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Eugene "Gene" Moore RHSP Fee: \$10.00  
Cook County Recorder of Deeds  
Date: 08/24/2011 04:23 PM Pg: 1 of 19

## REGULATORY AGREEMENT FOR MULTIFAMILY HOUSING PROJECTS

PREPARED BY/RETURN TO:  
TALBOTT AND ASSOCIATES  
6819 ELM ST. #3  
MCLEAN, VA 22101

FIRST AMERICAN

File # NCS 480357 AKALAS

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19

**UNOFFICIAL COPY****Regulatory Agreement for  
Multifamily Housing Projects**

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

When Recorded Return to:  
Talbot and Associates  
6819 Elm St. #3  
McLean, VA 22101

**Under Sections 207, 220, 221(d)(4), 231 and 232, Except Nonprofits**

Project Number 071-11240		Mortgagee OPPENHEIMER MULTIFAMILY HOUSING & HEALTHCARE FINANCE, INC.	
Amount of Mortgage Note \$14,160,000.00		Date As of August 1, 2011	
Mortgage Recorded Book	State ILLINOIS	County COOK Page	Date August _____, 2011
			Originally endorsed for insurance under Section 207 pursuant to 223(f)

This Agreement entered into this as of the 1st day of August, 2011 between RICHTON SQUARE APARTMENTS LLC, an Illinois limited liability company whose address is 300 South Wacker Drive, Suite 200, Chicago, Illinois 60606

their successors, heirs, and assigns (jointly and severally, hereinafter referred to as Owners) and the undersigned Secretary of Housing and Urban Development and his successors (hereinafter referred to as Secretary).

In consideration of the endorsement for insurance by the Secretary of the above described note or in consideration of the consent of the Secretary to the transfer of the mortgaged property or the sale and conveyance of the mortgaged property by the Secretary, and in order to comply with the requirements of the National Housing Act, as amended, and the Regulations adopted by the Secretary pursuant thereto, Owners agree for themselves, their successors, heirs and assigns, that in connection with the mortgaged property and the project operated thereon and so long as the contract of mortgage insurance continues in effect, and during such further period of time as the Secretary shall be the owner, holder or reinsurer of the mortgage, or during any time the Secretary is obligated to insure a mortgage on the mortgaged property:

1. Owners, except as limited by paragraph 17 hereof, assume and agree to make promptly all payments due under the note and mortgage.
2. (a) Owners shall establish or continue to maintain a reserve fund for replacements by the allocation to such reserve fund in a separate account with the mortgagee or in a safe and responsible depository designated by the mortgagee, concurrently with the beginning of payments towards amortization of the principal of the mortgage insured or held by the Secretary of an amount equal to \$ 8,550.00 per month unless a different date or amount is approved in writing by the Secretary. An initial deposit of \$684,000.00 is made by Owner. Such fund, whether in the form of a cash deposit or invested in obligations of, or fully guaranteed as to principal by, the United States of America shall at all times be under the control of the mortgagee. Disbursements from such fund, whether for the purpose of effecting replacement of structural elements and mechanical equipment of the project or for any other purpose, may be made only after receiving the consent in writing of the Secretary. In the event that the owner is unable to make a mortgage note payment on the due date and that payment cannot be made prior to the due day of the next such installment or when the mortgagee has agreed to forgo making an election to assign the mortgage to the Secretary based on a monetary default, or to withdraw an election already made, the Secretary is authorized to instruct the mortgagee to withdraw funds from the reserve fund for replacements to be applied to the mortgage payment in order to prevent or cure the default. In addition, in the event of a default in the terms of the mortgage, pursuant to which the loan has been accelerated, the Secretary may apply or authorize the application of the balance in such fund to the amount due on the mortgage debt as accelerated.
- (b) Where Owners are acquiring a project already subject to an insured mortgage, the reserve fund for replacements to be established will be equal to the amount due to be in such fund under existing agreements or charter provisions at the time Owners acquire such project, and payments hereunder shall begin with the first payment due on the mortgage after acquisition, unless some other method of establishing and maintaining the fund is approved in writing by the Secretary.
3. Real property covered by the mortgage and this agreement is described in Schedule A attached hereto.  
(This paragraph 4 is not applicable to cases insured under Section 232.)
4. (a) Owners shall make dwelling accommodation and services of the project available to occupants at charges not exceeding those established in accordance with a rental schedule approved in writing by the Secretary, for any project subject to regulation of rent by the Secretary. Accommodations shall not be rented for a period of less than thirty (30) days, or, unless the mortgage is insured under Section 231, for more than three years. Commercial facilities shall be rented for such use and upon such terms as approved by the Secretary. Subleasing of dwelling accommodations, except for subleases of single dwelling accommodations by the tenant thereof, shall be prohibited without prior written approval of Owners and the Secretary and any lease shall so provide. Upon discovery of any unapproved sublease, Owners shall immediately demand cancellation and notify the Secretary thereof.
- (b) Upon prior written approval by the Secretary, Owners may charge to and receive from any tenant such amounts as from time to time may be mutually agreed upon between the tenant and the Owners for any facilities and/or services which may be furnished by the Owners or others to such tenant upon his request, in addition to the facilities and services included in the approved rental schedule. Approval of charges for facilities and services is not required for any project not subject to regulation of rent by the Secretary.
- (c) For any project subject to regulation of rent by the Secretary, the Secretary will at any time entertain a written request for a rent increase properly supported by substantiating evidence and within a reasonable time shall:

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- (i) Approve a rental schedule that is necessary to compensate for any net increase, occurring since the last approved rental schedule, in taxes (other than income taxes) and operating and maintenance cost over which Owners have no effective control or;
- (ii) Deny the increase stating the reasons therefor.
5. (a) If the mortgage is originally a Secretary-held purchase money mortgage, or is originally endorsed for insurance under any Section other than Sections 231 or 232 and is not designed primarily for occupancy by elderly persons, Owners shall not in selecting tenants discriminate against any person or persons by reason of the fact that there are children in the family.
- (b) If the mortgage is originally endorsed for insurance under Section 221, Owners shall in selecting tenants give to displaced persons or families an absolute preference or priority of occupancy which shall be accomplished as follows:
- (1) For a period of sixty (60) days from the date of original offering, unless a shorter period of time is approved in writing by the Secretary, all units shall be held for such preferred applicants, after which time any remaining unrented units may be rented to non-preferred applicants;
- (2) Thereafter, and on a continuing basis, such preferred applicants shall be given preference over non-preferred applicants in their placement on a waiting list to be maintained by the Owners; and
- (3) Through such further provisions agreed to in writing by the parties.
- (c) Without the prior written approval of the Secretary not more than 25% of the number of units in a project insured under Section 231 shall be occupied by persons other than elderly persons.
- (d) All advertising or efforts to rent a project insured under Section 231 shall reflect a bona fide effort of the Owners to obtain occupancy by elderly persons.
6. Owners shall not without the prior written approval of the Secretary:
- (a) Convey, transfer, or encumber any of the mortgaged property, or permit the conveyance, transfer or encumbrance of such property.
- (b) Assign, transfer, dispose of, or encumber any personal property of the project, including rents, or pay out any funds except from surplus cash, except for reasonable operating expenses and necessary repairs.
- (c) Convey, assign, or transfer any beneficial interest in any trust holding title to the property, or the interest of any general partner in a partnership owning the property, or any right to manage or receive the rents and profits from the mortgaged property.
- (d) Remodel, add to, reconstruct, or demolish any part of the mortgaged property or subtract from any real or personal property of the project.
- (e) Make, or receive and retain, any distribution of assets or any income of any kind of the project except surplus cash and except on the following conditions:
- (1) All distributions shall be made only as of and after the end of a semiannual or annual fiscal period, and only as permitted by the law of the applicable jurisdiction;
- (2) No distribution shall be made from borrowed funds, prior to the completion of the project or when there is any default under this Agreement or under the note or mortgage;
- (3) Any distribution of any funds of the project, which the party receiving such funds is not entitled to retain hereunder, shall be held in trust separate and apart from any other funds; and
- (4) There shall have been compliance with all outstanding notices of requirements for proper maintenance of the project.
- (f) Engage, except for natural persons, in any other business or activity, including the operation of any other rental project, or incur any liability or obligation not in connection with the project.
- (g) Require, as a condition of the occupancy or leasing of any unit in the project, any consideration or deposit other than the prepayment of the first month's rent plus a security deposit in an amount not in excess of one month's rent to guarantee the performance of the covenants of the lease. Any funds collected as security deposits shall be kept separate and apart from all other funds of the project in a trust account the amount of which shall at all times equal or exceed the aggregate of all outstanding obligations under said account.
- (h) Permit the use of the dwelling accommodations or nursing facilities of the project for any purpose except the use which was originally intended, or permit commercial use greater than that originally approved by the Secretary.
7. Owners shall maintain the mortgaged premises, accommodations and the grounds and equipment appurtenant thereto, in good repair and condition. In the event all or any of the buildings covered by the mortgage shall be destroyed or damaged by fire or other casualty, the money derived from any insurance on the property shall be applied in accordance with the terms of the mortgage.
8. Owners shall not file any petition in bankruptcy or for a receiver or insolvency or for reorganization or composition, or make any assignment for the benefit of creditors or to a trustee for creditors, or permit an adjudication in bankruptcy or the taking possession of the mortgaged property or any part thereof by a receiver or the seizure and sale of the mortgaged property or any part thereof under judicial process or pursuant to any power of sale, and fail to have such adverse actions set aside within forty-five (45) days.
9. (a) Any management contract entered into by Owners or any of them involving the project shall contain a provision that, in the event of default hereunder, it shall be subject to termination without penalty upon written request by the Secretary. Upon such request Owners shall immediately arrange to terminate the contract within a period of not more than thirty (30) days and shall make arrangements satisfactory to the Secretary for continuing proper management of the project.
- (b) Payment for services, supplies, or materials shall not exceed the amount ordinarily paid for such services, supplies, or materials in the area where the services are rendered or the supplies or materials furnished.
- (c) The mortgaged property, equipment, buildings, plans, offices, apparatus, devices, books, contracts, records, documents, and other papers relating thereto shall at all times be maintained in reasonable condition for proper audit and subject to examination and inspection at any reasonable time by the Secretary or his duly authorized agents. Owners shall keep copies of all written contracts or other instruments which affect the mortgaged property, all or any of which may be subject to inspection and examination by the Secretary or his duly authorized agents.

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- (d) The books and accounts of the operations of the mortgaged property and of the project shall be kept in accordance with the requirements of the Secretary.
- (e) Within sixty (60) days following the end of each fiscal year the Secretary shall be furnished with a complete annual financial report based upon an examination of the books and records of mortgagor prepared in accordance with the requirements of the Secretary, prepared and certified to by an officer or responsible Owner and, when required by the Secretary, prepared and certified by a Certified Public Accountant, or other person acceptable to the Secretary.
- (f) At request of the Secretary, his agents, employees, or attorneys, the Owners shall furnish monthly occupancy reports and shall give specific answers to questions upon which information is desired from time to time relative to income, assets, liabilities, contracts, operation, and condition of the property and the status of the insured mortgage.
- (g) All rents and other receipts of the project shall be deposited in the name of the project in a financial institution, whose deposits are insured by an agency of the Federal Government. Such funds shall be withdrawn only in accordance with the provisions of this Agreement for expenses of the project or for distributions of surplus cash as permitted by paragraph 6(e) above. Any Owner receiving funds of the project other than by such distribution of surplus cash shall immediately deposit such funds in the project bank account and failing so to do in violation of this Agreement shall hold such funds in trust. Any Owner receiving property of the project in violation of this Agreement shall hold such funds in trust. At such time as the Owners shall have lost control and/or possession of the project, all funds held in trust shall be delivered to the mortgagee to the extent that the mortgage indebtedness has not been satisfied.
- (h) If the mortgage is insured under Section 232:
- (1) The Owners or lessees shall at all times maintain in full force and effect from the state or other licensing authority such license as may be required to operate the project as a nursing home and shall not lease all or part of the project except on terms approved by the Secretary.
  - (2) The Owners shall suitably equip the project for nursing home operations.
  - (3) The Owners shall execute a Security Agreement and Financing Statement (or other form of chattel lien) upon all items of equipment, except as the Secretary may exempt, which are not incorporated as security for the insured mortgage. The Security Agreement and Financing Statement shall constitute a first lien upon such equipment and shall run in favor of the mortgagee as additional security for the insured mortgage.
    - (i) If the mortgage is insured under Section 231, Owners or lessees shall at all times maintain in full force and effect from the state or other licensing authority such license as may be required to operate the project as housing for the elderly.
10. Owners will comply with the provisions of any Federal, State, or local law prohibiting discrimination in housing on the grounds of race, color, religion or creed, sex, or national origin, including Title VIII of the Civil Rights Act of 1968 (Public Law 90-284; 82 Stat. 73), as amended, Executive Order 11063, and all requirements imposed by or pursuant to the regulations of the Department of Housing and Urban Development implementing these authorities (including 24 CFR Parts 100, 107 and 110, and Subparts I and M of Part 200).
11. Upon a violation of any of the above provisions of this Agreement by Owners, the Secretary may give written notice thereof, to Owners, by registered or certified mail, addressed to the addresses stated in this Agreement, or such other addresses as may subsequently, upon appropriate written notice thereof to the Secretary, be designated by the Owners as their legal business address. If such violation is not corrected to the satisfaction of the Secretary within thirty (30) days after the date such notice is mailed or within such further time as the Secretary determines is necessary to correct the violation, without further notice the Secretary may declare a default under this Agreement effective on the date of such declaration of default and upon such default the Secretary may:
- (a) (i) If the Secretary holds the note - declare the whole of said indebtedness immediately due and payable and then proceed with the foreclosure of the mortgage.
    - (ii) If said note is not held by the Secretary - notify the holder of the note of such default and request holder to declare a default under the note and mortgage, and holder after receiving such notice and request, but not otherwise, at its option, may declare the whole indebtedness due, and thereupon proceed with foreclosure of the mortgage, or assign the note and mortgage to the Secretary as provided in the Regulations.
  - (b) Collect all rents and charges in connection with the operation of the project and use such collections to pay the Owners' obligations under this Agreement and under the note and mortgage and the necessary expenses of preserving the property and operating the project.
  - (c) Take possession of the project, bring any action necessary to enforce any rights of the Owners growing out of the project operation, and operate the project in accordance with the terms of this Agreement until such time as the Secretary in his discretion determines that the Owners are again in a position to operate the project in accordance with the terms of this Agreement and in compliance with the requirements of the note and mortgage.
  - (d) Apply to any court, State or Federal, for specific performance of this Agreement, for an injunction against any violation of the Agreement, for the appointment of a receiver to take over and operate the project in accordance with the terms of the Agreement, or for such other relief as may be appropriate, since the injury to the Secretary arising from a default under any of the terms of this Agreement would be irreparable and the amount of damage would be difficult to ascertain.
12. As security for the payment due under this Agreement to the reserve fund for replacements, and to secure the Secretary because of his liability under the endorsement of the note for insurance, and as security for the other obligations under this Agreement, the Owners respectively assign, pledge and mortgage to the Secretary their rights to the rents, profits, income and charges of whatsoever sort which they may receive or be entitled to receive from the operation of the mortgaged property, subject, however, to any assignment of rents in the insured mortgage referred to herein. Until a default is declared under this Agreement, however, permission is granted to Owners to collect and retain under the provisions of this Agreement such rents, profits, income, and charges, but upon default this permission is terminated as to all rents due or collected thereafter.

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### 13. As used in this Agreement the term:

- (a) "Mortgage" includes "Deed of Trust", "Chattel Mortgage", "Security Instrument", and any other security for the note identified herein, and endorsed for insurance or held by the Secretary;
- (b) "Mortgagee" refers to the holder of the mortgage identified herein, its successors and assigns;
- (c) "Owners" refers to the persons named in the first paragraph hereof and designated as Owners, their successors, heirs and assigns;
- (d) "Mortgaged Property" includes all property, real, personal or mixed, covered by the mortgage or mortgages securing the note endorsed for insurance or held by the Secretary;
- (e) "Project" includes the mortgaged property and all its other assets of whatsoever nature or wheresoever situate, used in or owned by the business conducted on said mortgaged property, which business is providing housing and other activities as are incidental thereto;
- (f) "Surplus Cash" means any cash remaining after:
- (1) the payment of:
    - (i) All sums due or currently required to be paid under the terms of any mortgage or note insured or held by the Secretary;
    - (ii) All amounts required to be deposited in the reserve fund for replacements;
    - (iii) All obligations of the project other than the insured mortgage unless funds for payment are set aside or deferment of payment has been approved by the Secretary; and
  - (2) the segregation of:
    - (i) An amount equal to the aggregate of all special funds required to be maintained by the project; and
    - (ii) All tenant security deposits held.
- (g) "Distribution" means any withdrawal or taking of cash or any assets of the project, including the segregation of cash or assets for subsequent withdrawal within the limitations of Paragraph 6(e) hereof, and excluding payment for reasonable expenses incident to the operation and maintenance of the project.
- (h) "Default" means a default declared by the Secretary when a violation of this Agreement is not corrected to his satisfaction within the time allowed by this Agreement or such further time as may be allowed by the Secretary after written notice;
- (i) "Section" refers to a Section of the National Housing Act, as amended.
- (j) "Displaced persons or families" shall mean a family or families, or a person, displaced from an urban renewal area, or as the result of government action, or as a result of a major disaster as determined by the President pursuant to the Disaster Relief Act of 1970.
- (k) "Elderly person" means any person, married or single, who is sixty-two years of age or over.

14. This instrument shall bind, and the benefits shall inure to, the respective Owners, their heirs, legal representatives, executors, administrators, successors in office or interest, and assigns, and to the Secretary and his successors so long as the contract of mortgage insurance continues in effect, and during such further time as the Secretary shall be the owner, holder, or reinsurer of the mortgage, or obligated to reinsure the mortgage.

15. Owners warrant that they have not, and will not, execute any other agreement with provisions contradictory of, or in opposition to, the provisions hereof, and that, in any event, the requirements of this Agreement are paramount and controlling as to the rights and obligations set forth and supersede any other requirements in conflict therewith.

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

17. The following Owners: **RIGHTON SQUARE APARTMENTS LLC**,  
an Illinois limited liability company

Do not assume personal liability for payments due under the note and mortgage, or for the payments to the reserve for replacements, or for matters not under their control, provided that said Owners shall remain liable under this Agreement only with respect to the matters hereinafter stated; namely:

- (a) for funds or property of the project coming into their hands which, by the provisions hereof, they are not entitled to retain; and
- (b) for their own acts and deeds or acts and deeds of others which they have authorized in violation of the provisions hereof.

(To be executed with formalities for recording a deed to real estate.)

SEE SIGNATURE PAGE ATTACHED

SEE 10-YEAR NEEDS ASSESSMENT ATTACHED HERETO





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## EXHIBIT "A"/ SCHEDULE "A"

### PARCEL 1:

THE SOUTH 750 FEET (EXCEPT THE EAST 405.00 FEET THEREOF) OF THE FOLLOWING DESCRIBED PARCEL OF LAND:

THAT PART OF THE WEST 1/2 OF THE NORTHWEST 1/4 OF SECTION 35, TOWNSHIP 35 NORTH, RANGE 13, EAST OF THE THIRD PRINCIPAL MERIDIAN, LYING EAST OF THE EAST OF THE EAST RIGHT-OF-WAY LINE OF THE ILLINOIS CENTRAL RAILROAD AND NORTH OF A LINE WHICH IS 976.50 FEET NORTH OF AN PARALLEL WITH THE SOUTH LINE OF SAID WEST 1/2 OF THE NORTHWEST 1/4 (EXCEPTING FROM SAID TRACT OF LAND THAT PART THEREOF DESCRIBED AS FOLLOWS: A STRIP OF LAND 20 FEET WIDE LYING ON THE EAST SIDE OF AND ADJOINING THE PRESENT 200 FOOT RIGHT-OF-WAY OF THE ILLINOIS CENTRAL RAILROAD COMPANY, BOUNDED AND DESCRIBED AS FOLLOWS: BEGINNING AT A POINT IN THE EAST LINE OF SAID PRESENT RIGHT-OF-WAY 235 FEET SOUTHERLY FROM THE POINT WHERE SAID RIGHT-OF-WAY LINE INTERSECTS THE NORTH LINE OF SAID SECTION 35 AND RUNNING THENCE SOUTHERLY ALONG SAID RIGHT-OF-WAY LINE 889 FEET; THENCE EAST ON A LINE PARALLEL TO SAID NORTH SECTION LINE TO A POINT THAT IS 20 FEET PERPENDICULARLY DISTANT, EASTERLY FROM SAID RIGHT-OF-WAY LINE; THENCE NORTHERLY PARALLEL TO THE SAID RIGHT-OF-WAY LINE 881 FEET TO A POINT OPPOSITE TO THE POINT OF BEGINNING; THENCE WESTERLY AT RIGHT ANGLES 20 FEET TO A POINT OF BEGINNING), IN COOK COUNTY, ILLINOIS.

### PARCEL 2:

THAT PART OF THE WEST 1/2 OF THE NORTHWEST 1/4 OF SECTION 35, TOWNSHIP 35 NORTH, RANGE 13, EAST OF THE THIRD PRINCIPAL MERIDIAN, LYING EAST OF THE EAST RIGHT-OF-WAY LINE OF THE ILLINOIS CENTRAL RAILROAD AND NORTH OF A LINE WHICH IS 976.50 FEET NORTH OF AND PARALLEL WITH THE SOUTH LINE OF SAID WEST 1/2 OF THE NORTHWEST 1/4 IN COOK COUNTY, ILLINOIS (EXCEPTING FROM SAID TRACT THAT PART THEREOF DESCRIBED AS FOLLOWS: A STRIP OF LAND 20 FEET WIDE, LYING ON THE EAST SIDE OF AND ADJOINING THE PRESENT 200 FOOT RIGHT-OF-WAY OF THE ILLINOIS CENTRAL RAILROAD COMPANY, BOUNDED AND DESCRIBED AS FOLLOWS: BEGINNING AT A POINT IN THE EAST LINE OF SAID PRESENT RIGHT-OF-WAY, 235 FEET SOUTHERLY FROM THE POINT WHERE SAID RIGHT-OF-WAY LINE INTERSECTS THE NORTH LINE OF SAID SECTION 35 AND RUNNING THENCE SOUTHERLY ALONG SAID RIGHT-OF-WAY LINE 889 FEET; THENCE EAST ON A LINE PARALLEL TO SAID NORTH SECTION LINE TO A POINT THAT IS 20 FEET PERPENDICULARLY DISTANT, EASTERLY FROM SAID RIGHT-OF-WAY LINE; THENCE NORTHERLY PARALLEL TO THE SAID RIGHT-OF-WAY LINE 881 FEET TO A POINT OPPOSITE TO THE POINT OF BEGINNING; THENCE WESTERLY AT RIGHT ANGLES 20 FEET TO A POINT OF BEGINNING (EXCEPTING FROM THE ABOVE DESCRIBED TRACT OF LAND THE SOUTH 750 FEET THEREOF) ALSO (EXCEPTING THEREFROM THAT PART OF THE SAUK TRAIL RIGHT-OF-WAY DESCRIBED AS FOLLOWS: BEGINNING AT THE INTERSECTION OF THE NORTH LINE OF SAID NORTHWEST 1/4 WITH THE WEST LINE OF THE 4 RODS WIDE PUBLIC HIGHWAY (PRESENT RICHTON SQUARE) AS LAID OUT BY TOWNSHIP COMMISSIONERS ON OCTOBER 15, 1858, SAID WEST LINE BEING THE WEST LINE OF THE EAST 2 RODS OF THE WEST 20 CHAINS OF SAID NORTHWEST 1/4; THENCE SOUTH ON SAID WEST LINE TO THE SOUTH LINE OF THE NORTH 45 FEET OF SAID NORTHWEST 1/4; THENCE WEST PARALLEL WITH THE NORTH LINE OF SAID NORTHWEST 1/4 TO A POINT 209 FEET WEST OF AND 45 FEET SOUTH OF THE NORTHEAST CORNER OF THE WEST 1/2 OF SAID NORTHWEST 1/4 (AS MEASURED ON SAID NORTH LINE AND AT RIGHT ANGLES THERETO); THENCE SOUTH AT RIGHT ANGLES TO THE NORTH LINE OF SAID NORTHWEST 1/4 5 FEET; THENCE WEST PARALLEL WITH SAID NORTH LINE TO THE SOUTHEASTERLY RIGHT-OF-WAY LINE OF THE 200 FOOT ILLINOIS CENTRAL RAILROAD; THENCE NORTHEASTERLY ON SAID SOUTHEASTERLY RIGHT-OF-WAY LINE TO THE NORTH LINE OF SAID NORTHWEST 1/4; THENCE EAST ON SAID NORTH LINE TO THE PLACE OF BEGINNING), IN COOK COUNTY, ILLINOIS.



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*Exhibit "A" / Schedule "A" (continued)*

PARCEL 3:

PERPETUAL NON-EXCLUSIVE EASEMENT FOR THE BENEFIT OF, AND APPURTENANT TO, PARCELS 1 AND 2 FOR INGRESS AND EGRESS, THE USE OF POOLS AND OTHER RECREATION FACILITIES, DATED JANUARY 23, 1974 AND RECORDED MARCH 14, 1974 AS DOCUMENT 2743016, ALL IN, OVER, AND ALONG, THE LAND DESCRIBED ON EXHIBIT C-1 ATTACHED TO AND FORMING A PART OF SAID DECLARATION OF EASEMENTS, ALL IN COOK COUNTY, ILLINOIS.

PPN: 31-35-100-002-0000  
31-35-100-036-0000  
31-35-100-037-0000

COMMON ADDRESSES: 22300 Richton Square Road, Richton Park, Illinois

Property of Cook County Clerk's Office

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## 10 YEAR NEEDS ASSESSMENT



Property of Cook County Clerk's Office

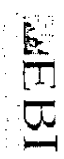
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**TABLE 3d - FUNDING SCHEDULE FOR 37-YEAR REPLACEMENT RESERVE SCHEDULES**

Richton Square Apartments 22300 Richton Square Road Richton Park, Illinois EBI Project #		Property Type: Multifamily Apartments No. of units: 342 Square feet: 310,093 Analysis Term: 37		Initial Deposit Realty: \$ 684,000 \$ 2,000 /Unit Annual Deposit Realty: \$ 102,600 \$ 300 /Unit	
<b>Near Term (NT)</b>					
Year 1					
Year 2					
Year 3					
Year 4					
Year 5					
Year 6					
Year 7					
Year 8					
Year 9					
Year 10					
<b>10 Year Total</b>					
<b>Long Term (LT)</b>					
Year 11					
Year 12					
Year 13					
Year 14					
Year 15					
Year 16					
Year 17					
Year 18					
Year 19					
Year 20					
<b>11-20 Year Total</b>					
<b>31-37 Year Total</b>					
<b>1-37 Year Total</b>					

Annual Deposit Increase (5-10)	\$ 145,000	Realty RR Dollars	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21
Annual Deposit Increase (1-15)	5%	Realty Annual Deposit:	102,600	102,600	102,600	102,600	102,600	102,600	102,600	102,600	102,600	102,600	102,600
		Residual Balance with 2.5% Interest:	786,600	788,285	790,612	789,483	758,984	708,757	669,969	626,701	584,510	555,489	521,133
		Residual Balance with 2.5% Interest:	560,297	497,179	414,902	312,282	203,115	118,911	43,183	(698,259)	(264,054)	(107,138)	(1,071,434)
		Remainder Term (RT)	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	
		Realty RR Dollars	153,859	227,494	322,259	278,093	434,759	417,650	433,069	454,075	456,513	325,363	3,433,133
		Realty Annual Deposit:	145,000	152,250	159,863	167,856	176,248	185,061	194,314	204,030	214,231	224,943	2,249,443
		Residual Balance with 2.5% Interest:	560,297	497,179	414,902	312,282	203,115	118,911	43,183	(698,259)	(264,054)	(107,138)	(1,071,434)
		Remainder Term (RT)	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	
		Realty RR Dollars	335,964	379,298	245,561	300,847	204,328	224,262	297,304	295,697	393,099	414,289	3,090,650
		Realty Annual Deposit:	236,190	247,999	260,399	273,419	287,090	287,090	287,090	287,090	287,090	287,090	2,249,443
		Residual Balance with 2.5% Interest:	(1,221,633)	(1,305,730)	(1,400,164)	(1,460,407)	(1,420,287)	(1,391,393)	(1,326,649)	(1,140,100)	(847,021)	(527,424)	(1,071,434)
		Remainder Term (RT)	2042	2043	2044	2045	2046	2047	2048				
		Realty RR Dollars	387,123	468,858	495,107	538,829	780,022	714,086	648,346	4,033,372			
		Realty Annual Deposit:	301,445	316,517	332,343	348,960	366,408	384,728	403,965				
		Residual Balance with 2.5% Interest:	(1,230,911)	(1,215,331)	(1,355,550)	(1,240,955)	(1,098,236)	(931,284)	(789,167)				
		Remainder Term (RT)	2042	2043	2044	2045	2046	2047	2048				



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## TABLE 3 - REPLACEMENT RESERVES

**Richton Square Apartments**  
 27300 Richton Square Road  
 Richton Park, Illinois  
 EBI Project # 11110533

Site Survey Date: 2/14/2011  
 Report Date: 2/25/2011  
 Property Type: Multifamily Apartments  
 Number of Buildings: 12

Building Area: 310,093  
 Number of Units: 342  
 Property Age: 39 to 43  
 Analysis Term: 37

Number of Floors: 3

SECTION NUMBER	SECTION NAME	RECOMMENDED WORK	AVERAGE EFFECTIVE USEFUL LIFE (YR)	REMAINING USEFUL LIFE	TOTAL QUANTITY OVER TERM	APPROXIMATE QUANTITY	UNIT COST	UNIT COST w/ RS Means Location Factor	UNIT DESCRIPTION	ESTIMATED COST	ANNUAL COST										RECOMMENDED TOTAL OVER 10-YR TERM					
											2012	2013	2014	2015	2016	2017	2018	2019	2020	2021						
3.1	Floors	None	5	1-3	2-4	1,323,000	220,500	\$0.25	\$0.29	square foot	\$63,945													\$ 1,27,890		
3.2	Roofs	Repoint brick roofing, rekey and tamping Asphalt overlay (2.5")	25	11-13	12-14	294,000	220,500	\$0.75	\$0.87	square foot	\$191,935														\$ 18,182	
3.2	Roofs	Rekey	20	2-18	2-18	10,530	5,850	\$4.50	\$5.18	linear foot	\$30,303	\$6,061													\$ 4,025	
3.3	Roofs	Center-line sidewalk repairs (liner foot allowed)	12	6	6	3	1	\$3,500	\$4,025	linear foot	\$4,025														\$ 2,300	
3.3	Roofs	Pool pump and filter replacement	15	11	4	3	1	\$2,000	\$2,300	linear foot	\$2,300														\$ 1,021.7	
3.3	Roofs	Pool heater replacement	20	10	20	1	1	\$8,500	\$9,775	linear foot	\$9,775														\$ 1,021.7	
3.3	Roofs	Resurface pool	20	10	10	1,050	575	\$16.59	\$19.08	linear foot	\$19,080														\$ 1,021.7	
3.3	Roofs	Replace 6 wooden bus of fence	40	15	25	125	125	\$44.00	\$50.60	linear foot	\$6,325														\$ 1,021.7	
3.3	Roofs	Replace 6 steel/bamboo fence																							\$ 1,021.7	
3.4	Roofs	None																							\$ 1,021.7	
3.4	Roofs	None																							\$ 1,021.7	
3.3	Roofs	None																							\$ 1,021.7	
<b>BUILDING CONDITIONS</b>																										
4.1	Roofs	None																							\$ 34,724	
4.2	Roofs	None	40	32-36	4-8	16,375	16,375	\$1.80	\$2.02	square foot	\$34,724														\$ 34,724	
4.3	Roofs	None	30	1-10	20-29	14,945	14,945	\$1.91	\$2.40	square foot	\$32,879														\$ 34,724	
4.3	Roofs	None	20	5-9	11-15	67,510	33,755	\$1.07	\$1.34	square foot	\$38,997														\$ 34,724	
4.3	Roofs	None	8	0	10	59,276	14,944	\$1.83	\$0.96	square foot	\$14,346														\$ 34,724	
4.3	Roofs	None	30	4-5	23-26	7,260	7,260	\$2.3	\$2.63	square foot	\$30,409														\$ 18,071	
4.3	Roofs	None	20	1-17	3-19	412	228	\$170.00	\$196.00	each	\$44,688														\$ 18,071	
4.4	Roofs	None	35	2-6	23-33	325	325	\$300.00	\$300.00	each	\$97,500														\$ 18,071	
4.4	Roofs	None	35	0-1	34-35	195	195	\$300.00	\$300.00	each	\$58,500														\$ 18,071	
4.4	Roofs	None	35	1-5	30-34	57	47	\$1,000	\$1,000	each	\$57,000														\$ 18,071	
4.4	Roofs	None	30	2-6	24-28	215	215	\$800.00	\$800.00	each	\$172,000														\$ 18,071	
4.4	Roofs	None	30	-1-1	29-31	127	127	\$800.00	\$800.00	each	\$101,600														\$ 18,071	
4.4	Roofs	None	35	26-30	5-9	133	133	\$186.00	\$214.00	each	\$28,462														\$ 18,071	
4.4	Roofs	None	35	21-23	10-14	133	133	\$186.00	\$214.00	each	\$28,462														\$ 18,071	
4.4	Roofs	None	35	0-2	35-35	76	76	\$186.00	\$214.00	each	\$16,264														\$ 18,071	
4.4	Roofs	None	35	4-8	7-3	72	72	\$121.9	\$140.2	each	\$103,944														\$ 18,071	
4.4	Roofs	None	35	4-8	7-3	72	72	\$121.9	\$140.2	each	\$103,944														\$ 18,071	
4.4	Roofs	None	20	1-5	11-19	20	12	\$45,000	\$45,000	building	\$139,569														\$ 18,071	
4.5	Roofs	None	20	6-10	0-14	40,250	20,375	\$5.95	\$6.85	square foot	\$81,927														\$ 18,071	
4.5	Roofs	None	15	3	14	7,920	3,960	\$1.80	\$2.07	square foot	\$8,197														\$ 18,071	
4.5	Roofs	None	10	6-10	20-24	23,280	23,280	\$2.45	\$2.82	square foot	\$58,650														\$ 18,071	
4.5	Roofs	None	20	5	15-19	15,611	9,757	\$3.85	\$3.28	linear foot	\$32,002														\$ 18,071	
4.6	Roofs	None																							\$ 18,071	
4.7	Roofs	None																							\$ 18,071	
4.8	Roofs	None																							\$ 18,071	







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## TABLE 3 - REPLACEMENT RESERVES

**Table 3 - Replacement Reserves**  
 Riefton Square Apartments  
 21300 Riefton Square Road  
 Riefton Park, Illinois  
 EB1 Project # 11110533  
 Site Survey Date: 2/14/2011  
 Report Date: 2/25/2011  
 Property Type: Multifamily Apartments  
 Number of Buildings: 12  
 Number of Floors: 3  
 Building Area: 310,093  
 Number of Units: 342  
 Property Age: 39 to 43  
 Analyst Term: 37

SECTION NUMBER	SECTION NAME	RECOMMENDED WORK	AVERAGE EFFECTIVE USEFUL LIFE	AVERAGE EFFECTIVE AGE	REMAINING USEFUL LIFE	TOTAL QUANTITY OVER TERM	APPROXIMATE QUANTITY	UNIT COST	UNIT COST w/ RS Means Location Factor	UNIT DESCRIPTION	ESTIMATED COST	YEAR 11	YEAR 12	YEAR 13	YEAR 14	YEAR 15	YEAR 16	YEAR 17	YEAR 18	YEAR 19	YEAR 20	RECOMMENDED TOTAL OVER 11-20 YR TERM	
<b>INTERIOR FINISHES &amp; COMPONENTS</b>																							
4.9.1	4.9.1	Ceiling replacement - common area	8	2.2	5.6	11,250	11,500	\$2.67	\$3.07	square foot	\$35,305											\$ 35,305	
4.9.1	4.9.1	Replace service air ducting	35	11-12	23-24	2,850	2,850	\$5.48	\$6.31	square foot	\$17,294												\$ 17,294
4.9.1	4.9.1	Very die flooring replacement - common area	8	3.7	1.5	1,032	215	\$621.00	\$621.00	unit	\$133,515												\$ 133,515
4.9.1	4.9.1	Carpet replacement - apartment unit (Rfl)	8	0.2	4.8	509	127	\$621.00	\$621.00	unit	\$78,867												\$ 78,867
4.9.1	4.9.1	Carpet replacement - apartment unit (Rfl)	12	7.11	1.5	435	145	\$351.00	\$351.00	unit	\$50,715												\$ 50,715
4.9.1	4.9.1	Very die flooring replacement - apartment unit (Rfl)	12	2.6	6.10	435	145	\$352.00	\$352.00	unit	\$50,800												\$ 50,800
4.9.1	4.9.1	Very die flooring replacement - apartment unit (Rfl)	12	0.1	11.12	156	52	\$352.00	\$352.00	unit	\$18,280												\$ 18,280
4.9.1	4.9.1	Refrigerator replacement	15	11-13	2.4	53	52	\$370.00	\$370.00	each	\$19,240												\$ 19,240
4.9.1	4.9.1	Refrigerator replacement	13	6.10	5.9	53	205	\$370.00	\$370.00	each	\$75,310												\$ 75,310
4.9.2	4.9.2	Refrigerator replacement	18	6.10	5.9	221	85	\$370.00	\$370.00	each	\$31,450												\$ 31,450
4.9.2	4.9.2	Refrigerator replacement	18	1.6	2	48	34	\$326.00	\$326.00	each	\$15,612												\$ 15,612
4.9.2	4.9.2	Stove replacement	18	1.10	8.12	410	205	\$236.00	\$236.00	each	\$48,024												\$ 48,024
4.9.2	4.9.2	Stove replacement	19	6.10	8.12	410	205	\$236.00	\$236.00	each	\$48,380												\$ 48,380
4.9.2	4.9.2	Stove replacement	18	1.5	13.17	138	69	\$236.00	\$236.00	each	\$16,284												\$ 16,284
4.9.2	4.9.2	Stove replacement	15	11-13	2.4	204	68	\$190.00	\$190.00	each	\$12,920												\$ 12,920
4.9.2	4.9.2	Disposal unit replacement	15	6.10	5.9	355	137	\$190.00	\$190.00	each	\$26,030												\$ 26,030
4.9.2	4.9.2	Disposal unit replacement	15	0.2	13.15	6	3	\$119.9	\$137.4	each	\$413.7											\$ 413.7	
4.9.2	4.9.2	Replace stacked combi water heater	35	16.20	15.19	174	174	\$161.6	\$155.5	unit	\$28,246												\$ 28,246
4.9.2	4.9.2	Replace apartment kitchen cabinets	35	13.15	20.22	102	102	\$1,616	\$1,987.08	unit	\$1,788,618												\$ 1,788,618
4.9.2	4.9.2	Replace apartment kitchen cabinets	35	16.20	15.19	174	174	\$365.00	\$365.00	unit	\$63,480												\$ 63,480
4.9.2	4.9.2	Replace apartment kitchen counter tops	35	13.15	20.22	102	102	\$1,616	\$1,987.08	unit	\$1,788,618												\$ 1,788,618
4.9.2	4.9.2	Replace apartment kitchen counter tops	35	0.3	32.35	66	66	\$36.00	\$420.00	unit	\$22,720												\$ 22,720
4.9.2	4.9.2	Replace apartment kitchen counter tops	35	0.3	32.35	66	66	\$36.00	\$420.00	unit	\$22,720												\$ 22,720
4.9.2	4.9.2	Replace apartment bathroom vanities	35	16.20	15.19	276	276	\$276.00	\$276.00	each	\$76,058												\$ 76,058
4.9.2	4.9.2	Replace apartment bathroom vanities	35	0.3	32.35	66	66	\$285.00	\$285.00	each	\$21,648												\$ 21,648
<b>BUILDING SYSTEMS</b>																							
5.1	5.1	Replace residential electric water heater (20 - 40 gal)	15	11-13	2.4	444	148	\$228.00	\$228.00	each	\$33,744											\$ 33,744	
5.1	5.1	Replace residential electric water heater (20 - 40 gal)	15	6-10	5.9	322	126	\$228.00	\$228.00	each	\$28,728												\$ 28,728
5.1	5.1	Replace residential electric water heater (20 - 40 gal)	15	1.5	10.14	232	126	\$228.00	\$228.00	each	\$28,728												\$ 28,728
5.1	5.1	Replace residential electric water heater (20 - 40 gal)	15	0	15	66	34	\$228.00	\$228.00	each	\$7,752												\$ 7,752
5.1	5.1	None				235	75	\$320.00	\$320.00	each	\$24,000												\$ 24,000
5.2	5.2	Replace window through wall A/C unit	15	6-10	5.9	648	249	\$320.00	\$320.00	each	\$79,580												\$ 79,580
5.2	5.2	Replace window through wall A/C unit	15	3	10.14	348	174	\$320.00	\$320.00	each	\$55,680												\$ 55,680
5.2	5.2	Replace electric handpan heaters	30	2.81	2.6	1,928	964	\$75.00	\$87.00	each	\$83,888												\$ 83,888
5.2	5.2	Replace electric handpan heaters	30	1.2	15.29	218	218	\$75.00	\$87.00	each	\$16,350												\$ 16,350
5.2	5.2	Replace condensing unit (5.0 - 7.0 stage)	4	2	16.17	4	2	\$2,990	\$3,335	each	\$6,670												\$ 6,670
5.2	5.2	Replace condensing unit (5.0 - 7.0 stage)	20	2	28.29	2	2	\$1,605	\$2,996	each	\$5,992												\$ 5,992
5.3	5.3	None																					
5.4	5.4	None																					
5.5	5.5	None																					

Notes: 1. Cost provided by borrower via contractor bids and appear to be reasonable and in line with industry standards.









