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THIS INSTRUMENT WAS PREPARED
BY AND AFTER RECORDING RETURN

TO: Kristi S. Poskus
Illinois Housing Development

Authority
401 N. Michigan Ave.
Chicago, Illinois 60611

Permanent Tax Index
Identification No.:

14-20-328-013-0000

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14-20-328-015-0000

14-20-328-016-0000

14-20-328-017-0000

14-20-328-018-0000

14-20-328-027-0000

14-20-328-044-0000

14-20-328-045-0000

Property Address: 1501 West Melrose
Chicago, Illinois

HTF-2508



Doc#: 0809326150 Fee: \$72.00
Eugene "Gene" Moore
Cook County Recorder of Deeds
Date: 04/02/2008 02:38 PM Pg: 1 of 19

REGULATORY AND LAND USE RESTRICTION AGREEMENT

THIS REGULATORY AND LAND USE RESTRICTION AGREEMENT (this "Agreement"), made and entered into as of this 1st day of April, 2008 by and between RENAISSANCE SAINT LUKE SLF L.P., an Illinois limited partnership ("Borrower"), and the ILLINOIS HOUSING DEVELOPMENT AUTHORITY (the "Authority"), a body politic and corporate established pursuant to the Illinois Housing Development Act, 20 ILCS 3805/1 *et seq.*, as amended from time to time (the "Act"), having its principal office at 401 N. Michigan Ave., Chicago, Illinois 60611;

4386993 11/22

WITNESSETH:

WHEREAS, Borrower is the fee owner of certain real property upon which a housing development consisting of one hundred seven (107) units (the "Units") will be constructed, legally described in **Exhibit A** attached to and made a part of this Agreement (the "Real Estate"), located at 1501 West Melrose, Chicago, Illinois. The Real Estate and the improvements to be constructed on it are collectively referred to in this Agreement as the "Development"; and

WHEREAS, RRG Renaissance Saint Luke SLF, LLC is the general partner of the Borrower (the "General Partner"); and

WHEREAS, the Authority is the program administrator of the Illinois Affordable Housing
**CERTAIN OF THE PROVISIONS HEREOF MAY CONTINUE IN EFFECT
NOTWITHSTANDING THE PAYMENT IN FULL OF THE LOAN
PRIOR TO THE MATURITY DATE.**

received
[Signature]

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Program, as that program is authorized by the Illinois Affordable Housing Act, 310 ILCS 65/1 *et seq.*, as amended from time to time (the "Trust Fund Act"), and the rules promulgated thereunder (the "Rules"). All capitalized terms used in this Agreement and not otherwise defined shall have the meanings established in the Trust Fund Act or, if not so established, in the Rules; and

WHEREAS, the Authority has agreed to make a loan to Borrower in the amount of One Million and No/100 Dollars (\$1,000,000.00) (the "Loan"), to be used with other monies, if any, for the acquisition, construction and permanent financing of the Development; and

WHEREAS, contemporaneously with the execution and delivery of this Agreement, Borrower has executed and delivered to the Authority its mortgage note (together with any renewals, modifications, extensions, amendments and replacements, the "Note") of even date herewith, as evidence of its indebtedness to the Authority in the principal sum of One Million and No/100 Dollars (\$1,000,000.00); and

WHEREAS, the Loan is evidenced, secured and governed by, among other things: (a) the Conditional Commitment Letter from the Authority to or for the benefit of Borrower dated March 17, 2008 (the "Commitment"); (b) the Loan Agreement (the "Loan Agreement") dated as of the date of this Agreement between Borrower and the Authority; (c) the Note executed by Borrower; (d) that certain Junior Mortgage, Security Agreement and Assignment of Rents and Leases (the "Mortgage") dated as of the date hereof executed by Borrower, as mortgagor, and delivered to the Authority, as mortgagee; (e) that certain Guaranty dated as of the date hereof (the "Guaranty") executed by RRG Development, Inc., the managing member of the General Partner, and Nancy J. Kapp (collectively the "Guarantor") for the benefit of the Authority; (f) that certain Environmental Indemnity (the "Environmental Indemnity") dated as of the date hereof executed by Borrower and the General Partner, as indemnitors, and delivered to the Authority, as indemnitee; and (g) this Agreement. This Agreement, the Commitment, the Note, the Loan Agreement, the Mortgage, the Guaranty, the Environmental Indemnity and all other documents executed by Borrower that evidence, secure or govern the Loan are sometimes collectively referred to in this Agreement as the "Loan Documents"; the other Loan documents are incorporated in this Agreement by this reference; and

WHEREAS, as an inducement to the Authority to make the Loan, Borrower has agreed to enter into this Agreement and consents to be regulated and restricted by the Authority as provided in it, and as provided for in the Trust Fund Act, the Rules, the Act and the rules, regulations, policies and procedures of the Authority promulgated under the Act, all as they may be amended and supplemented from time to time, as applicable.

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

1. **Incorporation**. The foregoing recitals are incorporated in this Agreement by this reference. Capitalized terms not otherwise defined shall have the meanings assigned to in the Loan Agreement.

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2. **Act and Rules.** Borrower agrees that at all times its acts regarding the Development shall be in conformance with the applicable provisions of the Trust Fund Act, the Rules, the Act and the rules, regulations, policies and procedures of the Authority promulgated under the Act, all as they may be amended and supplemented from time to time.

3. **Representations and Agreements.** Borrower further represents and agrees that:

a. At least fifty (50) of the Units shall be occupied by Tenants (as defined in **Paragraph 10** hereof) whose income, at the time of initial occupancy, does not exceed the income limits for Very Low Income Tenants (as defined in **Paragraph 10** hereof); at least forty-seven (47) of the Units shall be occupied by Tenants whose income, at the time of initial occupancy, does not exceed the income limits for Low Income Tenants (as defined in **Paragraph 10** hereof); and the remaining Units shall be occupied by Tenants at market rates;

b. In the advertising, marketing, and rental of Units and the selection of Tenants, Borrower agrees to abide by the terms and conditions of the Tenant Selection Plan executed by Borrower, approved by the Authority, and dated March 30, 2007, as it may be amended from time to time with the prior written consent of the Authority;

c. In the management and operation of the Development, Borrower agrees to abide by the terms and conditions of the Affirmative Fair Housing Marketing Plan; the Management Plan; and the Management Agreement; all as approved by the Authority, as such documents may be amended from time to time with the prior written approval of the Authority. Borrower shall be responsible for ensuring the management agent's compliance with applicable provisions of the Trust Fund Act, the Rules and all applicable ordinances, regulations and statutes and the rules, procedures and requirements of the Authority. At the Authority's direction, Borrower shall terminate the Management Agreement with the management agent and select another management agent satisfactory to the Authority;

d. On forms approved by the Authority, Borrower shall obtain from each prospective Very Low Income Tenant and Low Income Tenant prior to his or her admission to the Development, a certification of income (the "Certification"). Borrower shall submit such Certifications to the Authority in the manner prescribed by the Authority;

e. In the manner prescribed by the Authority, Borrower shall obtain written evidence substantiating the information given on such Certifications and shall retain such evidence in its files at the Development for three (3) years after the year to which such evidence pertains. Within thirty (30) days after the end of each calendar year, Borrower shall certify to the Authority that, at the time of such certification and during the preceding calendar year, Borrower was in compliance with the requirements of this **Paragraph 3**, or, if Borrower is not or has not been in compliance with such requirements, Borrower shall give notice to the Authority of its failure to comply and the corrective action Borrower is taking or has taken;

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f. Borrower shall comply with the rent limitations contained in Section 360.904(c) of the Rules; Borrower shall annually submit a schedule of rents for the Development for the Authority's approval, and shall not change the rent schedule for the Development without the Authority's approval.

g. Borrower shall require all Tenants to execute a lease (the "Lease") in a form approved by the Authority;

h. Borrower shall obtain all federal, state and local governmental approvals required by law for its acquisition, construction, ownership and operation of the Development;

i. Borrower shall not evict any Tenant from the Development without good cause; and

j. Borrower shall design and construct the Development in conformity (i) with applicable federal, state and local statutes, regulations, ordinances, standards and codes (except as otherwise approved by the Authority) and (ii) with all applicable rules, contracts, agreements, procedures, guides and other requirements of the Authority provided to Borrower in writing.

4. **Acts Requiring Authority Approval.** Except as permitted pursuant to the other Loan Documents, Borrower shall not, without the prior written approval of the Authority, which may be given or withheld in the Authority's sole discretion:

a. Convey, transfer or encumber the Development or any part of it, or permit the conveyance, transfer or encumbrance of the Development or any part of it;

b. Convey, assign or transfer any right to manage, or receive the rents and profits from, the Development;

c. Initially rent any Unit for a period other than one (1) year, and after such initial one (1) year period, rent any Unit for less than six (6) months or more than one (1) year;

d. Lease or sublease any non-residential facility in the Development or amend or modify any such lease or sublease, which, to the best of Borrower's knowledge, would result in a conflict of interest between any of the parties to such contracts and the Authority, its board members, officers, employees, agents or members of their respective immediate families; or

e. Require, as a condition of the occupancy or leasing of any Unit in the Development, any consideration or deposit other than the prepayment of the first month's rent plus a security deposit in an amount not to exceed one (1) month's rent to guarantee the performance by the Tenant of the covenants of the Lease. Any funds collected by Borrower

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as security deposits shall be kept separate and apart from all other funds of the Development.

5. **Borrower Duties.** In addition to, but not by way of limitation of, the other duties of Borrower set forth in this Agreement, Borrower shall comply with the following:

a. **Maintenance.** Upon completion of the construction of the Development, Borrower shall maintain the Development and the grounds and equipment appurtenant to it in a decent, safe and sanitary condition, and in a rentable and tenantable state of repair, and in compliance with all applicable federal, state and local statutes, regulations, ordinances, standards and codes.

b. **Management.** Borrower shall provide for the management of the Development in a manner satisfactory to the Authority.

c. **Audit.** The Development and the equipment, buildings, plans, specifications, offices, apparatus, devices, books, contracts, records, documents and other papers relating to it, and the books and records relating to Borrower, shall at all times be maintained in reasonable condition for proper audit, and shall be subject to examination, inspection and copying by the Authority or its agent or representative upon reasonable prior notice during normal business hours, as the Authority reasonably requires.

d. **Financial and Expense Reports.** Within ninety (90) days following the end of the Borrower's fiscal year, in a manner prescribed by the Authority in writing, Borrower shall furnish the Authority with a complete annual financial report for the Development based upon an examination of the books and records of the Development, prepared at Borrower's expense in accordance with the written requirements of the Authority, and certified to Borrower by an Illinois licensed certified public accountant.

e. **Furnishing Information.** At the request of the Authority, Borrower shall furnish such reports, projections, certifications, budgets, operating reports, tax returns and analyses as required pursuant to the statutes, rules and regulations of the Authority and the Trust Fund Act, as amended from time to time, or by other applicable federal or state statutes or requirements, and from time to time shall give specific answers to written questions in connection with Borrower's income, assets, liabilities, contracts and operation, all relating to the Development, and the administration, operation, maintenance, occupancy, financial soundness and physical condition of the Development.

f. **Compliance with Certain Laws.** Borrower shall comply with the provisions of the Environmental Barriers Act (410 ILCS 25/1 *et seq.*, as amended from time to time), the Illinois Accessibility Code (71 Ill. Adm. Code 400), 47 Ill. Adm. Code 310, Subpart I, as amended from time to time, except as otherwise approved by the Authority, and the Americans With Disabilities Act, 42 U.S.C. 12101 *et seq.*, as amended, if applicable, the Executive Order for Reduction of Earthquake Hazards, if applicable; and IHDA's property standards for rehabilitated housing, if applicable.

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6. Accounts.

a. **Replacement Reserve Account.** Unless required by Harris Trust and Savings Bank (the "First Senior Lender") or the City of Chicago, Department of Housing (the "Second Senior Lender") (the First Senior Lender and the Second Senior Lender are collectively referred to herein as the "Senior Lenders"), on or before the Final Closing Date, Borrower shall establish a Replacement Reserve Account (the "Replacement Reserve Account") for the Development with the Authority into which shall be deposited (i) Twenty-Six Thousand Seven Hundred Fifty and No/100 Dollars (\$26,750.00); and (ii) Two Hundred Fifty and No/100 Dollars (\$250.00) per Unit per year, the amount of which deposit shall be subject to the Authority's future review and adjustment; and (iii) such additional sums as are set forth in the construction budget for the construction of the Development for that purpose. Funds held in the Replacement Reserve Account shall be disbursed in accordance with the provisions of this Regulatory Agreement. If the Senior Lenders: (i) do not require a Replacement Reserve Account, or (ii) no longer require one, or (iii) require one for less than the amount required in this Paragraph, the Borrower shall comply with the requirements of this Paragraph, except that if (iii) is applicable, the Borrower shall deposit with the Authority the difference between the requirements of the Senior Lenders and the Authority.

b. **Tax and Insurance Reserve Account.** Unless required by the Senior Lenders, on the later of the Final Closing or January 15, 2010,, Borrower shall deposit with the Authority the amounts not to exceed (i) Two Hundred Thousand and No/100 Dollars (\$200,000.00) for payment of real estate taxes on the Development; and (ii) Eighty-Five Thousand and No/100 Dollars (\$85,000.00) for payment of insurance policies (the "Tax and Insurance Reserve"). The Authority shall deposit the Tax and Insurance Reserve in the tax and insurance reserve account for the Development (the "Tax and Insurance Reserve Account"). Commencing on the first Payment Date (as defined in the Note), Borrower shall pay to the Authority for deposit into the Tax and Insurance Reserve Account monthly payments in an amount sufficient so that (i) as of the first (1st) day of the month before each installment of real estate taxes is due, there shall be on deposit in the Tax and Insurance Reserve Account for real estate taxes an amount equal to one half (1/2) of one hundred five percent (105%) of the real estate tax bill for the Development for the previous calendar year, or such other amount as the Authority shall determine, in its reasonable discretion; and (ii) as of the first (1st) day of the month before the insurance bill is due, there shall be on deposit in the Tax and Insurance Reserve Account for insurance an amount equal to one hundred five percent (105%) of the insurance bill for the Development for the previous calendar year, or such other amount as the Authority shall determine, in its reasonable discretion. If the Senior Lenders: (i) do not require a Tax and Insurance Reserve Account, or (ii) no longer require one, or (iii) require one for less than the amounts required in this Paragraph, the Borrower shall comply with the requirements of this Paragraph, except that if (iii) is applicable, the Borrower shall deposit with the Authority the difference between the requirements of the Senior Lenders and the Authority.

c. **Initial Operating Deficit Reserve (a/k/a Lease Up Reserve):** Unless required by the Senior Lenders, on or before the Final Closing Date, Borrower shall deposit

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with the Authority Four Hundred Ten Thousand and No/100 Dollars (\$410,000.00) for initial operating deficits (the "Initial Operating Deficit Reserve"). The Authority shall deposit the Initial Operating Deficit Reserve in an operating deficit account (the "Initial Operating Deficit Reserve Account") for the Development and which shall be used to fund initial operating deficits for the Development at the Authority's sole direction. If the Senior Lenders: (i) do not require an Initial Operating Deficit Reserve Account, or (ii) no longer require one, or (iii) require one for less than the amount required in this Paragraph, the Borrower shall comply with the requirements of this Paragraph, except that if (iii) is applicable, the Borrower shall deposit with the Authority the difference between the requirements of the Senior Lenders and the Authority.

d. Medicaid Payment Delay Reserve Account. Certain tenants in the Development will receive Medicaid payments (the "Medicaid Payments") that will cover all or a portion of their lease payments to the Development. The State of Illinois will make the Medicaid Payments directly to Borrower. It is, however, anticipated that the receipt of such Medicaid Payments will regularly be delayed (the "Medicaid Payment Delays") by as many as 75 days (the "Payment Delay Period"). Borrower shall create an account on or before the Final Closing Date into which it shall deposit Four Hundred Twenty Thousand and No/100 Dollars (\$420,000.00) as a Medicaid Payment Delay reserve (the "Medicaid Payment Delay Reserve Account"). Borrower shall use the funds in the Medicaid Payment Delay Reserve Account to pay operating costs of the Development, including debt service payments on the Loan to the Authority, during the Payment Delay Period. Upon receiving Medicaid Payments, Borrower shall replenish the Medicaid Payment Delay Reserve Account to the original level set forth in this Paragraph E.3.

Medicaid Budget Risk Reserve Account. Unless required by the Senior Lenders, on or before the Final Closing Date, Borrower shall deposit with the Authority Five Hundred Ninety-Four Thousand Seven Hundred Twelve and No/100 Dollars (\$594,712.00) as a Medicaid budget risk reserve (the "Medicaid Budget Risk Reserve"). The Authority shall deposit the Medicaid Budget Risk Reserve in a Medicaid Budget Risk Reserve account (the "Medicaid Budget Risk Reserve Account") to be established for the Development, and shall hold the Medicaid Budget Risk Reserve Account as security for payment of the Loan. The Authority shall be entitled to draw upon the Medicaid Budget Risk Reserve Account at any time the State of Illinois fails to make timely Medicaid Payments on behalf of the tenants in the Development; Borrower shall replenish in full any draw on the Medicaid Budget Risk Reserve Account. The Authority shall be entitled to hold the Medicaid Budget Risk Reserve Account for the term of the Loan. Any funds remaining in the Medicaid Budget Risk Reserve Account on the Maturity Date (as defined in the Loan Agreement) shall be returned to Borrower, provided that the Loan is not in default on the Maturity Date. If the Senior Lenders: (i) do not require a Medicaid Budget Risk Reserve Account, or (ii) no longer require one, or (iii) require one for less than the amount required in this Paragraph, the Borrower shall comply with the requirements of this Paragraph, except that if (iii) is applicable, the Borrower shall deposit with the Authority the difference between the requirements of the Senior Lenders and the Authority.

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f. **Furniture, Fixtures and Equipment Reserve.** Unless required by the Senior Lenders, on or before the Final Closing, Borrower shall deposit with IHDA (i) Twenty-One Thousand Four Hundred and No/100 Dollars (\$21,400.00); and (ii) Two Hundred and No/100 Dollars (\$200.00) per unit per year as a reserve for furniture, fixtures and equipment (the "F, F, & E Reserve"). The Authority shall deposit the F, F, & E Reserve in a furniture, fixtures and equipment reserve account for the Development (the "F, F, & E Reserve Account"). Funds in the F, F, & E Reserve Account shall be used for costs of replacing furniture, fixtures, equipment and similar items, and shall also serve as additional security for the Loan. If the Senior Lenders: (i) do not require a F, F, & E Reserve Account, or (ii) no longer require one, or (iii) require one for less than the amounts required in this Paragraph, the Borrower shall comply with the requirements of this Paragraph, except that if (iii) is applicable, the Borrower shall deposit with the Authority the difference between the requirements of the Senior Lenders and the Authority.

g. **Interest.** If and to the extent the Senior Lenders do not require funds in the Medicaid Budget Deficit Reserve Account, the F, F, & E Reserve Account, the Replacement Reserve Account, the Initial Operating Deficit Reserve Account and the Tax and Insurance Reserve Account the funds shall be held in an account containing replacement reserves, tax and insurance reserves, operating deficit reserves and other reserves for other Authority-financed developments (the "Authority Reserve Account"); the funds in the Authority Reserve Account will be invested by the Authority in accordance with its then-current standard policies and practices. Earnings on the Authority Reserve Account are pooled and, subject to the terms of the Loan Documents, paid to Borrower in proportion to funds attributable to it, based on the actual earnings from the investment of the funds in the Authority Reserve Account.

h. **Release of Amounts in Accounts.** The funds in the Replacement Reserve Account, the Tax and Insurance Reserve Account, the Initial Operating Deficit Reserve Account, the Medicaid Budget Risk Reserve Account and the F, F, & E Reserve Account (each, an "Account") shall, if held by the Authority, constitute additional security for the repayment of the Loan. If funds in the Account are held by the Authority, the Authority shall have the right, in its sole discretion, to approve each withdrawal of funds, prior to such withdrawal, from the Accounts or any other fund or account established pursuant to this Letter or in connection with the Loan; in the event of a Default, the Authority may, but shall not be required to, draw on the funds in any Account (i) to pay administrative expenses, operating expenses and maintenance expenses of the Development or (ii) to apply such funds against the outstanding principal balance of the Loan or any delinquencies under the Loan. If funds in the Accounts are held by either of the Senior Lenders, the Authority shall have the right to approve, along with either of the Senior Lenders, each withdrawal of funds, prior to such withdrawal, from the Accounts or any other funds or account established pursuant to this Letter or in connection with the Loan. Any such right of the Authority to approve the withdrawal of funds from any accounts established with the Senior Lenders shall be subject to and subordinate to the security interest of any such Senior Lender in such accounts pursuant to the Senior Loan documents.

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7. Non-Discrimination in Housing.

a. Borrower shall not, in the selection of Tenants, in the provision of services, or in any other manner unlawfully discriminate against any person on the grounds of race, color, creed, religion, sex, age, unfavorable military discharge, ancestry, handicap, national origin, marital status, familial status or because the prospective Tenant is receiving governmental rental assistance.

b. Borrower shall comply with all of the provisions of Paragraph 3805/13 of the Act, Paragraph 65/10(a) of the Trust Fund Act and all other provisions of federal, state and local law relating to non-discrimination.

8. Violation of Agreement by Borrower. Upon violation of any of the provisions of this Agreement by Borrower, the Authority may give notice of such violation to Borrower as provided in **Exhibit B** attached to and made a part hereof. If such violation is not corrected to the satisfaction of the Authority within thirty (30) days after such notice, the Authority may declare a default under this Agreement; however if such condition is not reasonably curable within thirty (30) days despite Borrower's reasonable efforts to cure it, Borrower shall have one hundred twenty (120) additional days to cure such default, so long as (i) that cure is commenced within such thirty (30) day period, (ii) Borrower continues to diligently pursue such cure in good faith and (iii) the Authority's security for the Loan is not, in the sole judgment of the Authority, impaired as a result of the existence of such failure; after the expiration of such one hundred fifty (150) day period, the Authority may declare a default under this Agreement, effective on the date of notice of such declaration of default to Borrower, and upon such default, and so long as such default is continuing, the Authority may do the following:

a. Declare the whole of the indebtedness under the Note immediately due and payable and then proceed to exercise the rights and remedies set forth in any Loan Document;

b. Subject to the rights of the Senior Lenders, take possession of the Development, bring any action necessary to enforce any rights of Borrower growing out of the operation of the Development and operate the Development in accordance with the terms of this Agreement until such time as the Authority, in its sole discretion, determines that Borrower is again in a position to operate the Development in accordance with the terms of this Agreement and in compliance with the requirements of the Note;

c. Subject to the rights of the Senior Lenders, collect all rents and charges in connection with the operation of the Development and use such collections to pay Borrower's obligations under this Agreement, the Note, the Mortgage or any other Loan Document and such other obligations of Borrower in connection with the Development and the necessary expenses of preserving and operating it;

d. Apply to any court, state or federal, for specific performance of this

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Agreement, for an injunction against any violation of this Agreement, for the appointment of a receiver to take over and operate the Development in accordance with the terms of this Agreement, or for such other relief as may be appropriate. Because the injury to the Authority arising from a default under any of the terms of this Agreement would be irreparable and the amount of damages would be difficult to ascertain, Borrower acknowledges and agrees that the Authority's remedies at law, in the event of a violation of this Agreement, would be inadequate to assure the Authority's public purpose under the Trust Fund Act; or

e. Exercise such other rights or remedies as may be available to the Authority under this Agreement, at law or in equity.

The Authority's remedies are cumulative and the exercise of one shall not be deemed an election of remedies, nor foreclose the exercise of the Authority's other remedies. No waiver by the Authority of any breach of this Agreement shall be deemed to be a waiver of any other or subsequent breach. The failure or delay of the Authority in exercising any of its rights under this Agreement in any one or more instances, or the exercise of less than all of its rights in any one or more instances, shall not be deemed or construed as a waiver of any such rights.

9. **Termination of Liabilities.** In the event of a sale or other transfer of the Development, all of the duties, obligations, undertakings and liabilities of Borrower or other transferor (the "Transferor") under the terms of this Agreement shall thereafter cease and terminate as to the Transferor, except as to any acts or omissions or obligations to be paid or performed by the Transferor that occurred or arose prior to such sale or transfer. As a condition precedent to the termination of the liability of the Transferor under this Agreement, the transferee of the Development (a "New Borrower"), as a condition precedent to its admission as a New Borrower, shall assume in writing, on the same terms and conditions as apply to the Transferor, all of the duties and obligations of the Transferor arising under this Agreement from and after the date of such sale or transfer. Such assumption shall be in form and substance acceptable to the Authority. Any such New Borrower shall not be obligated with respect to matters or events that occur or arise before its admission as a New Borrower.

10. **Definitions.**

a. "Very Low Income Tenant". As used in this Agreement, the phrase "Very Low Income Tenant" means a single person, family or unrelated persons living together whose adjusted income is less than or equal to fifty percent (50%) of median income of the metropolitan statistical area of Chicago adjusted for family size, as such adjusted income and median income for the area are determined from time to time by the United States Department of Housing and Urban Development for purposes of Section 8 of the United States Housing Act of 1937 (the "Median Income").

b. "Low Income Tenant". As used in this Agreement, the phrase "Low Income Tenant" means a single person, family or unrelated persons living together whose adjusted income is less than or equal to eighty percent (80%) of the Median Income.

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c. "Tenant". As used in this Agreement, the word "Tenant" means a person, family or unrelated persons leasing a Unit in the Development.

11. Term of Agreement; Covenants Run with Development. The covenants and agreements set forth in this Agreement shall encumber the Development and be binding on any New Borrower and any other future owners of the Development and the holder of any legal, equitable or beneficial interest in it for so long as the Note is outstanding and in effect. However, if the date of the cancellation of the Note (the "Cancellation Date") is prior to the date that the Note was originally scheduled to mature (the "Maturity Date"), the covenants and agreements set forth in **Paragraphs 2, 3(a)-(f), 3(i), 5(a), 7, 8(d)-(e), and 9-22** hereof (collectively, the "Continuing Obligations") shall remain in effect for the period of time commencing on the Cancellation Date and ending on the Maturity Date, irrespective of whether the Loan is prepaid voluntarily by Borrower or tendered by any party following an acceleration by the Authority of the Note or enforcement by the Authority of its remedies in connection with the Loan.

Borrower expressly acknowledges that its undertakings and agreements stated in this Agreement are given to induce the Authority to make the Loan and that, even if the Loan has been repaid prior to the Maturity Date, the Borrower's undertaking to perform the Continuing Obligations for the period set forth in the previous paragraph is a condition precedent to the willingness of the Authority to make the Loan.

12. Liability of Borrower – Nonrecourse. Except as otherwise set forth in this **Paragraph 12**, or in the Commitment, the Guaranty and the Environmental Indemnity, Borrower's liability created under the Loan Documents shall be nonrecourse and neither Borrower nor any of Borrower's general or limited partners shall have any personal liability for repayment of the Loan. The Authority shall look only to the Development and its reserves any other funds relating to the Development for repayment of the Loan. The foregoing shall in no way limit (x) Guarantor's liability for completion of the Development pursuant to the Guaranty; and (y) Borrower's liability for damages, for or as a result of, (i) fraudulent acts, or willful and wanton acts or omissions in violation of the provisions of this Agreement and the other Loan Documents, by through or under Borrower; (ii) the fair market value of the personalty or fixtures removed or disposed of from the Development in violation of the terms of the Loan Documents; (iii) the misapplication, in violation of the terms of the Loan Documents, of any funds to the full extent of such misapplied funds or proceeds, including, without limitation, any funds or proceeds received under any insurance policies or awards resulting from condemnation or the exercise of the power of eminent domain; (iv) any misapplication of any security deposits attributable to any leases of Units, failure to pay interest on such security deposits as required by law; and (v) waste committed on the Development to the extent Replacement Reserves are available to remedy such waste and Borrower has failed to remedy the waste despite the written instructions of the Authority; and/or (vii) the occurrence of a Prohibited Transfer (as defined in the Mortgage), without the Authority's prior written consent.

13. Amendment of Agreement. This Agreement shall not be altered or amended without the prior written approval of all of the parties hereto.

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14. **Execution of Conflicting Documents.** Borrower warrants that it has not executed, and it agrees that it shall not execute, any other agreement with provisions contradictory, or in opposition, to the provisions of this Agreement, and that, in any event, the requirements of this Agreement are and shall be paramount and controlling as to the rights and obligations set forth in such other agreement and supersede any other requirements in conflict with this Agreement. To the extent this Agreement conflicts with any provisions or requirements set forth in the Mortgage or the Note, the provisions of the Mortgage or the Note, as the case may be, shall prevail and control. The provisions of this **Paragraph 14** shall not be deemed to be violated by, or violate, the Senior Loan Documents (as defined in the Loan Agreement).

15. **Partial Invalidity.** If any term, covenant, condition or provision of this Agreement, or its application to any circumstance, shall, at any time or to any extent, be determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Agreement, or the application of it to circumstances other than those as to which it is held invalid or unenforceable, shall not be affected by such determination and each term, covenant, condition and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

16. **Successors.** Subject to the provisions of **Paragraph 9** hereof, this Agreement shall bind, and the benefits shall inure to, the parties to this Agreement, their legal representatives, [executors, administrators,] successors in office or interest and assigns; however, Borrower may not assign this Agreement, or any of its obligations under this Agreement, without the prior written approval of the Authority.

17. **Indemnification of the Authority.** Borrower agrees to defend and indemnify and hold harmless the Authority from and against any and all damages, including, but not limited to, any past, present or future claims, actions, causes of action, suits, demands, liens, debts, judgments, losses, costs, liabilities and other expenses, including, but not limited to, reasonable attorneys' fees, costs, disbursements, and other expenses, that the Authority may incur or suffer by reason of or in connection with the Real Estate or the Development; provided, however, that this indemnity shall not apply to events arising from the Authority's gross negligence or willful misconduct. Borrower further agrees that the Authority, if it so chooses, shall have the right to select its own counsel with respect to any such claims.

18. **Gender.** The use of the plural in this Agreement shall include the singular; the singular shall include the plural; and the use of any gender shall be deemed to include all genders.

19. **Captions.** The captions used in this Agreement are used only as a matter of convenience and for reference and in no way define, limit or describe its scope or intent.

20. **Notices.** Notices under this Agreement shall be given as provided in **Exhibit B** hereof.

21. **Counterparts.** This Agreement may be executed in counterparts, and each counterpart shall, for all purposes for which an original of this Agreement must be produced or exhibited, be the Agreement, but all such counterparts shall constitute one and the same instrument.

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22. **Subordination.** This Agreement shall be subject and subordinate in all respects to the Senior Loan Documents (as defined in the Loan Agreement).

(THE REMAINDER OF THIS PAGE IS LEFT BLANK INTENTIONALLY.)

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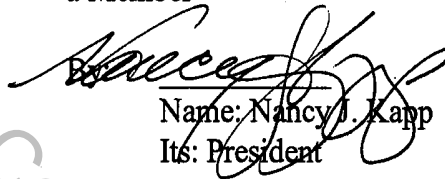
IN WITNESS WHEREOF, the undersigned have caused this Agreement to be executed by their authorized representatives.

BORROWER

RENAISSANCE SAINT LUKE SLF L.P.
an Illinois limited partnership

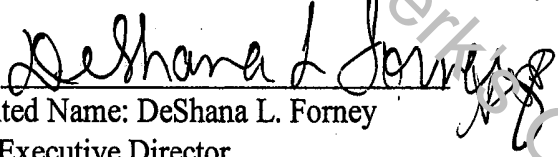
By: RRG Renaissance Saint Luke SLF LLC
an Illinois limited liability company,
its general partner

By: RRG Development, Inc.
an Illinois corporation,
a Member


Name: Nancy J. Kapp
Its: President

AUTHORITY:

ILLINOIS HOUSING DEVELOPMENT AUTHORITY

By: 
Printed Name: DeShana L. Forney
Its: Executive Director

3/18/08/J:\TFFORMS\MF-FORMS\1stloan\regag1st.frm

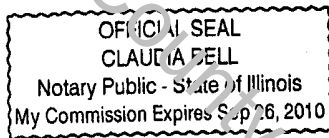
UNOFFICIAL COPY

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

I, the undersigned, a Notary Public in and for the County and State aforesaid, certify that Nancy J. Kapp, personally known to me to be the President of RRG Development, Inc., and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that she signed and delivered the said instrument in her capacity as President of RRG Development, Inc., as his free and voluntary act and deed and as the free and voluntary act and deed of RRG Renaissance Saint Luke SLF LLC, as the general partner of Renaissance Saint Luke SLF L.P., for the uses and purposes therein set forth.

Given under my hand and official seal this 2nd day of April, 2008

Claudia Bell
Notary Public

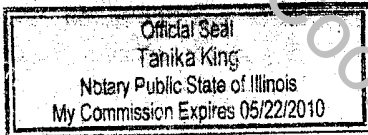


UNOFFICIAL COPY

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

I, the undersigned, a Notary Public in and for the County and State aforesaid, certify that DeShara L. Forney, personally known to me to be the Executive Director of the **ILLINOIS HOUSING DEVELOPMENT AUTHORITY**, and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that she signed and delivered the said instrument in her capacity as Executive Director of the **ILLINOIS HOUSING DEVELOPMENT AUTHORITY** as her free and voluntary act and deed and as the free and voluntary act and deed of the **ILLINOIS HOUSING DEVELOPMENT AUTHORITY** for the uses and purposes therein set forth.

Given under my hand and official seal this 28th day of March, 2008



Tanika King
Notary Public

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EXHIBIT A

LEGAL DESCRIPTION OF REAL ESTATE

THAT PART OF LOTS 50 TO 62, AND OF CERTAIN VACATED EAST-WEST AND NORTH-SOUTH ALLEYS, IN KEMNITZ AND WOLFF'S SUBDIVISION OF THE SOUTHWEST ¼ OF THE SOUTHWEST ¼ OF THE SOUTHWEST ¼ OF SECTION 20, TOWNSHIP 40 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF LOT 56 IN KEMNITZ AND WOLFF'S SUBDIVISION AFORESAID; THENCE NORTH 90 DEGREES 00 MINUTES 00 SECONDS WEST, ALONG THE NORTH LINE OF SAID LOTS 56 TO 62, BEING ALSO THE SOUTH LINE OF WEST MELROSE STREET, A DISTANCE OF 163.00 FEET; THENCE SOUTH 00 DEGREES 00 MINUTES 00 SECONDS WEST, A DISTANCE OF 127.33 FEET; THENCE SOUTH 44 DEGREES 56 MINUTES 24 SECONDS EAST, A DISTANCE OF 19.69 FEET (MEASURED AS SOUTH 45 DEGREES 05 MINUTES 38 SECONDS EAST, 19.73 FEET) TO THE SOUTH LINE OF THE VACATED ALLEY LYING SOUTH OF AND ADJOINING THE SOUTH LINE OF SAID LOTS 50 TO 62; THENCE SOUTH 89 DEGREES 59 MINUTES 37 SECONDS EAST (MEASURED AS SOUTH 89 DEGREES 59 MINUTES 36 SECONDS EAST) ALONG THE SOUTH LINE OF SAID VACATED ALLEY, A DISTANCE OF 195.22 FEET; THENCE NORTH 00 DEGREES 04 MINUTES 40 SECONDS WEST, A DISTANCE OF 63.14 FEET; THENCE NORTH 89 DEGREES 55 MINUTES 20 SECONDS EAST, A DISTANCE OF 104.00 FEET TO THE EAST LINE OF SAID LOT 50; THENCE NORTH 00 DEGREES 04 MINUTES 40 SECONDS WEST ALONG THE EAST LINE OF SAID LOT 50, BEING ALSO THE WEST LINE OF NORTH GREENVIEW AVENUE, A DISTANCE OF 78.00 FEET TO THE NORTHEAST CORNER OF SAID LOT 50; THENCE SOUTH 90 DEGREES 00 MINUTES 00 SECONDS WEST ALONG THE NORTH LINE OF SAID LOTS 50 TO 55, BEING ALSO THE SOUTH LINE OF WEST MELROSE STREET, A DISTANCE OF 150.00 FEET TO THE POINT OF BEGINNING, IN COOK COUNTY, ILLINOIS.

PINS:

14-20-328-013-0000

14-20-328-014-0000

14-20-328-015-0000

14-20-328-016-0000

14-20-328-017-0000

14-20-328-018-0000

14-20-328-027-0000, affects vacated alley and other property

14-20-328-044-0000, affects vacated alley and other property

14-20-328-045-0000

Common Address: 1501 W. Melrose Street, Chicago, IL

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EXHIBIT B

NOTICE PROVISIONS

Any notice, demand, request or other communication that any party may desire or may be required to give to any other party under this document shall be given in writing, at the addresses set forth below, by any of the following means: (a) personal service; (b) overnight courier; or (c) registered or certified United States mail, postage prepaid, return receipt requested.

If to the Authority:

Illinois Housing Development Authority
401 North Michigan Avenue, Suite 900
Chicago, Illinois 60611
Attention: Assistant to the Executive Director for Multifamily Programs

with a copy to:

Illinois Housing Development Authority
401 North Michigan Avenue, Suite 700
Chicago, Illinois 60611
Attention: General Counsel

Renaissance Saint Luke SLF, L.P.
2001 West Churchill Street
Chicago, Illinois 60647
Attention: Nancy J. Kapp

with courtesy copies to:

Applegate & Thorne-Thomsen, P.C.
322 South Green Street
Suite 400
Chicago, Illinois 60607
Attn: Thomas Thorne-Thomsen

and

NEF Assignment Corporation
120 South Riverside Plaza
15th Floor
Chicago, Illinois 60606
Attn: Chief Legal Counsel

In connection with the courtesy copies to Applegate & Thorne-Thomsen, P.C. and NEF

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Assignment Corporation, IHDA will exercise reasonable efforts to provide copies of any notices given to Borrower; however, IHDA's failure to furnish copies of such notices shall not limit IHDA's exercise of any of its rights and remedies under any document evidencing, securing or governing the loan from IHDA to the Borrower.

Such addresses may be changed by notice to the other party given in the same manner as provided in this Exhibit. Any notice, demand, request or other communication sent pursuant to subparagraph (a) shall be served and effective upon such personal service. Any notice, demand, request or other communication sent pursuant to subparagraph (b) shall be served and effective one (1) business day after deposit with the overnight courier. Any notice, demand, request or other communication sent pursuant to subparagraph (c) shall be served and effective three (3) business days after proper deposit with the United States Postal Service.

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