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Doc#: 1130622050 Fee: \$92.00  
Eugene "Gene" Moore RHSP Fee: \$10.00  
Cook County Recorder of Deeds  
Date: 11/02/2011 01:10 PM Pg: 1 of 29

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Prepared by:

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Chicago, Illinois 60602

## ASSIGNMENT, ASSUMPTION AND AMENDMENT OF DOCUMENTS

**THIS ASSIGNMENT, ASSUMPTION AND AMENDMENT OF DOCUMENTS** (this "Assignment") is made as of October 28, 2011 by and between Mercy Portfolio Services, a Colorado non-profit corporation ("MPS"), MPS Community I, LLC, an Illinois limited liability company (the "Assignor"), KMA Holdings VI, Inc., an Illinois corporation ("KMA"), Chicago Title Land Trust Company ("Trustee"), not personally but as trustee under that certain Trust Agreement dated July 28, 2011, and known as Trust Number 8002357613 of which KMA is the sole beneficiary (collectively, KMA and the Trustee are hereinafter referred to as the "Assignee"), and the City of Chicago, an Illinois municipal corporation and home rule unit of government (the "City") (collectively, the "Parties").

It is expressly anticipated by the Parties hereto that the Assignor will convey the Property (as hereinafter defined) and assign the indebtedness evidenced by the Note (as hereinafter defined) to the Assignee, and that thereafter the Assignee will be bound by all the obligations of the Assignor under the documents described in this Assignment.

## RECITALS

Box 334

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**WHEREAS**, the City has received certain funds in the approximate amount of \$55,238,017 and \$98,008,384 (collectively, the "Program Funds") from the United States Department of Housing and Urban Development ("HUD") pursuant to the provisions of the Housing and Economic Recovery Act of 2008, Public Law 110-289 – July 30, 2008, Title III – Emergency Assistance for the Redevelopment of Abandoned and Foreclosed Homes, Section 2301 *et seq.*, as amended by the American Recovery and Reinvestment Act of 2009, as the same may be hereafter amended, restated or supplemented from time to time (collectively, the "Act") and the Notice of Allocations, Application Procedures, Regulatory Waivers Granted to and Alternative Requirements for Emergency Assistance for Redevelopment of Abandoned and Foreclosed Homes Developers under the Housing and Economic Recovery Act, 2008 issued by HUD and found at the Federal Register/Vol. 73, No. 194/Monday, October 6, 2008/Notices, as the same may be hereafter amended, restated or supplemented from time to time the Notice of Fund Availability for the Neighborhood Stabilization Program<sup>2</sup> ("NOFA") under the Recovery Act (Docket No. FR-5321-N-01, May 4, 2009), the Notice of Fund Availability for Fiscal year 2009 NSP2 Program under the Recovery Act, Correction (Docket No. FR-5321-C-02, June 11, 2009; Docket No. FR-5321-C-03, November 9, 2009, Docket No. FR-5321-C-04, and Docket No. FR-5321-N-04); and the HUD regulations at 24 CFR Part 570 (as modified by the NOFA as now in effect and as may be amended from time to time) (collectively, the "Regulations") and

**WHEREAS**, the City has submitted to HUD, and HUD has approved, the City's Substantial Amendment application to HUD and an NSP2 application to HUD governing the City's use of the Program Funds in a neighborhood stabilization program (the "Program") in accordance with the Act and the Regulations to address the critical impact of increasing numbers of foreclosed properties within the City of Chicago. Pursuant to such approval, the City and HUD have entered into that certain Grant Agreement dated effective as of March 27, 2009 and that certain Funding Approval and Grant Agreement signed on February 11, 2010 (collectively, the "HUD Grant Agreement"). The Act, the Regulations, and the HUD Grant Agreement are collectively referred to herein as the "NSP Legal Requirements;" and

**WHEREAS**, the City and MPS have entered into that certain Agreement Between The City of Chicago and Mercy Portfolio Services For Neighborhood Stabilization Program dated June 30, 2009 and that certain Agreement Between The City of Chicago and Mercy Portfolio Services For Neighborhood Stabilization Program 2 dated as of July 1, 2010 (collectively, the "Subgrant Agreement"), pursuant to which the City has agreed to make the Program Funds available to MPS for Eligible Activities (as defined therein), subject to the terms and conditions of such Subgrant Agreement; and

**WHEREAS**, Assignor is the Developer under that certain Redevelopment Agreement by and among Assignor, MPS and the City, dated as of September 1, 2010 as the same may be amended, supplemented and restated from time to time ("the "Redevelopment Agreement"); and

**WHEREAS**, pursuant to the Redevelopment Agreement, MPS agreed to provide Program Funds in the form of a loan in the principal amount of \$1,684,054 (the "Loan")

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to the Assignor to be used in connection with the acquisition, rehabilitation and/or construction of the Property legally described on Exhibit A attached hereto, which is improved with the improvements described thereon (the "Property"); and

**WHEREAS**, to evidence the Loan the Assignor executed and delivered a promissory note in the principal amount of the Loan, dated as of March 4, 2011 and made payable to MPS. Such note, together with any and all amendments or supplements thereto, extensions thereof and notes which may be taken in whole or partial renewal, substitution or extension thereof, shall be called the "Note;" and

**WHEREAS**, to secure its obligations under the Note and the Redevelopment Agreement, Assignor granted to MPS that certain Mortgage, Security Agreement and Financing Statement, dated as of March 4, 2011, as the same may be amended, supplemented and restated from time to time (the "Mortgage"); and

**WHEREAS**, as additional security of its obligations under the Note and the Redevelopment Agreement, the Assignor executed and delivered to MPS that certain Assignment of Rents and Leases, dated as of March 4, 2011, as the same may be amended, supplemented and restated from time to time (the "Assignment of Rents"); and

**WHEREAS**, pursuant to that certain Assignment of Mortgage and Documents (the "Assignment of Mortgage"), dated as of March 4, 2011, MPS assigned to the City all of the right, title and interest of MPS in and to the Note, together with all indebtedness evidenced thereunder, and further granted, transferred and assigned to the City all of the right, title and interest of MPS in and to the Redevelopment Agreement, the Mortgage, and the Assignment of Rents; and

**WHEREAS**, the City is the present, sole legal and equitable owner and holder of the Note; and

**WHEREAS**, the Assignor, MPS and the City have entered into that certain Regulatory Agreement in connection with the operation of the Property, dated as of March 4, 2011 as the same may be amended, supplemented and restated from time to time (the "Original Regulatory Agreement"); and

**WHEREAS**, the Assignor, MPS and the City have entered into that certain First Amended and Restated Regulatory Agreement dated as of October 28<sup>th</sup>, 2011, which supersedes and replaces the Original Regulatory Agreement (the "Amended Regulatory Agreement"); and

**WHEREAS**, the Original Regulatory Agreement was recorded in the Office of the Recorder of Deeds of Cook County, Illinois (the "Recorder's Office") on March 8, 2011 as Document No. 1106731063; the Redevelopment Agreement was recorded in the Recorder's Office on March 8, 2011 as Document No. 1106731062; the Mortgage was recorded in the Recorder's Office on March 8, 2011 as Document No. 1106731064; the Assignment of Rents was recorded in the Recorder's Office on March 8, 2011 as Document No. 1106731065; the Assignment of Mortgage was recorded in the Recorder's Office on March 8, 2011 as Document No. 1106731066; and the Amended

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Regulatory Agreement was recorded in the Recorder's Office on October 31, 2011 as Document No. 1130422044; and

**WHEREAS**, pursuant to the Redevelopment Agreement, the Assignor has acquired the Property; and

**WHEREAS**, the Redevelopment Agreement contemplates that upon acquisition of the Property by the Assignor, the Assignor and the City shall identify a Participating Entity (as defined therein) which shall rehabilitate the Property and, upon such identification, the Assignor shall convey the Property to such Participating Entity, which shall thereafter complete the rehabilitation work specified in the Redevelopment Agreement and in the Exhibits attached thereto; and

**WHEREAS**, the Redevelopment Agreement further contemplates that concurrently with the conveyance of the Property to such Participating Entity, the Assignor shall assign the indebtedness evidenced by the Note to such Participating Entity, and thereafter such Participating Entity shall be bound by all of Assignor's obligations thereunder; and

**WHEREAS**, Assignor and the City have identified Assignee as such Participating Entity; and

**WHEREAS**, Assignor now desires to assign to Assignee, and Assignee desires to assume from Assignor, all of Assignor's rights and obligations under the Redevelopment Agreement, the Amended Regulatory Agreement, the Note, the Mortgage, and the Assignment of Rents, subject to the terms and conditions of this Assignment; and

**WHEREAS**, the Parties now desire to execute this Assignment to effect such assignment and assumption; to amend the Redevelopment Agreement, the Note, the Mortgage, the Assignment of Mortgage and the Assignment of Rents, and to further amend the Amended Regulatory Agreement as set forth herein.

**NOW THEREFORE**, in consideration of Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. The Assignor hereby grants, transfers and assigns to the Assignee all of the obligations under and rights, title, and interest of the Assignor in and to the Note, together with all sums of money due and payable thereunder, and hereby further grants, transfers and assigns to the Assignee all of the obligations under and rights, title, and interest of the Assignor in and to the Redevelopment Agreement, the Amended Regulatory Agreement, the Mortgage and the Assignment of Rents. (Collectively the Note, the Redevelopment Agreement, the Amended Regulatory Agreement, the Mortgage, and the Assignment of Rents are hereinafter referred to as the "Documents").

2. In conjunction with the assignment of the Redevelopment Agreement, the Assignor hereby assigns to the Assignee all of the Assignor's right, title and interest in the Assignor's title to the Property which the Assignor is conveying to the Assignee by

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its special warranty deed concurrently with the execution and recording of this Assignment.

3. The Assignee hereby accepts such assignment and agrees to fully assume all of the obligations of the Assignor under the Documents.

4. The Assignor hereby covenants and represents that (i) the Assignor has full right and title to assign all of the Documents to the Assignee; and (ii) no other assignment of any interest therein has been made.

5. The Documents are hereby amended by deleting each reference to "Department of Community Development" and replacing each reference with "Department of Housing and Economic Development." The Documents are hereby further amended by deleting each reference to "DCD" and replacing each reference with "HED."

6. Recital M of the Redevelopment Agreement is hereby amended by deleting the reference to "a to-be-identified lender" and replacing it with "Community Investment Corporation."

7. Recital O of the Redevelopment Agreement is hereby amended by inserting after the words "as of the date hereof" a comma and the words "as amended."

8. Section 6(D) of the Redevelopment Agreement is hereby amended by deleting the following sentence: "If an NSP Property is conveyed to a Participating Entity for rehabilitation, such Participating Entity shall, concurrently with such conveyance, execute and deliver to the City separate reconveyance deeds for the NSP Property conveying such NSP Property both (i) to the City, and, in the alternative, (ii) to MPS LLC," and replacing it with the following sentence: "If an NSP Property is conveyed to a Participating Entity for rehabilitation, the Chicago Title Land Trust shall execute and deliver a reconveyance trustee's deed in favor of such Participating Entity, and the Participating Entity shall, concurrently with such conveyance, execute and deliver to the City separate reconveyance deeds for the NSP Property conveying such NSP Property both (i) to the City, and, in the alternative, (ii) to MPS LLC,"

9. Section 8 of the Redevelopment Agreement is hereby amended by deleting the reference to "six (6) month period" and replacing it with "fourteen (14) month period."

10. Section 10 of the Redevelopment Agreement is hereby amended by substituting a semicolon in place of the period in Section 10.3 and adding after the semicolon the word "and." Section 10 is hereby further amended by adding new Section 10.4 as follows: "With respect to the portion of the Property designated as commercial space: (a) shall cause the Property to be used as permitted pursuant to this Agreement, (b) shall lease to tenants whose operations shall not include any Prohibited Uses as set forth in Exhibit D hereto, without the consent of the Commissioner and (c) shall not include any restriction upon the use and operation of the Property and the Project, other than

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restrictions relating to Prohibited Uses, in any contract of sale or deed, or similar instrument of conveyance.”

11. Section 23 of the Redevelopment Agreement is hereby amended by removing each reference to “MPS LLC.” Section 23 of the Redevelopment Agreement is hereby further amended by adding the following: “If to the Developer: KMA Holdings VI, Inc.; 2750 W. Roosevelt Road, Chicago, Illinois 60608; Attention: Brian M. Rowland.”

12. Exhibit A to the Redevelopment Agreement is hereby deleted in its entirety and new Exhibit A, attached hereto and made a part hereof, is substituted in its place.

13. The Redevelopment Agreement is hereby amended by adding new Exhibit D to the Redevelopment Agreement, attached as Exhibit E to this Assignment and made a part hereof.

14. The definition of “Completion” in Section 1 of the Amended Regulatory Agreement is hereby amended by inserting after the words “the Drawings” the following: “the requirements set forth in the Community Investment Corporation loan documents.”

15. The definition of “Completion Date” in Section 1 of the Amended Regulatory Agreement is hereby amended by inserting after the words “the Drawings” the following: “the requirements set forth in the Community Investment Corporation loan documents.”

16. Exhibit B to the Amended Regulatory Agreement is hereby deleted in its entirety and new Exhibit B, attached hereto and made a part hereof, is substituted in its place.

17. Exhibit C to the Amended Regulatory Agreement is hereby deleted in its entirety and new Exhibit C, attached hereto and made a part hereof, is substituted in its place.

18. Exhibit E to the Amended Regulatory Agreement is hereby amended as follows: Each reference to “MPS Community I, LLC” is hereby deleted and replaced with “KMA Holdings VI, Inc.”

19. Exhibit F to the Amended Regulatory Agreement is hereby amended by inserting the following: “Electricity, Gas, and Heat.”

20. Paragraph 10 of the Mortgage is hereby amended by deleting section (vi) and replacing it with the words “[intentionally omitted]”.

21. Paragraph 36 of the Mortgage is hereby amended by deleting the reference to “\$3,368,108” and replacing it with “\$5,305,926.”

22. The Mortgage is hereby amended by adding the following language:

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“(39) **Subordination.** This Mortgage shall be subject to and subordinate to that certain Senior Construction Loan and to that certain Senior Permanent Loan, as defined in the Redevelopment Agreement, as amended. This Mortgage shall also be subordinate to any subsequent mortgage that refinances the Senior Permanent Loan, so long as such refinancing is in an original principal amount less than or equal to the original principal amount of the Senior Permanent Loan, unless the Mortgagee, in its sole discretion, agrees to senior refinancing in a greater amount.”

23. Exhibit B to the Mortgage is hereby deleted in its entirety and new Exhibit B, attached as Exhibit D to this Assignment and made a part hereof, is substituted in its place.

24. The Note is hereby amended by deleting all references to “\$1,684,054” and replacing them with “\$2,652,963.”

25. The Note is hereby further amended by deleting the repayment terms stated in the first paragraph and replacing them with the following:

“Upon the making of the Senior Permanent Loan (as defined in the hereinafter defined Loan Agreement, as amended), the Maker shall make a payment to the Holder of \$215,000, or such lesser amount as reflects the actual amount of the Senior Permanent Loan, which payment shall reduce the outstanding principal balance of the Note by such amount. The remaining principal balance (less developer equity in the amount of \$43,000) of \$2,394,963 shall be forgiven on a pro rata basis, annually, over a period of 20 years from the date hereof (the “Maturity Date”), subject to compliance by the Maker with all the terms and conditions of the Regulatory Agreement; provided, however, that the term Maturity Date shall also mean such earlier date as of which the principal of the Loan may become due and payable because of acceleration or prepayment as provided in any of the Documents.”

26. The Assignment of Rents is hereby amended by deleting the reference to “\$1,684,054” in the second paragraph and replacing it with “\$2,652,963.”

27. The first “Whereas Clause” of the Assignment of Mortgage is hereby deleted and replaced with the first “Whereas Clause” of this Assignment, except that the word “Assignee” shall be used in lieu of the word “City.”

28. The second “Whereas Clause” of the Assignment of Mortgage is hereby deleted and replaced with the second “Whereas Clause” of this Assignment, except that the word “Assignee” shall be used in lieu of the word “City.”

29. The sixth “Whereas Clause” of the Assignment of Mortgage is hereby deleted and replaced with the third “Whereas Clause” of this Assignment, except that the word “Assignee” shall be used in lieu of the word “City.”

30. The Assignment of Mortgage is hereby amended by deleting all references to “\$1,684,054” and replacing them with “\$2,652,963.”

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31. The Parties expressly acknowledge that the Loan and the Documents are subordinate to that certain Senior Construction Loan, as defined on Exhibit A of this Assignment, and to that certain Senior Permanent Loan, as defined on Exhibit A of this Assignment, each made by the Community Investment Corporation, an Illinois not-for-profit corporation ("CIC") to the Assignee in connection with the Project.

32. The City or MPS hereby agrees to use its best efforts to copy CIC on the notice that it gives the Assignee regarding the City's consent to the start of construction pursuant to Section 10 (xix) of the Mortgage.

33. The recording of the Amended Regulatory Agreement shall result in no loss of lien priority with respect to the Original Regulatory Agreement.

34. This Assignment applies to and binds the Parties and their respective heirs, administrators, executors, successors and assigns, as well as any subsequent owner of the Property.

35. This Assignment shall be governed as to performance and interpretation in accordance with the internal laws of the State of Illinois.

36. If any provision of this Assignment, or any paragraph, sentence, clause, phrase or word, or the application thereof, in any circumstance, is held invalid, the remainder of this Assignment shall be construed as if such invalid part were never included herein, and this Assignment shall be and remain valid and enforceable to the fullest extent permitted by law.

37. All capitalized terms used but not otherwise defined herein shall have the same meanings as set forth in the Redevelopment Agreement.

38. This document may be executed in counterparts, which, when taken together, shall constitute one original document.

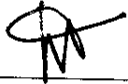
(SIGNATURE PAGE FOLLOWS)



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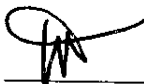
**IN WITNESS WHEREOF**, the undersigned have executed this Assignment, Assumption and Amendment of Documents as of the day and year first above stated.

**Mercy Portfolio Services**, a Colorado non-profit corporation

By:   
Name: William W. Towns  
Title: Vice President

**MPS Community I, LLC**, an Illinois limited liability company

By: Mercy Portfolio Services, a Colorado non-profit corporation and its sole member

By:   
Name: William W. Towns  
Title: Vice President

**KMA Holdings VI, Inc.** an Illinois corporation

By: \_\_\_\_\_  
Name: Brian M. Rowland  
Title: President

Property of Cook County Clerk's Office

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**IN WITNESS WHEREOF**, the undersigned have executed this Assignment, Assumption and Amendment of Documents as of the day and year first above stated.

**Mercy Portfolio Services**, a Colorado non-profit corporation

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

Name: William W. Towns

Title: Vice President

**MPS Community I, LLC**, an Illinois limited liability company

By: Mercy Portfolio Services, a Colorado non-profit corporation and its sole member

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

Name: William W. Towns

Title: Vice President

**KMA Holdings VI, Inc.** an Illinois corporation

By: Brian M Rowland, President

Name: Brian M. Rowland

Title: President

Property of Cook County Clerk's Office




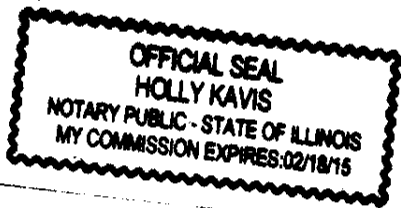
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STATE OF ILLINOIS )  
 ) SS.  
COUNTY OF COOK )

I, Holly Kavis, a Notary Public in and for said County, in the State aforesaid, do hereby certify that William W. Towns, personally known to me to be the Vice President of Mercy Portfolio Services, a Colorado non-profit corporation, 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, being first duly sworn by me, acknowledged that he/she signed and delivered the foregoing instrument pursuant to authority given by said company, as his/her free and voluntary act and as the free and voluntary act and deed of said company, for the uses and purposes therein set forth.

GIVEN under my notarial seal this 28<sup>th</sup> day of October, 2011.

  
\_\_\_\_\_  
NOTARY PUBLIC



# UNOFFICIAL COPY

STATE OF ILLINOIS )  
 ) SS.  
COUNTY OF COOK )

I, Holly Kavis, a Notary Public in and for said County, in the State aforesaid, do hereby certify that William W. Towns, personally known to me to be the Vice President of Mercy Portfolio Services, a Colorado non-profit corporation and the sole member of MPS Community I, 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, being first duly sworn by me, acknowledged that he/she signed and delivered the foregoing instrument pursuant to authority given by said company, as his/her free and voluntary act and as the free and voluntary act and deed of said company, for the uses and purposes therein set forth.

GIVEN under my notarial seal this 28<sup>th</sup> day of October, 2011.

*Holly Kavis*  
\_\_\_\_\_  
NOTARY PUBLIC



PROPERTY OF COOK COUNTY CLERK'S OFFICE

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STATE OF ILLINOIS )

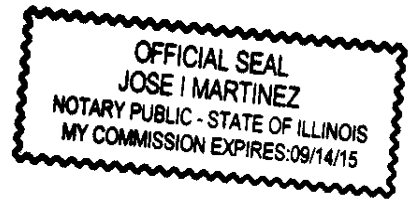
) SS.

COUNTY OF COOK )

I, Jose I Martinez, a Notary Public in and for said County, in the State aforesaid, do hereby certify that Brian M. Rowland, personally known to me to be the President of KMA Holdings VI, Inc., an Illinois corporation, 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, being first duly sworn by me, acknowledged that he/she signed and delivered the foregoing instrument pursuant to authority given by said company, as his/her free and voluntary act and as the free and voluntary act and deed of said company, for the uses and purposes therein set forth.

GIVEN under my notarial seal this 27 day of October, 2011.

  
NOTARY PUBLIC



Property of Cook County Clerk's Office

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STATE OF ILLINOIS )

) SS.

COUNTY OF COOK )

I, Patricia Sulewski, a Notary Public in and for said County, in the State aforesaid, do hereby certify that Andrew J. Mooney, personally known to me to be the Commissioner of the Department of Housing and Economic Development of the City of Chicago, an Illinois municipal corporation and home rule unit of government, 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, being first duly sworn by me, acknowledged that, as the Commissioner, he signed and delivered the foregoing instrument pursuant to authority given by the City of Chicago as his free and voluntary act and as the free and voluntary act and deed of the corporation, for the uses and purposes therein set forth.

GIVEN under my notarial seal this 28<sup>th</sup> day of October, 2011.

Patricia Sulewski  
NOTARY PUBLIC

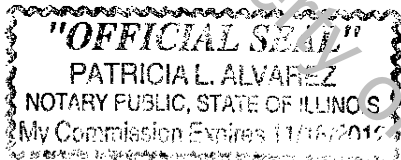


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STATE OF ILLINOIS )  
 ) SS.  
COUNTY OF COOK )

I, the undersigned, a Notary Public in and for said County, in the State aforesaid, do hereby certify that Harriet Denisewicz, personally known to me to be the Trust Officer of Chicago Title Land Trust 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, being first duly sworn by me, acknowledged that he/she signed and delivered the foregoing instrument pursuant to authority given by said company as ~~his~~ her free and voluntary act and as the free and voluntary act of said company, for the uses and purposes therein set forth.

GIVEN under my notarial seal this 28th day of October, 2011



Patricia L. Alvarez  
NOTARY PUBLIC

Cook County Clerk's Office



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## EXHIBIT A

### (NEW EXHIBIT A TO REDEVELOPMENT AGREEMENT)

#### NSP PROPERTY INFORMATION

LEGAL DESCRIPTION: LOTS 1 AND 2 IN BLOCK 11 IN COBS AND MCKINNON'S 63<sup>RD</sup> STREET SUBDIVISION OF THE SOUTHEAST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 13 AND THE NORTHEAST QUARTER OF THE NORTHEAST QUARTER OF SECTION 24, TOWNSHIP 38 NORTH, RANGE 13, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS

ADDRESS COMMONLY KNOWN AS: 2501-05 W. 63<sup>RD</sup> STREET, CHICAGO, IL 60629

PERMANENT INDEX NO.: 19-24-205-007-0000

Existing Improvements on the Land: MULTIFAMILY BUILDING WITH 12 RESIDENTIAL UNITS AND 2 UNITS OF COMMERCIAL SPACE

**NSP Acquisition Price:** \$127,818

**NSP Acquisition Loan Amount for acquisition and holding costs:** \$200,801

**NSP Rehabilitation Loan:** \$2,452,162

**NSP Loan Amount:** \$2,652,963

**Permitted Developer's Fee:** \$220,062

**NSP Total Development Cost:** \$2,652,963

**Developer Equity:** \$43,000

**Senior Construction Loan:** \$2,452,162

**Senior Permanent Loan:** \$215,000

**Senior Lender:** Community Investment Corporation ("CIC")

**Senior Loan Documents:** collectively (i) that certain Construction Loan Agreement made by the Assignee in favor of CIC as of the date hereof, (ii) that certain Construction Loan Mortgage and Security Agreement with Collateral Assignment of Leases and Rents made by the Assignee in favor of CIC as of the date hereof, (iii) that certain Three Year

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Adjustable Rate Construction Loan Note made by the Assignee in favor of CIC as of the date hereof, (iv) that certain Security Agreement and Assignment of Interest in Land Trust made by Assignee in favor of CIC as of the date hereof; and (v) those certain documents which will evidence the Senior Permanent Loan upon completion of the Project.

**Junior Loan:** None.

**Junior Lender:** None.

**Junior Loan Documents:** None.

**Repayment Terms:** Upon the making of the Senior Permanent Loan, the Developer shall make a payment to the City of \$215,000, or such lesser amount as reflects the actual amount of the Senior Permanent Loan, which amount shall reduce the outstanding principal balance of the Note by such amount. The remaining principal balance (less developer equity in the amount of \$43,000) of \$2,394,963 shall be forgiven on a pro rata basis, annually, over a period of 20 years from the date hereof (the "Maturity Date"), subject to compliance by the Developer with all the terms and conditions of the Regulatory Agreement; provided, however, that the term Maturity Date shall also mean such earlier date as of which the principal of the NSP Loan may become due and payable because of acceleration or prepayment as provided in any of the Documents.

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## EXHIBIT B

### (NEW EXHIBIT B TO REGULATORY AGREEMENT)

#### I. ADDITIONAL DEFINITIONS

"Davis-Bacon Act" shall mean 40 U.S.C. 276a et seq., as the same may be restated, modified or amended from time to time.

"Housing Act Section 3" shall mean Section 3 of the Housing and Urban Development Act of 1968, 12 U.S.C. Section 1701u.

"HUD Restrictions Termination Date" shall mean the fifteenth anniversary of the Completion Date.

"Illinois Prevailing Wage Act" shall mean 820 ILCS 130 et seq., as the same may be restated, modified or amended from time to time.

"Low-Income Project" shall mean the 6 units in the Project financed with NSP Funds and required to be occupied by Very Low-Income Families.

"NSP Funds" shall mean a loan from Mercy to the Borrower in the principal amount of \$2,652,963 for financing a portion of the costs of the acquisition and rehabilitation of the Project.

"Project" shall mean the one building located at 2501-05 West 63<sup>rd</sup> Street, Chicago, Illinois, and which shall contain, as of the completion of the acquisition and rehabilitation thereof, 12 multi-family residential dwelling units and 2 units of commercial space.

"Section 3 Regulations" shall mean 24 C.F.R. Part 135, and such additional regulations, orders, rulings, interpretations and directives in connection with Housing Act Section 3 as may be promulgated or issued by HUD from time to time.

"Senior Lender" shall mean: Community Investment Corporation ("CIC").

"Senior Loan" shall mean: Collectively, that certain senior construction loan and senior permanent loan from CIC to the Participating Entity.

"Senior Mortgage" shall mean: That certain Construction Loan Mortgage and Security Agreement with Collateral Assignment of Leases and Rents made by Participating Entity in favor of CIC as of the date hereof.

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## II. ADDITIONAL REPRESENTATIONS AND COVENANTS OF BORROWER.

1. 100 percent of the units in the Low-Income Project shall be occupied by Very-Low Income Families. 100 percent of the residential units in the Project shall be occupied by Eligible-Income Families.

2. (a) The Project shall consist of the following unit configuration:

<u>Number of Bedrooms</u>	<u>Number of Units</u>	<u>Initial Rents</u>
1/unit	8	\$622-675
2/unit	2	\$750
3/unit	2	\$850

(b) The Low-Income Project shall consist initially of the following unit configuration for Very Low-Income Families:

<u>Number of Bedrooms</u>	<u>Number of Units</u>	<u>Initial Rents</u>
1/unit	6	\$622

3. Wage Rates. The Project shall comply with the Illinois Prevailing Wage Act and the Davis-Bacon Act, as applicable. Mercy shall provide the applicable wage determination to the Borrower prior to commencement of the Required Work.

4. The Project shall be acquired and rehabilitated in accordance with the Construction Schedule, and an Approved Budget, as required in the Redevelopment Agreement, and any change orders to be hereafter approved by Mercy and the City.

5. For purposes of Section 12, the Borrower's address shall be:

KMA Holdings VI, Inc.  
2750 W. Roosevelt Road  
Chicago, Illinois 60608  
Attention: Brian M. Rowland

6. (a) The work to be performed in connection with the Project is subject to the requirements of Housing Act Section 3. The purpose of Housing Act Section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by Housing Act Section 3, shall, to the greatest extent

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feasible, be directed to low- and very low-income individuals, particularly individuals who are recipients of HUD assistance for housing.

(b) The Borrower hereby agrees to comply with the Section 3 Regulations in connection with the Project. As evidenced by its execution of this Regulatory Agreement, the Borrower hereby certifies that it is under no contractual or other impediment that would prevent the Borrower from complying with the Section 3 Regulations in connection with the Project.

(c) The Borrower hereby agrees to (1) send to each labor organization or representative of workers with which the Borrower has a collective bargaining agreement or other understanding, if any, and which concerns workers whose positions are subject to compliance with the Section 3 Regulations in connection with the Project, a notice advising the labor organization or workers' representative of the Borrower's commitments under this Section, and (2) post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the Housing Act Section 3 preference and shall set forth: (i) the minimum number of jobs and job titles subject to hire, the availability of apprenticeship and training positions, and the qualifications for each; (ii) the name and location of the Person(s) taking applications for each of the positions; and (iii) the anticipated date the work shall begin.

(d) The Borrower hereby agrees to (1) include the language contained in this Section in every contract entered into by the Borrower in connection with the Project and subject to compliance with the Section 3 Regulations, including the Construction Contract, and (2) take appropriate action, as provided in an applicable provision of such contract or in this Section, upon a finding that any Person with whom the Borrower contracts, including the General Contractor, is in violation of the Section 3 Regulations. The Borrower covenants and agrees that the Borrower shall not contract with any Person in connection with the Project where the Borrower has notice or knowledge that such Person has been found in violation of the Section 3 Regulations.

(e) The Borrower agrees to cause the General Contractor to (1) include the language contained in this Section in every subcontract subject to compliance with the Section 3 Regulations, and (2) take appropriate action, as provided in an applicable provision of such Subcontract or in this Section, upon a finding that any subcontractor with whom the General Contractor contracts is in violation of the Section 3 Regulations. The Borrower shall cause the General Contractor to agree that the General Contractor shall not subcontract with any Person where the General Contractor has notice or knowledge that such Person has been found in violation of the Section 3 Regulations.

(f) The Borrower hereby certifies that any vacant employment positions in connection with the Project, including training positions, that were filled prior to the Closing Date and with Persons other than those to whom the Section 3 Regulations require employment opportunities to be directed, were not filled to circumvent the Borrower's obligations under the Section 3 Regulations.

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(g) Noncompliance with the Section 3 Regulations may result in sanctions, including, but not limited to, the declaration by Mercy and/or the City of an event of default under the Documents and the exercise by Mercy and/or the City of its remedies thereunder, as well as debarment or suspension from future HUD-assisted contracts.

(h) The Borrower acknowledges receipt from Mercy of a copy of the City of Chicago Section 3 Compliance Plan booklet (the "Booklet"). The Borrower agrees to complete or cause to be completed, as applicable, those forms contained in the Booklet as requested by Mercy or the City and to submit such forms Mercy or to the City promptly upon Mercy or the City's request. The Borrower hereby represents and warrants to Mercy and the City that all such forms heretofore submitted by or on behalf of the Borrower are true and correct. The Borrower hereby covenants to Mercy and the City that all such forms hereafter submitted by the Borrower shall be true and correct, and that work on the Project shall be carried out in accordance with the existing employee list (with respect to number of employees and job classifications only), hiring plan, training plan, contracting plan and compliance effort narrative, as applicable, as submitted by the Borrower to Mercy and the City, unless otherwise agreed to in writing by Mercy and/or the City.

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## EXHIBIT C

### (NEW EXHIBIT C TO REGULATORY AGREEMENT)

#### USE OF NSP FUNDS

[SEE ATTACHMENTS]

Acquisition and rehabilitation of the Property in accordance with final plans and specifications to be approved by Mercy and the City as the Required Work under the Redevelopment Agreement, the Construction Schedule, and the Approved Budget.

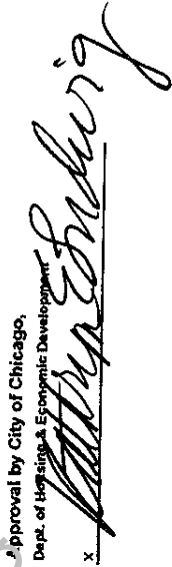
Property of Cook County Clerk's Office

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## MPS-NSP Property Financing Summary Multi-Family

2501 W 63rd  
12u Residential + 2 Commercial  
KMA  
Land Trust: TBD  
Rehab

Approval by Developer,  
KMA  
  
X

Approval by City of Chicago,  
Dept. of Housing & Economic Development  
  
X

Work to be performed (Rehab or new Construction)

1 127,818.00 Conf.  
72,983.00 Conf.  
2 200,801.00 Conf.  
3 2,452,162.00 Conf.

4 220,062.00 Conf.  
5 2,652,963.00 Conf.  
6 2,652,963.00 Conf.  
215,000.00 Conf.

43,000.00 Conf.  
2,394,963.00 Conf.  
8  
6  
12

"NSP Acquisition Price"  
Plus: holding costs  
= "NSP Acquisition Loan Amount" (NSP Acquisition Price plus holding costs)  
"NSP Redevelopment Cost" (Lender rehab loan amount, incl. dev. fee). Est. = Per Loan Commit. Conf. = Per Final OS:

Rehab Lender  
Rehab Loan Term (Months)  
Amortization Period (Years)  
Rehab Loan Interest Rate (Prime + 300 bp)

"Permitted Developer Fee"

"NSP Loan Amount" (less is the same as "NSP Total Development Cost")

"NSP Total Development Cost" (Sum of "NSP Acquisition Loan Amount" and "NSP Redevelopment Cost")

Less: Lender permanent loan amount

CIC  
20  
25  
5.500%  
Less: Developer Equity

= Amount to remain outstanding and forgiven over term

Affordability Restriction

Income Qualified AND Rent Restricted at 50% AMI, AND otherwise restricted per Regulatory Agreement  
Income Qualified at 120% AMI, AND otherwise restricted per Regulatory Agreement

Perform Dep. 12m 3m  
Real Estate Tax 12,500 1,042 3,125  
Insurance 4,500 375 1,125  
Utilities N/A 500 1,500  
Pron Maint N/A 1,500 4,500  
Total 10,250

Rent and Utility Confirmation by Developer:		ESTIMATE		Landlord Pd.	Tenant Pd.
# Units	50% AMI	120% AMI	Dev. Rents	Utilities	
Studio	8	62,276	62,276	100 (2)	X
1 Bd	2	19,332	750	193 (2)	X
2 Bd	2	22,192	850	221 (2)	X
3 Bd					

Prepared by: Mark E. Kleinkopf

MPS-NSP Property Finance Summary, 2501 W 63rd St, 101811 (4)

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**OWNER'S SWORN STATEMENT**  
5615 South Prairie, Chicago, Illinois

STATE OF ILLINOIS      LOAN NO. 8420-01248      ESCROW NO. 201134554-002  
 COUNTY OF COOK      GUARANTEE NO. 8864046

The Affiant KMA HOLDINGS VI, INC., being duly sworn on oath deposes and says that he/she is the ( ) owner ( X ) beneficiary of Trust No. 8002357613, held by Chicago Title Land Trust Company in Chicago, Illinois, which is the owner of the following described premises in Cook County, Illinois, to wit: 2501-05 WEST 63RD STREET, Chicago, Illinois

1. That he/she is thoroughly familiar with all the facts and circumstances concerning the premises described above;
2. That during the six months last past the only work done or materials furnished in connection with the mentioned premises are listed below;
3. That the only contracts let for the furnishing of future work or materials relative to the contemplated improvements are as listed below;
4. That this statement is a true and complete statement of all such contracts, previous payments, and balances due, if any.

Vendor	Type of Work	Adjusted Contract	Previously Paid	This Payment	Balance Due
1 KMA MANAGEMENT INC.	Construction	1,818,898.94	-	-	1,818,898.94
2 KMA HOLDINGS VI, INC.	Contingency	181,890.00	-	-	181,890.00
3 Community Investment Corporation	Loan Fee (\$15,000.00 total)	11,100.00	-	11,100.00	-
4 KMA HOLDINGS VI, INC.	Loan Fee (\$15,000.00 total)	3,900.00	-	3,900.00	-
5 Community Investment Corporation	Construction Interest	8,620.47	-	8,620.47	-
6 Community Investment Corporation	Application Fee	300.00	-	300.00	-
7 Community Investment Corporation	Wire Fee	9.00	-	-	9.00
8 Community Investment Corporation	Tax & Insurance Escrow	30,893.34	-	30,893.34	-
9 Community Investment Corporation	Appraisal Fee	1,500.00	-	1,500.00	-
0 Community Investment Corporation	Construction Fee	13,498.00	-	13,498.00	-
1 GNADE INSURANCE GROUP, INC.	Property & General Liability Ins.	8,536.00	-	8,536.00	-
2 A.J. JINDAL	Legal Fees	7,281.25	-	7,281.25	-
3 KMA HOLDINGS VI, INC.	Security During Construction	2,000.00	-	2,000.00	-
4 Chicago Title and Trust Company	Title and Recording	775.00	-	775.00	-
5 Chicago Title and Trust Company	Land Trust Fee	1,100.00	-	1,100.00	-
6 Chicago Title and Trust Company	Construction Escrow Fee	2,050.00	-	-	2,050.00
7 KMA HOLDINGS VI, INC.	Marketing/Lease Up Sales	50,000.00	-	50,000.00	-
8 CONNECTA GROUP, INC.	Architect	220,062.00	-	55,015.50	165,046.50
9 KMA HOLDINGS VI, INC.	Developer Fee	4,900.00	-	-	4,900.00
0 KMA HOLDINGS VI, INC.	Replacement Reserve Deposit	32,298.00	-	-	32,298.00
1 KMA HOLDINGS VI, INC.	Operating Costs during Const.	23,400.00	-	-	23,400.00
2 KMA HOLDINGS VI, INC.	Operating Reserve Deposit	150.00	-	150.00	-
3 PRECISION CONSULTING LLC	Insurance Review	2,452,182.00	-	194,678.56	2,257,483.44
<b>TOTALS</b>					

KMA HOLDINGS IV, INC., AN ILLINOIS CORPORATION

BY: Brian M Rowland      Subscribed and sworn before me this 21 day of October, 2011.

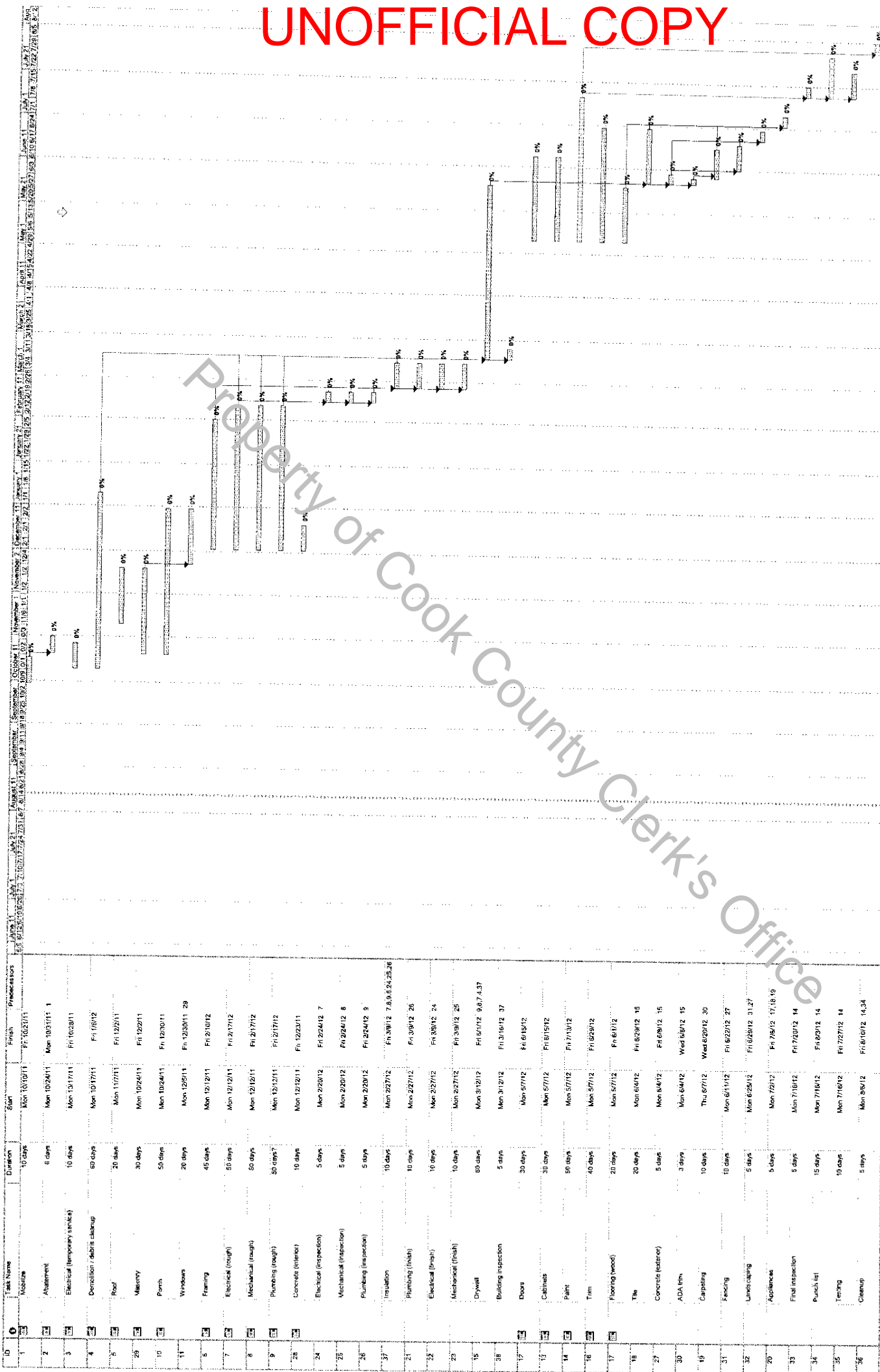
BRIAN ROWLAND

ITS: PRESIDENT

[Signature]  
Notary Public



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Critical  
 Critical Path  
 Task  
 Task Program  
 Baseline  
 Baseline Split  
 Milestone  
 Milestone  
 Summary  
 Summary  
 External Tasks  
 Project Summary  
 External Milestone  
 External Milestone  
 Deadline

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## EXHIBIT D

### (NEW EXHIBIT B TO MORTGAGE)

1. Address of Mortgagor:  
KMA Holdings VI, Inc.  
2750 W. Roosevelt Road  
Chicago, Illinois 60608  
Attention: Brian M. Rowland
2. Interest Rate on Note: Zero percent per annum

3. [Intentionally Omitted]

4. Principal Amount of Note: \$2,652,963

5. Repayment Terms and Maturity Date of the Loan:

Upon the making of the Senior Permanent Loan (as defined in the Redevelopment Agreement, as amended), the Mortgagor shall make a payment to the Mortgagee of \$215,000, or such lesser amount as reflects the actual amount of the Senior Permanent Loan, which payment shall reduce the outstanding principal balance of the Note by such amount. The remaining principal balance (less developer equity in the amount of \$43,000) of \$2,394,963 shall be forgiven on a pro rata basis, annually, over a period of 20 years from the date hereof (the "Maturity Date"), subject to compliance by the Mortgagor with all the terms and conditions of the Regulatory Agreement; provided, however, that the term Maturity Date shall also mean such earlier date as of which the principal of the Loan may become due and payable because of acceleration or prepayment as provided in any of the Documents."

6. Non-Recourse Provisions:

(a) Notwithstanding Section 37 of the Mortgage, nothing herein or in any of the Loan Documents shall limit the rights of Mortgagee, following any of the events hereinafter described, to take any action as may be necessary or desirable to pursue Mortgagor, Member, if any, and/or Owner, if any, for any and all Losses incurred by Mortgagee arising from: (i) a material misrepresentation, fraud made in writing or misappropriation of funds by Mortgagor, Member, if any, and/or Owner, if any; (ii) intentional or material waste to the Premises; (iii) use of proceeds of the indebtedness evidenced by the Note for costs other than Eligible Costs; (iv) the occurrence of a Prohibited Transfer without Mortgagee's prior written consent, to the extent such Prohibited Transfer results from the intentional, willful, voluntary and/or negligent acts or omissions of Mortgagor, Member, if any, and/or Owner, if any; (v) any breach of Mortgagor's representations, warranties or covenants regarding hazardous materials or environmental laws contained in any of the Loan Documents; (vi) the occurrence of any uninsured casualty to the Premises or other collateral or security provided under any of

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the Loan Documents for which there has been a failure to maintain insurance coverage as required by the terms and provisions of the Loan Documents; (vii) the misappropriation or misapplication of insurance proceeds or condemnation awards relating to the Premises or other collateral or security provided under any of the Loan Documents; or (viii) any inaccuracy in the statements in the Affidavits.

(b) Notwithstanding Section 37 of the Mortgage, nothing herein or in any of the Loan Documents shall limit the right of Mortgagee to assert liability against Mortgagor, Member, if any, and/or Owner, if any, for the repayment of the Loan in the amount described in the Loan Agreement in the event of a breach by Mortgagor of the requirements set forth in Sections 2.4, 2.5, 2.6, or 2.10 of the Regulatory Agreement as modified by Section 2.7 of the Regulatory Agreement, but only to the extent that such breach results in a demand by HUD on Mortgagee or the City of Chicago for repayment of the Loan in whole or in part, and only to the extent that as a result of such demand, Mortgagee or the City of Chicago are legally obligated to make such payment to HUD. Such payment may be made either by a direct payment from Mortgagee or the City of Chicago to HUD or by a deduction by HUD from other monies allocated or to be allocated to Mortgagee or the City of Chicago by HUD. If Mortgagee so chooses, Mortgagee shall pursue a diligent contest of any such demand by HUD, but shall not be required to pursue the matter any further than reasonably prudent, as determined by Mortgagee. Mortgagor agrees to pay, as a recourse obligation of Mortgagor, all attorneys', experts' and consulting fees and disbursements and expenses incurred in connection with any such contest.

(c) Mortgagee waives any and all right to seek or demand any personal deficiency judgment against Mortgagor, in conjunction with a foreclosure proceeding, under or by reason of any of the non-recourse monetary obligations of Mortgagor; provided, however, that the foregoing shall not limit or affect Mortgagee's right to sue or otherwise seek recourse against Mortgagor, Member, if any, and/or Owner, if any, in any separate action or proceeding for all Losses incurred by Mortgagee arising from any of the matters described in the foregoing paragraphs of this Section 6.

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## EXHIBIT E

### (NEW EXHIBIT D TO REDEVELOPMENT AGREEMENT)

#### PROHIBITED USES

- Adult oriented businesses
- Strip clubs
- Astrology, card-reading, palm-reading or fortune telling businesses
- Currency exchanges
- Houses of worship
- Inter-track wagering facilities
- Pawn shops
- Pay day loan stores/predatory lenders
- Tattoo parlors
- Bingo parlors
- Game rooms or arcades
- Night clubs or discotheques
- Flea markets
- Junkyard or recycling center
- Automobile, truck, motorcycle, trailer or recreational vehicle sale, display, or repair
- Mortuaries or funeral homes
- Second hand stores or thrift shops
- Liquidators
- Beauty shops, beauty supply stores, barber shops, nail salons
- Taverns
- Package liquor stores
- Gasoline service station
- Discounters occupying less than 25,000 square feet
-