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Doc#: 1033422067 Fee: \$90.00
Eugene "Gene" Moore RHSP Fee: \$10.00
Cook County Recorder of Deeds
Date: 11/30/2010 11:45 AM Pg: 1 of 28

211030

This instrument prepared by
and when recorded return to:
Bryce A. Bares
Assistant Corporation Counsel
City of Chicago
Office of Corporation Counsel
Room 600
121 North LaSalle Street
Chicago, Illinois 60602

SECTION 1602 REGULATORY AGREEMENT

THIS SECTION 1602 REGULATORY AGREEMENT (this "Agreement"), made and entered into as of this 1st day of November, 2010, by and between **EAST LAKE/ LAWNDALE PLAZA, LLC** ("Owner"), an Illinois limited liability company, the **CITY OF CHICAGO**, acting by and through its Department of Community Development (the "City"), 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;

WITNESSETH:

WHEREAS, pursuant to Sections 1404 and 1602 of the American Recovery and Reinvestment Act of 2009 (Public Law 111-5) ("Law"), any guidelines, rules, regulations or notices published by, the Internal Revenue Service, the United States Department of the Treasury (the "Treasury") or the United States Department of Housing and Urban Development ("HUD") from time to time relating to the Law (together with the Law, collectively the "1602 Program Requirements"), the Authority has received grant funds ("1602 Funds") from the Treasury; and

WHEREAS, the City and the Authority have entered into that certain Intergovernmental Agreement, dated as of October 16, 2009, wherein the Authority agreed to sub-grant 1602 Funds to the City (the "City 1602 Sub-grant") to provide 1602 Funds for eligible projects within the
**CERTAIN OF THE PROVISIONS HEREOF MAY CONTINUE IN EFFECT
NOTWITHSTANDING THE PAYMENT IN FULL OF THE GRANT**

Box 430

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City; and

WHEREAS, Owner is the owner of certain real property upon which a housing development consisting of one hundred ninety-eight (198) units (the "Units") has been constructed, legally described in Exhibit A attached to and made a part of this Agreement (the "Real Estate"), located at at 1111 South Kedzie Avenue, 1117 South Kedzie Avenue, 1200-1206 South Kedzie Avenue, 1201-07 South Homan Avenue, 3158 West Roosevelt Road, 3211-3217 West Roosevelt Road, 3245-3251 West Roosevelt Road, 3311-17 West Roosevelt Road, 3345-51 West Roosevelt Road, 1200-06 South Christiana Avenue, 1200-06 South Spaulding Avenue, 1200-1206 South Sawyer Avenue, 1201-1207 South Sawyer Avenue, 3141 West Fillmore Street, 3155 West Fillmore Street, 1104 South Troy Street, and 1114 South Troy Street, all in Chicago, Illinois. The Real Estate and the improvements constructed on it are collectively referred to in this Agreement as the "Development". Any defined terms not defined herein shall be as defined in the Section 1602 Written Agreement ("1602 Agreement") dated as of even date herewith; and

WHEREAS, EAST LAKE MANAGEMENT & DEVELOPMENT CORP., an Illinois corporation, is the sole member of the Owner (the "Member"); and

WHEREAS, Owner desires to obtain from the City: (i) a grant from the City 1602 Subgrant in the amount of Two Million Eight Hundred Forty Thousand Sixty-Two and No/100 Dollars (\$2,840,062) (the "1602 Grant"). Proceeds from the 1602 Grant shall be utilized by Owner for the rehabilitation of the Development and other uses in conformance with the 1602 Program Requirements; the 1602 Grant is and will be evidenced by that certain Mortgage Note of even date herewith (the "1602 Note"), the 1602 Agreement and secured by, among other things, a mortgage on the Real Estate and the improvements on it (the "1602 Mortgage") and by security interests in certain personal property; and

WHEREAS, the 1602 Grant is evidenced, secured and governed by, among other things: (a) the 1602 Agreement; (b) the 1602 Note executed by Owner; (c) the 1602 Mortgage; (d) that certain Guaranty of Completion and Payment dated as of the date hereof (the "Guaranty") executed by the "Guarantor (as defined in the Guaranty) for the benefit of the City; (e) that certain Environmental Indemnity (the "Environmental Indemnity") dated as of the date hereof executed by Owner and others as indemnitors, and delivered to the City, as indemnitee; (f) this Agreement; and (g) the Assignment of Membership Interest of even date herewith (the "Membership Assignment"). This Agreement, the 1602 Note, the 1602 Agreement, the 1602 Mortgage, the Guaranty, the Environmental Indemnity, the Membership Assignment, and all other documents that evidence, secure or govern the 1602 Grant are sometimes collectively referred to in this Agreement as the "1602 Documents"; the other 1602 Documents are incorporated in this Agreement by this reference; and

WHEREAS, as an inducement to the City to make the 1602 Grant, Owner has agreed to enter into this Agreement and consents to be regulated and restricted by the City and the Authority as provided in it, and as provided for in the 1602 Program Requirements, 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.

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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.
2. **Act and Rules**. Owner agrees that at all times its acts regarding the Development shall be in conformance with the applicable provisions of the Act, the 1602 Program Requirements 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**. Owner further represents and agrees that:
 - a. All one hundred ninety-eight (198) of the Units shall be occupied by Tenants (as defined in **Paragraph 9** hereof) whose income, at the time of initial occupancy, does not exceed the income limits for Low Income Tenants (as defined in Paragraph 9 hereof);
 - b. In the advertising, marketing, and rental of Units and the selection of Tenants, Owner agrees to abide by the terms and conditions of the Tenant Selection Plan executed by Owner, approved by the City as it may be amended from time to time with the prior written consent of the City;
 - c. In the management and operation of the Development, Owner 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 City, as such documents may be amended from time to time with the prior written approval of the City. Owner shall be responsible for ensuring the management agent's compliance with the rules, procedures and requirements of the City. At the City's direction, Owner shall terminate the Management Agreement with the management agent and select another management agent satisfactory to the City;
 - d. On forms approved by the City and the City, Owner 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"). Owner shall submit such Certifications to the City in the manner prescribed by the City;
 - e. In the manner prescribed by the City, Owner 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, Owner shall certify to the City that, at the time of such certification and during the preceding calendar year, Owner was in compliance with the requirements of this **Paragraph 3**, or, if Owner is not

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or has not been in compliance with such requirements, Owner shall give notice to the City of its failure to comply and the corrective action Owner is taking or has taken;

f. Owner shall annually submit a schedule of rents for the Development for the City's approval, and shall not change the rent schedule for the Development without the City's approval.

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

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

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

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

4. **Acts Requiring City Approval.** Except as permitted pursuant to the other 1602 Documents, Owner shall not, without the prior written approval of the City, which may be given or withheld in the City'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 Owner's knowledge, would result in a conflict of interest between any of the parties to such contracts and the City or 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

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

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

a. **Maintenance.** Upon completion of the rehabilitation of the Development, Owner 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.** Owner shall provide for the management of the Development in a manner satisfactory to the City.

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 Owner, shall at all times be maintained in reasonable condition for proper audit, and shall be subject to examination, inspection and copying by the City or its agent or representative upon reasonable prior notice during normal business hours, as the City reasonably requires.

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

e. **Furnishing Information.** At the request of the City, Owner shall furnish such reports, projections, certifications, budgets, operating reports, tax returns and analyses as required pursuant to the statutes, rules and regulations of the City, 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 Owner'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. **Relocation Plan.** Any temporary relocation or permanent displacement of Tenants of the Development shall occur only in accordance with the relocation plan as submitted by Owner to, and approved by, the City (the "Relocation Plan"). Owner shall be responsible for ensuring compliance with all provisions of the Relocation Plan.

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g. Compliance with Certain Laws. Owner 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 City, 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 the City's property standards for rehabilitated housing, if applicable. .

6. Non-Discrimination in Housing.

a. Owner 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. Owner shall comply with all of the provisions of Paragraph 3805/13 of the Act and all other provisions of federal, state and local law relating to non-discrimination.

7. Violation of Agreement by Owner. Upon violation of any of the provisions of this Agreement by Owner, the Authority or the City may give notice of such violation to Owner as provided in **Exhibit B** attached to and made a part hereof. If such violation is not corrected to the satisfaction of the Authority or City, respectively, within thirty (30) days after such notice, the Authority or City may declare a default under this Agreement; however if such condition is not reasonably curable within thirty (30) days despite Owner's reasonable efforts to cure it, Owner 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) Owner continues to diligently pursue such cure in good faith, (iii) the City's security for the 1602 Grant is not, in the sole judgment of the City, impaired as a result of the existence of such failure, (iv) a monetary default does not exist, and (v) the cure period contain herein does not extend the cure period, if any, contained in the 1602 Agreement; after the expiration of such one hundred fifty (150) day period, the Authority or the City may declare a default under this Agreement (Notwithstanding the cure periods contained herein, if the 1602 Agreement provides for less time period or no time period for a cure of a Default hereunder, the provisions of the 1602 Agreement shall control), effective on the date of notice of such declaration of default to Owner, and upon such default, and so long as such default is continuing, the Authority or the City may do the following:

a. Declare the whole of the indebtedness under the 1602 Note immediately due and payable and then proceed to exercise the rights and remedies set forth in any 1602 Document;

b. Take possession of the Development, bring any action necessary to enforce any rights of Owner 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 and the City determine that Owner is again in a position to operate the

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Development in accordance with the terms of this Agreement and in compliance with the requirements of the 1602 Note;

- c. Collect all rents and charges in connection with the operation of the Development and use such collections to pay Owner's obligations under this Agreement, the 1602 Note, the 1602 Mortgage or any other 1602 Document and such other obligations of Owner 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 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 or City 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, Owner acknowledges and agrees that the Authority's and City's remedies at law, in the event of a violation of this Agreement, would be inadequate to assure the City's and the Authority's public purpose; or
- e. Exercise such other rights or remedies as may be available to the Authority or the City under this Agreement, at law or in equity.

The Authority's and the City'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 or the City's other remedies. No waiver by the Authority or the City 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 or the City in exercising any of its respective 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.

8. Termination of Liabilities. In the event of a sale or other transfer of the Development, all of the duties, obligations, undertakings and liabilities of Owner 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 Owner"), as a condition precedent to its admission as a New Owner, 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 City. Any such New Owner shall not be obligated with respect to matters or events that occur or arise before its admission as a New Owner.

9. Definitions.

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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 sixty percent (60%) of the Median Income.

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

10. **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 Owner 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 1602 Note is outstanding and in effect. However, if the date of the cancellation of the 1602 Note (the "Cancellation Date") is prior to the date that the 1602 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), 6, 7(d)-(e), and 8** 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 1602 Grant is prepaid voluntarily by Owner or tendered by any party following an acceleration by the City of the 1602 Note or enforcement by the City or the Authority of its respective remedies in connection with the 1602 Documents.

Owner expressly acknowledges that its undertakings and agreements stated in this Agreement are given to induce the City to make the 1602 Grant and that, even if the 1602 Grant has been repaid prior to the Maturity Date, the Owner'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 City to make the 1602 Grant.

11. **Non-Recourse.** Except as otherwise set forth in the Environmental Indemnity and the Guaranty, Owner's liability created under this Agreement and the Section 1602 Documents shall be non-recourse and neither Owner nor the Member shall have any personal liability for repayment of the Section 1602 Grant. The City shall look only to the Development and its reserves and any other funds or letters of credit relating to the Development for repayment of the Section 1602 Grant. The foregoing shall not limit Owner's and Member's liability for damages (or in the case of (xi) hereinbelow, the amount due) 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 Section 1602 Documents; (ii) the fair market value of the personalty or fixtures removed or disposed of from the Development in violation of the terms of the Section 1602 Documents; (iii) the misapplication, in violation of the terms of the Section 1602 Documents, of any funds to the

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full extent of such misapplied funds and 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, or failure to pay interest on such security deposits as required by law; (v) waste committed on the Development to the extent that funds in the Replacement Reserve Account or otherwise available in any property account held by Owner, are available to remedy such waste and Owner has failed to remedy the waste despite the written instructions of the City; (vi) the occurrence of a Prohibited Transfer (as defined in the Section 1602 Mortgage), without the prior written consent of the City; (vii) an oral or written material misrepresentation was made by Owner, any party in the ownership structure of Owner, or any employee or agent of Owner or any other such entity or individual; (viii) [intentionally deleted] (ix) the Owner has violated the single asset requirement; (x) the Owner has delivered a false certification in connection with the Section 1602 Grant; and (xi) the full amount of any Recapture Amount that is due, plus other costs, default interest (on the Recapture Amount), and damages as a result of the Recapture Event. Any liability incurred pursuant to this Section shall be the personal liability of the Owner, Member, and the shareholders the Member. The provisions of this Section shall have no effect on the liabilities and obligations contained in the Guaranty.

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

13. **Execution of Conflicting Documents.** Owner 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 any other 1602 Document, the City shall determine which provision controls.

14. **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.

15. **Successors.** Subject to the provisions of **Paragraph 8** hereof, this Agreement shall bind, and the benefits shall inure to, the parties to this Agreement, their legal representatives, successors in office or interest and assigns; however, Owner may not assign this Agreement, or any of its obligations under this Agreement, without the prior written approval of the City.

16. **Indemnification of the Authority and the City.** Owner agrees to defend and indemnify and hold harmless the Authority and the City from and against any and all damages,

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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 and the City may incur or suffer by reason of or in connection with the Real Estate or the Development, except if arising solely due to the City's or the Authority's gross negligence, willful misconduct or after the City or the Authority take possession of the Premises. Owner further agrees that the Authority and the City, if it they so choose, shall have the right to select their own counsel with respect to any such claims.

17. **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.

18. **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.

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

20. **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.

21. **HUD-Required Provisions Rider.** The HUD-Required Provisions Rider (the "HUD Rider") attached hereto as Exhibit C is hereby incorporated as if fully set forth herein.

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

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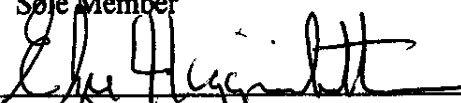
IN WITNESS WHEREOF, the undersigned have caused this Agreement to be executed by their authorized representatives.

OWNER:

EAST LAKE/ LAWNSDALE PLAZA, LLC, an Illinois limited liability company

By: **EAST LAKE MANAGEMENT & DEVELOPMENT CORP.**, an Illinois corporation

Its: Sole Member



By: Etzie L. Higginbottom

Its: President

AUTHORITY:

ILLINOIS HOUSING DEVELOPMENT AUTHORITY

By: _____

Printed Name: _____

Its: _____

CITY:

CITY OF CHICAGO, an Illinois municipal corporation

By: _____

Christine A. Raguso,
Acting Commissioner
Department of Community Development

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

OWNER:

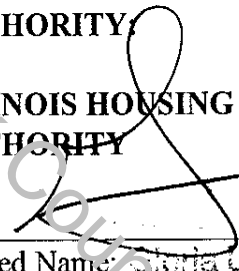
EAST LAKE/ LAWNDALE PLAZA, LLC, an Illinois limited liability company

By: **EAST LAKE MANAGEMENT & DEVELOPMENT CORP.**, an Illinois corporation
Its: Sole Member

By: Elzie L. Higginbottom
Its: President

AUTHORITY:

ILLINOIS HOUSING DEVELOPMENT AUTHORITY

By: 
Printed Name: Gloria L. Matorre
Its: Executive Director

CITY:

CITY OF CHICAGO, an Illinois municipal corporation

By: Christine A. Raguso,
Acting Commissioner
Department of Community Development

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

OWNER:

EAST LAKE/ LAWNDALE PLAZA, LLC, an Illinois limited liability company

By: **EAST LAKE MANAGEMENT & DEVELOPMENT CORP.**, an Illinois corporation
Its: Sole Member

By: Elzie L. Higginbottom
Its: President

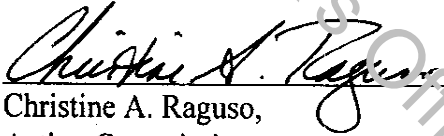
AUTHORITY:

ILLINOIS HOUSING DEVELOPMENT AUTHORITY

By: _____
Printed Name: _____
Its: _____

CITY:

CITY OF CHICAGO, an Illinois municipal corporation

By: 
Christine A. Raguso,
Acting Commissioner
Department of Community Development

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STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

I, the undersigned, a Notary Public in and for the County and State aforesaid, certify that ELZIE L. HIGGINBOTTOM, personally known to me to be the PRESIDENT of EAST LAKE MANAGEMENT & DEVELOPMENT CORP., an Illinois corporation and sole member of EAST LAKE/ LAWNDALE PLAZA, LLC, an Illinois limited liability company, 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 he signed and delivered the said instrument in his capacity as PRESIDENT of EAST LAKE MANAGEMENT & DEVELOPMENT CORP. on behalf of EAST LAKE/ LAWNDALE PLAZA, LLC, as his free and voluntary act and deed and as the free and voluntary act and deed of said companies, for the uses and purposes therein set forth.

Given under my hand and official seal this 29 day of November, 2010.



Lee A. Oller

Notary Public

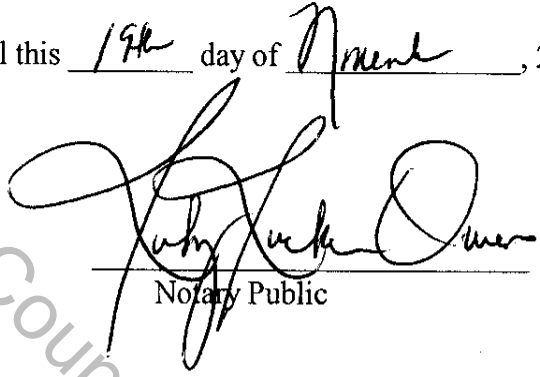
Deputy Clerk's Office

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STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

I, the undersigned, a Notary Public in and for the County and State aforesaid, certify that Gloria L. Materre, 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 19th day of November, 2010.



Notary Public



Notary Public for Cook County Clerk's Office

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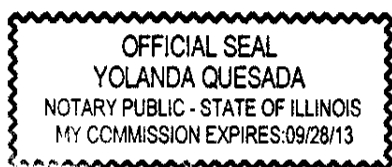
STATE OF ILLINOIS)
) SS
 COUNTY OF COOK)

I, the undersigned, a notary public in and for the said County, in the State aforesaid, DO HEREBY CERTIFY that Christine Raguso, personally known to me to be the Acting Commissioner of the Department of Community Development of the City of Chicago (the "City"), 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, sealed, and delivered said instrument pursuant to the authority given to her by the City, as her free and voluntary act and as the free and voluntary act of the City, for the uses and purposes therein set forth.

GIVEN under my hand and official seal this 29th day of November 2010.

Yolanda Quesada
 Notary Public

(SEAL)



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EXHIBIT A

LEGAL DESCRIPTION OF LAND

ALL PARCELS OF LAND LOCATED IN THE CITY OF CHICAGO COUNTY OF COOK, STATE OF ILLINOIS, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

PARCEL 1:

A TRACT OF LAND BEING, THE NORTH 5.5 FEET OF LOT 8, LOTS 1 TO 7 INCLUSIVE, THE NORTH 5.50 FEET OF LOT 37, LOTS 38 TO 44 INCLUSIVE, AND THAT PORTION OF THE VACATED NORTH-SOUTH ALLEY LYING BETWEEN SAID LOTS IN BLOCK 4, IN WALKER AND ARMOUR'S ADDITION TO CHICAGO, IN THE WEST HALF OF THE SOUTHWEST QUARTER OF SECTION 13, TOWNSHIP 39 NORTH, RANGE 13, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 2:

A TRACT OF LAND BEING, THE SOUTH 9.01 FEET OF LOT 17, LOTS 18 TO 27 INCLUSIVE, THE SOUTH 9.01 FEET OF LOT 28, THAT PORTION OF THE VACATED NORTH-SOUTH ALLEY LYING SOUTH OF THE NORTH LINE OF THE SOUTH 9.01 FEET OF SAID LOTS 17 AND 28, AND THAT PORTION OF THE EAST-WEST VACATED ALLEY LYING NORTH OF SAID LOTS 18 TO 27 INCLUSIVE, IN BLOCK 4, IN WALKER AND ARMOUR'S ADDITION TO CHICAGO, IN THE WEST HALF OF THE SOUTHWEST QUARTER OF SECTION 13, TOWNSHIP 39 NORTH, RANGE 13, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 3:

LOTS 1 THROUGH 10 IN THE SUBDIVISION OF LOT 1 IN BLOCK 3 IN CIRCUIT COURT PARTITION OF THE EAST HALF OF THE NORTHEAST QUARTER AND THAT PART OF THE EAST HALF OF THE SOUTHEAST QUARTER LYING NORTH OF THE CENTER LINE OF OGDEN AVENUE OF SECTION 23, TOWNSHIP 39 NORTH, RANGE 13, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

ALSO:

THE NORTH 125 FEET OF LOT 1 IN BLOCK 2 IN DOWNING, CORNING & PRENTISS DOUGLAS PARK ADDITION TO CHICAGO, BEING A SUBDIVISION OF BLOCK 4 AND LOT 2 IN BLOCK 3 IN CIRCUIT COURT PARTITION, AFORESAID.

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PARCEL 4:

LOTS 1 THROUGH 11 IN BLOCK 1 IN DOWNING, CORNING & PRENTISS' DOUGLAS PARK ADDITION TO CHICAGO, BEING A SUBDIVISION OF BLOCK 4 AND LOT 2 IN BLOCK 3 IN CIRCUIT COURT PARTITION OF THE EAST HALF OF THE NORTHEAST QUARTER AND THAT PART OF THE EAST HALF OF THE SOUTHEAST QUARTER LYING NORTH OF THE CENTER LINE OF OGDEN AVENUE IN SECTION 23, TOWNSHIP 39 NORTH, RANGE 13, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 5:

LOTS 1 THROUGH 10 IN SUB-BLOCK 1 OF BLOCK 2 IN PRESCOTT'S DOUGLAS PARK ADDITION TO CHICAGO, IN SECTION 23, TOWNSHIP 39 NORTH, RANGE 13, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 6:

LOTS 1 THROUGH 10 IN SUB-BLOCK 1 OF BLOCK 1 IN PRESCOTT'S DOUGLAS PARK ADDITION TO CHICAGO IN SECTION 23, TOWNSHIP 39 NORTH, RANGE 13, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

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PARCELS 1 AND 2:

COMMONLY KNOWN AS: 3155 WEST FILLMORE
 1111 SOUTH KEDZIE
 1117 SOUTH KEDZIE
 3141 WEST FILLMORE
 1104 SOUTH TROY
 1114 SOUTH TROY
 3158 WEST ROOSEVELT
 ALL IN CHICAGO, ILLINOIS

P.I.N. NUMBERS: 16-13-324-001-0000; 16-13-324-002-0000; 16-13-324-003-0000;
 16-13-324-004-0000; 16-13-324-013-0000; 16-13-324-014-0000;
 16-13-324-015-0000; 16-13-324-016-0000; 16-13-324-017-0000;
 16-13-324-018-0000; 16-13-324-019-0000; 16-13-324-030-0000;
 16-13-324-031-0000; 16-13-324-032-0000; 16-13-324-033-0000;
 16-13-324-034-0000; 16-13-324-035-0000; 16-13-324-063-0000
 16-13-324-064-0000

PARCELS 3 THROUGH 5:

COMMONLY KNOWN AS: 1201-1207 SOUTH HOMAN
 3345-3351 WEST ROOSEVELT
 1200-1206 SOUTH CHRISTIANA
 3311-3317 WEST ROOSEVELT
 1200-1206 SOUTH SPAULDING
 3245-3251 WEST ROOSEVELT
 1200-1206 SOUTH SAWYER
 1201-1207 SOUTH SAWYER
 3211-3217 WEST ROOSEVELT
 1200-1206 SOUTH KEDZIE
 ALL IN CHICAGO, ILLINOIS

P.I.N. NUMBERS: 16-23-204-001-0000; 16-23-204-002-0000; 16-23-204-003-0000;
 16-23-204-004-0000; 16-23-204-005-0000; 16-23-204-006-0000;
 16-23-204-007-0000; 16-23-204-008-0000; 16-23-205-001-0000;
 16-23-205-002-0000; 16-23-205-003-0000; 16-23-205-004-0000;
 16-23-205-005-0000; 16-23-205-006-0000; 16-23-205-007-0000;
 16-23-205-008-0000; 16-23-205-009-0000; 16-23-205-010-0000;
 16-23-206-001-0000; 16-23-206-002-0000; 16-23-206-003-0000;
 16-23-206-004-0000; 16-23-206-005-0000; 16-23-206-006-0000;
 16-23-206-007-0000; 16-23-207-001-0000; 16-23-207-002-0000;
 16-23-207-003-0000; 16-23-207-004-0000

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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 700
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

If to the City:

Department of Community Development
121 North LaSalle Street
Room 1000
Chicago, Illinois 60602
Attention: Commissioner

with a copy to:

Department of Law
121 North LaSalle Street
Room 600
Chicago, Illinois 60602
Attention: Finance and Economic Development Division

If to Owner:

East Lake/ Lawndale Plaza, LLC
c/o East Lake Management & Development Corp.
2850 S. Michigan Avenue

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Chicago, IL 60616
Attention: Eileen Rhodes

with a courtesy copy to:

Howard M. Richard
Katten Muchin Rosenman LLP
525 W. Monroe Ave.
Chicago, IL 60661

In connection with the courtesy copy, the Authority and the City will exercise reasonable efforts to provide copies of any notices given to Owner; however, the Authority's or the City's failure to furnish copies of such notices shall not limit the Authority's or the City's exercise of any of its rights and remedies under any document evidencing, securing or governing the 1602 Grant from the Authority or the City to the Owner, or effect the validity of the notice.

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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EXHIBIT C

HUD-REQUIRED PROVISIONS RIDER

THIS RIDER (the "Rider") is dated as of November 1, 2010, entered into by and between the CITY OF CHICAGO, an Illinois municipal corporation (the "City"), and EAST LAKE/ LAWNSDALE PLAZA, LLC, an Illinois limited liability company (the "Company" or "Owner"), relating to the property known as Lawndale Terrace and Lawndale Plaza, both located in Chicago, Illinois. In the event of any conflict, inconsistency or ambiguity between the provisions of this Rider and the provisions of the Document, the provisions of this Rider shall control. All capitalized terms used herein and not otherwise defined herein shall have the meaning given to such terms in the Document. As used herein, the term "HUD" shall mean the United States Department of Housing and Urban Development; the term "FHA" shall mean the Federal Housing Administration, an administrative unit within HUD; the term "Project" shall have the same meaning as in the HUD Regulatory Agreement described below; the term "Recorder" shall mean the Recorder of Deeds for Cook County, Illinois; and the term "HUD/FHA Loan Documents" shall mean the following documents relating to the HUD-insured mortgage loan for the Project (Project No. 071-35796):

- A. Commitment for Insurance of Advances dated November 1⁶/₂, 2010, as amended, issued by the Secretary of HUD pursuant to Section 221(d)(4) to Draper and Kramer and assigned to Oppenheimer Multifamily Housing & Healthcare Finance, Inc. ("Mortgagee") in the original amount of \$11,940,000;
- B. Note dated as of November 1, 2010, made by the Owner as payable to the order of Mortgagee in the principal amount of \$11,940,000 (the "Mortgage Note");
- C. Mortgage dated as of November 1, 2010, made by Owner in favor of Mortgagee, and to be recorded with the Recorder encumbering the fee simple interest of Owner in the Project as security for the Mortgage Note (the "Mortgage");
- D. Security Agreement dated as of November 1, 2010, between the Owner, as Debtor, and Mortgagee and the Secretary of HUD as their interests may appear, as secured party;
- E. UCC Financing Statements made by the Owner, as Debtor, in favor of Mortgagee and/or the Secretary of HUD as their interests may appear, as secured party;
- F. Regulatory Agreement for Multifamily Housing Projects, dated as of November 1, 2010, to be recorded with the Recorder, between the Owner and HUD (the "HUD Regulatory Agreement");
- G. Building Loan Agreement dated as of November 1, 2010, between Owner and Mortgagee (the "Loan Agreement");

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H. Assignment of Rents and Leases dated as of November 1, 2010, to be recorded with the Recorder, made by Owner in favor of Mortgagee (the "Lease Assignment"); and

I. Assignment of Contracts and Documents dated as of November 1, 2010, made by Owner in favor of Mortgagee (the "Contract Assignment").

Notwithstanding anything else in this Rider to the contrary, the provisions of this Rider shall be and remain in full force and effect only so long as HUD is the insurer or holder of the Mortgage; thereafter, this Rider shall be deemed no longer in effect.

R-1 Notwithstanding anything in the Document to the contrary, the provisions of the Document are subordinate to all applicable Federal statutes, HUD mortgage insurance regulations and related HUD directives and administrative requirements; other than those HUD mortgage insurance regulations, related HUD directives and/or administrative requirements which have been waived in writing by HUD with respect to the Project. The provisions of the Document are also expressly subordinate to the HUD/FHA Loan Documents. In the event of any conflict between the Document and the provisions of applicable Federal statutes, HUD mortgage insurance regulations, related HUD directives and administrative requirements, or HUD/FHA Loan Documents, the Federal statutes, HUD mortgage insurance regulations, related HUD directives and administrative requirements and HUD/FHA Loan Documents shall control, unless waived in writing by HUD with respect to the Project.

R-2 Failure on the part of the Company to comply with the covenants contained in the Document shall not serve as the basis for default on any HUD-insured or HUD-held mortgage on the Project.

R-3 Compliance by the Company with the provisions and covenants of the Document and enforcement of the provisions and covenants contained in the Document, but not limited to, any indemnification provisions or covenants, will not and shall not result in any claim or lien against the Project (except for the City's mortgage liens and UCC filings), any asset of the Project, the proceeds of the Mortgage, any reserve, or deposit required by HUD in connection with the Mortgage transaction or the rents or other income from the Project, other than distributable "surplus cash" (as that term is defined in the HUD Regulatory Agreement).

R-4 No amendment to the Document made after the date of the HUD initial endorsement of the Mortgage Note shall have any force or effect until and unless such amendment is approved in advance in writing by HUD. No amendment made after the aforesaid date to any HUD/FHA Loan Document shall be binding upon the City unless the City has consented thereto in writing.

R-5 Unless waived in writing by HUD with respect to the Project, any action prohibited or required by HUD pursuant to applicable Federal law, HUD regulations, HUD directives and administrative requirements or the HUD/FHA Loan Documents, shall supersede any conflicting provision of the Document; and the performance or failure to perform of the Company in accordance with such laws, regulations, directives, administrative requirements or HUD/FHA Loan Documents shall not constitute an event of default under the Document.

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R-6 So long as HUD is the insurer or holder of any mortgage on the Project or any indebtedness secured by a mortgage on the Project, the Company shall not and is not permitted to pay any amount required to be paid under the provisions of the Document except from distributable Surplus Cash, as such term is defined in, and in accordance with the conditions prescribed in the HUD Regulatory Agreement. Failure to pay when due any such required amount due to a lack of distributable Surplus Cash shall not be an event of default under the Document but such amount shall accrue and be payable when there is sufficient available Surplus Cash, or at the unaccelerated maturity date of the Mortgage Note whichever shall first occur.

R-7 In the event of the appointment, by any court, of any person, other than HUD or Mortgagee as a receiver, as a mortgagee or party in possession, or in the event of any enforcement of any assignment of leases, rents, issues, profits, or contracts contained in the Document, with or without court action, no rents, revenue or other income of the Project collected by the receiver, person in possession or person pursuing enforcement as aforesaid, shall be utilized for the payment of interest, principal or any other amount due and payable under the provisions of the Document, except from distributable Surplus Cash in accordance with the HUD Regulatory Agreement. The receiver, person in possession or person pursuing enforcement shall operate the Project in accordance with all provisions of the HUD/FHA Loan Documents.

R-8 A duplicate of each notice given, whether required or permitted to be given, under the provisions of the Document shall also be given to:

Department of Housing and Urban Development
 77 West Jackson Boulevard
 Chicago, IL 60604
 Attention: Director of Multifamily Housing
 Project No. 071-35796

HUD may designate any further or different addresses for such duplicate notices.

R-9 Notwithstanding anything in the Document to the contrary, and expressly excepting residential leases and subleases which conform to the HUD Regulatory Agreement and HUD directives and policies, the Company and its successors and assigns may sell, convey, transfer, lease, sublease or encumber the Project or any part thereof (collectively "Activities"), provided it obtains the prior written consent of HUD to any such sale, conveyance, transfer, lease, sublease or encumbrance. Notwithstanding anything in the Document to the contrary, the Company may make application to HUD for approval of a Transfer of Physical Assets (together with the Activities, the "Actions") in accordance with HUD regulations, directives and policies. A duplicate copy of such application shall be served on the City. Within 90 days after such service, the City shall serve written notice of its approval of such Actions, or of its requirements for approval of such Actions, on HUD, the Mortgagee and the Company. No such Actions shall occur or be effective until the requirements shall have been satisfied. In the event the City fails to serve such notices on HUD, the Mortgagee and the Company within said time, then any consent by HUD to such Actions shall be deemed to be the City's prior written consent to such

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Actions and consummation of such Actions shall not be a default under the Document.

R-10 Notwithstanding anything in the Document to the contrary, the provisions of this HUD-Required Rider are for the benefit and are enforceable by HUD and the Mortgagee.

R-11 This Rider may be executed in several counterparts, which shall be treated as originals for all purposes, and all so executed shall constitute one agreement, binding on all of the parties, notwithstanding that all parties are signatory to the original or the same counterpart. Any such counterpart shall be admissible into evidence as an original hereof against the party who executed it.

R-12 Intentionally Deleted.

R-13 The Document and all covenants and provisions therein and all lien rights created thereby, if any, shall automatically terminate in the event of a foreclosure or deed in lieu of foreclosure of any mortgage insured or held by HUD with respect to the Project or any portion thereof. Upon such termination, the City shall furnish to HUD and the Mortgagee such releases and other documentation as HUD or the Mortgagee shall deem necessary or convenient to confirm or evidence such termination.

R-14 Intentionally Deleted.

R-15 The City may not exercise any rights to replace or remove any of the members of the Owner without the written consent of HUD.

R-16 If the Document relates to the granting of funds made available to the City under Sections 1404 and 1602 of the Law ("Section 1602"), or the rights and remedies of the City relating to Section 1602, the City shall not, without the prior written consent of HUD, and notwithstanding any contrary provisions in the Document: (i) collect the Recapture Amount (as defined in that certain 1602 Written Agreement between the City and the Owner dated as of November 1, 2010 ("Written Agreement")) from the Owner or the Project, but the City may pursue its remedies to collect the Recapture Amount from the members of Owner, any guarantors, or any other parties that have agreed to be liable to the City for such funds, (ii) pursue any remedies for any default under the Written Agreement or any other document evidencing, governing or securing the grant made by the City to the Owner ("1602 Grant Documents"), other than for a Recapture Event (as defined in the Written Agreement), (iii) charge interest of any type, including default interest, to the Owner pursuant to the Grant Documents, (iv) accelerate any amount due under the Grant Documents, except pursuant to a Recapture Event, and (v) present for collection any letters of credit held by it, or apply any reserves held by it to any amounts due under the Grant Documents.

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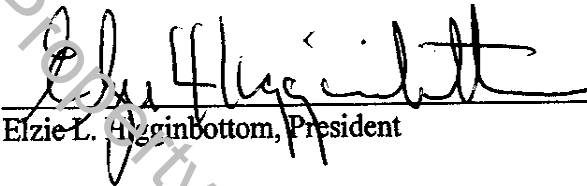
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Executed as of the date set forth above.

OWNER:

EAST LAKE/ LAWNSDALE PLAZA, LLC
an Illinois limited liability company

By: **EAST LAKE MANAGEMENT & DEVELOPMENT CORP.**
an Illinois corporation, its sole member

By: 
Elzie L. Higginbottom, President

CITY OF CHICAGO, an Illinois municipal corporation

By: _____
Christine Raguso, Acting Commissioner
Department of Community Development

ILLINOIS HOUSING DEVELOPMENT AUTHORITY
a body politic and corporate

By: _____
Its: _____

Property of Cook County Clerk's Office

UNOFFICIAL COPY

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an Illinois limited liability company

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an Illinois corporation, its sole member

By: _____
Elzie L. Heginbottom, President

CITY OF CHICAGO, an Illinois municipal corporation

By: *Christine Raguso*
Christine Raguso, Acting Commissioner
Department of Community Development

ILLINOIS HOUSING DEVELOPMENT AUTHORITY,
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CITY OF CHICAGO, an Illinois municipal corporation

By: _____
Christine Raguso, Acting Commissioner
Department of Community Development

ILLINOIS HOUSING DEVELOPMENT AUTHORITY,
a body politic and corporate

By: _____
Its: Executive Director

Property of Cook County Clerk's Office