Developer agrees that it shall not: (a) coerce, compel or intimidate its employees to make a contribution of any amount to the Mayor or to the Mayor's political fundraising committee; (b) reimburse its employees for a contribution of any amount made to the Mayor or to the Mayor's political fundraising committee; or (c) bundle or solicit others to bundle contributions to the Mayor or to his political fundraising committee.

Developer agrees that the Identified Parties must not engage in any conduct whatsoever designed to intentionally violate this provision or Mayoral Executive Order No. 05-1 or to entice, direct or solicit others to intentionally violate this provision or Mayoral Executive Order No. 05-1.

Developer agrees that a violation of, non-compliance with, misrepresentation with respect to, or breach of any covenant or warranty under this provision or violation of Mayoral Executive Order No. 05-1 constitutes a breach and default under the Redevelopment Agreement, and under any Other Contract for which no opportunity to cure will be granted, unless the City, in its sole discretion, elects to grant such an opportunity to cure. Such breach and default entitles the City to all remedies (including without limitation termination for default) under the Redevelopment Agreement, under any Other Contract, at law and in equity. This provision amends any Other Contract and supersedes any inconsistent provision contained therein.

If Developer intentionally violates this provision or Mayoral Executive Order No. 05-1 prior to the closing of this First Amendment, the City may elect to decline to close the transaction contemplated by this First Amendment.

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For purposes of this provision:

"Bundle" means to collect contributions from more than one source which are then delivered by one person to the Mayor or to his political fundraising committee.

"Other Contract" means any other agreement with the City of Chicago to which Developer is a party that is (i) formed under the authority of chapter 2-92 of the Municipal Code of Chicago; (ii) entered into for the purchase or lease of real or personal property; or (iii) for materials, supplies, equipment or services which are approved or authorized by the City Council of the City of Chicago.

"Contribution" means a "political contribution" as defined in Chapter 2-156 of the Municipal Code of Chicago, as amended.

Individuals are "Domestic Partners" if they satisfy the following criteria:

- (A) they are each other's sole domestic partner, responsible for each other's common welfare; and
- (B) neither party is married; and
- (C) the partners are not related by blood closer than would bar marriage in the State of Illinois; and
- (D) each partner is at least 18 years of age, and the partners are the same sex, and the partners reside at the same residence; and
- (E) two of the following four conditions exist for the partners:
 1. The partners have been residing together for at least 12 months.
 2. The partners have common or joint ownership of a residence.
 3. The partners have at least two of the following arrangements:
 - a. joint ownership of a motor vehicle;
 - b. a joint credit account;
 - c. a joint checking account;
 - d. a lease for a residence identifying both domestic partners as tenants.
 4. Each partner identifies the other partner as a primary beneficiary in a will.

"Political fundraising committee" means a "political fundraising committee" as defined in Chapter 2-156 of the Municipal Code of Chicago, as amended.

SECTION 13. WASTE SECTIONS

In accordance with Section 11-4-1600(e) of the Municipal Code of Chicago, Developer warrants and represents that it, and to the best of its knowledge, its contractors

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and subcontractors, have not violated and are not in violation of the following sections of the Municipal Code of Chicago (collectively, the "Waste Sections"):

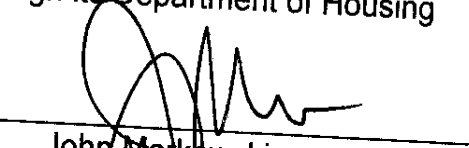
- 7-28-390 Dumping on public way;
- 7-28-440 Dumping on real estate without permit;
- 11-4-1410 Disposal in waters prohibited;
- 11-4-1420 Ballast tank, bilge tank or other discharge;
- 11-4-1450 Gas manufacturing residue;
- 11-4-1500 Treatment and disposal of solid or liquid waste;
- 11-4-1530 Compliance with rules and regulations required;
- 11-4-1550 Operational requirements; and
- 11-4-1560 Screening requirements.

During the period while this Agreement is executory, Developer, Developer's general contractor's or any subcontractor's violation of the Waste Sections, whether or not relating to the performance of this Agreement, constitutes a breach of and an event of default under this Agreement, for which the opportunity to cure, if curable, will be granted only at the sole discretion of the Commissioner. Such breach and default entitles the City to all remedies under the Agreement, at law or in equity. This section does not limit the Developer's, general contractor's and its subcontractors' duty to comply with all applicable federal, state, county and municipal laws, statutes, ordinances and executive orders, in effect now or later, and whether or not they appear in this Agreement. Non-compliance with these terms and conditions may be used by the City as grounds for the termination of this Agreement, and may further affect Developer's eligibility for future contract awards.

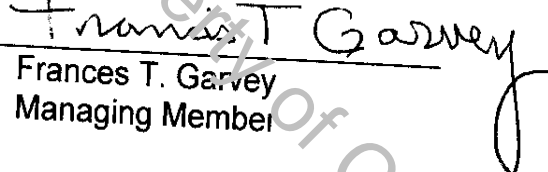
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IN WITNESS WHEREOF, the parties hereto have executed or caused this First Amendment to be executed as of the date first written above.

CITY OF CHICAGO, acting by and through its Department of Housing

By: 
John Markowski
Commissioner

GARVEY DEVELOPMENT, LLC, an Illinois limited liability company

By: 
Frances T. Garvey
Managing Member

THIS INSTRUMENT PREPARED BY, AND AFTER RECORDING, PLEASE RETURN TO:

Assistantt Corporation Counsel
City of Chicago
121 North LaSalle Street, Room 60
Chicago, Illinois 60602
312/744-6933

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EXHIBIT A

List of Remaining Parcels

LEGAL DESCRIPTION

LOTS 21 AND 22 IN JOHN DRAKE'S SUBDIVISION OF THE WEST QUARTER OF THE SOUTHEAST QUARTER LYING NORTH OF LAKE STREET AND SOUTH OF RAILROAD (EXCEPT THE WEST 5.54 CHAINS THEREOF) IN SECTION 11, TOWNSHIP 39 NORTH, RANGE 13, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

Address

PIN

3501 W. Carroll Avenue
3503 W. Carroll Avenue

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