



Doc#: 1314329005 Fee: \$84.00
 RHSP Fee: \$10.00 Affidavit Fee:
 Karen A. Yarbrough
 Cook County Recorder of Deeds
 Date: 05/23/2013 09:16 AM Pg: 1 of 24

This document prepared by
 Eva Garrett, Esq.
 Mercy Portfolio Services
 120 S. LaSalle, Suite 1850
 Chicago, Illinois 60603
 and when recorded return to:

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 City of Chicago Department of Law
 City Hall, Room 600
 121 North LaSalle Street
 Chicago, Illinois 60602

1641-43 North LaSalle
 PIN: 13-33-420-26-0000

SECOND AMENDMENT OF DOCUMENTS

THIS SECOND AMENDMENT OF DOCUMENTS (this "Second Amendment") is made and entered into as of April 22, 2013 by and between Mercy Portfolio Services, a Colorado non-profit corporation ("MPS"), MPS Community I, LLC, an Illinois limited liability company ("MPS LLC"), KMA Holdings III LLC, an Illinois limited liability company ("KMA"), and the City of Chicago, an Illinois municipal corporation acting by and through its Department of Housing and Economic Development (the "City") (collectively, the "Parties").

WITNESSETH

WHEREAS, The City has received certain funds in the approximate amount of \$55,238,017, \$98,008,384, and \$15,996,360 (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. ("HERA"), as amended by the American Recovery and Reinvestment Act of 2009, H.R. 1 (the "Recovery Act"), as amended by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, H.R. 4173 (the "Dodd-Frank Act"), as the same may be hereafter amended, restated or supplemented from time to time (HERA, the Recovery Act and the Dodd-Frank Act are collectively referred to as the "Act"), 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 Program² 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); the Notice of Formula Allocations and Program Requirements for Neighborhood Stabilization Program

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Formula Grants (Docket No. FR-5447-N-01, October 19, 2010 (the "NOFA") 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").

WHEREAS, The City has submitted to HUD, and HUD has approved, the City's NSP1 Substantial Amendment application to HUD, NSP2 application to HUD and NSP3 Substantial Amendment to HUD governing the City's use of the Program Funds in a City 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, that certain Funding Approval and Grant Agreement dated effective as of February 11, 2010, and that certain Funding Approval and Grant Agreement dated effective as of March 17, 2011 (collectively, the "Grant Agreement"). The Act, the Regulations, and the Grant Agreement are collectively referred to herein as the "NSP Legal Requirements").

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 as of June 30, 2009, that certain Agreement Between The City of Chicago and Mercy Portfolio Services For Neighborhood Stabilization Program 2 dated as of July 1, 2010, and that certain Agreement Between The City of Chicago and Mercy Portfolio Services For Neighborhood Stabilization Program 3 dated as of September 1, 2011 (collectively, the "Subgrant Agreement"), pursuant to which the City has agreed to make the Program Funds available to MPS for Eligible Activities subject to the terms and conditions of such Subgrant Agreement.

WHEREAS, MPS agreed to provide Program Funds in the form of a loan in the original principal amount of \$500,690 (the "Loan") to MPS Community I, LLC, an Illinois limited liability company ("MPS LLC") to be used in connection with the acquisition, and rehabilitation of certain property as legally described on Exhibit A hereto and hereby made a part hereof (the "Property"); and

WHEREAS, the City, MPS and MPS LLC entered into that certain Redevelopment Agreement dated as of February 18, 2010 (the "Redevelopment Agreement"), as amended by the Assignment (as hereinafter defined); and

WHEREAS, the City, MPS and MPS LLC entered into that certain Regulatory Agreement dated as of February 18, 2010 (the "Original Regulatory Agreement"), as amended by the Assignment (as hereinafter defined); and

WHEREAS, MPS LLC executed a certain promissory note in favor of MPS in the original principal amount of the Loan, dated as of February 18, 2010 (the "Note") as amended by the Assignment (as hereinafter defined); and

WHEREAS, the Note is secured by the following documents:

- A. A Mortgage, Security Agreement and Financing Statement dated as of February 18, 2010 (the "Mortgage") made by MPS LLC in favor of MPS in connection with the Property, as amended by the Assignment (as hereinafter defined);
- B. An Assignment of Rents and Leases dated as of February 18, 2010 (the "Assignment of Rents") made by the MPS LLC in favor of MPS in

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connection with the Property, as amended by the Assignment (as hereinafter defined); and

WHEREAS, MPS assigned the Note, along with the documents securing the Loan evidenced by the Note, to the City pursuant to that certain Assignment of Mortgage and Documents dated as of February 18, 2010 (the "Assignment of Mortgage"), as amended by the Assignment (as hereinafter defined); and

WHEREAS, the Note, the Redevelopment Agreement, the Regulatory Agreement, the Mortgage, the Assignment of Rents, and the Assignment of Mortgage shall be hereinafter referred to as the "Documents;" and

WHEREAS, the City, MPS, MPS LLC and KMA entered into that certain Assignment, Assumption and Amendment of Documents dated as of November 9, 2010 (the "Assignment"), whereby MPS LLC assigned to KMA all of MPS LLC's rights and obligations under the Documents, and concurrently therewith conveyed to KMA by special warranty deed all of MPS LLC's right, title and interest in the Property; and

WHEREAS, pursuant to the Assignment, the Loan was increased to \$561,605 and the Documents were amended to reflect the new Loan amount and other changes; and

WHEREAS, the Mortgage, the Redevelopment Agreement, the Regulatory Agreement, the Assignment of Rents, and the Assignment of Mortgage were each recorded in the Office of the Recorder of Deeds of Cook County, Illinois (the "Recorder's Office") on February 22, 2010; the Assignment was recorded in the Recorder's Office on November 17, 2010; and this Second Amendment was recorded in the Recorder's Office on _____, 2013; and

WHEREAS, concurrently with the execution of the Assignment, MPS LLC conveyed to the KMA by special warranty deed all of MPS LLC's right, title and interest in the Property;

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

WHEREAS, the RDA contemplates that upon acquiring title to the Property, the Participating Entity will secure rehabilitation financing to complete the rehabilitation of the Property and Permanent Financing to refinance the Property upon completion of rehabilitation; and

WHEREAS, the RDA further contemplates that after completing the rehabilitation of the Property, the Participating Entity will arrange for the permanent refinancing of the Property and the net proceeds of such refinancing shall be paid to the City as program income or within the City's sole discretion, the outstanding principal balance of the Loan shall be reduced by the amount of such net proceeds without the payment of program income to the City.

WHEREAS, KMA has secured rehabilitation financing and completed the Required Work; however, despite its best efforts KMA has been unable to obtain Permanent Financing satisfactory to the City and MPS; and

WHEREAS, the KMA has requested a waiver of the requirement to obtain Permanent Financing; and

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WHEREAS, the City has agreed to waive the requirement, subject to certain conditions as set forth herein; and

WHEREAS, the Assignment remains in full force and effect, except as otherwise amended by this Second Amendment; and

WHEREAS, the Parties now desire to execute this Second Amendment to further amend the Documents to reflect the current intent of the Parties. In the event of a conflict between the Documents and this Second Amendment or a conflict between the Assignment and this Second Amendment, this Second Amendment shall control and prevail.

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 agree as follows:

1. The above recitals are hereby incorporated into the Documents as if fully set forth herein
2. The City hereby waives the requirement of securing Permanent Financing to refinance the Property.
3. The Parties agree that in lieu of the payment of program income from a Permanent Refinancing, the outstanding Permitted Developer's Fees otherwise due and payable to KMA (the "Deferred Developer's Fee") shall instead be paid to the City.
4. The outstanding principal balance of the Loan shall be reduced by the amount of such Deferred Developer Fee without the payment of program income to the City and Developer Equity (as defined in Exhibit A).
5. The Documents and the Assignment are hereby amended by deleting all references to "\$500,690" and replacing them with "\$561,605."
6. Section 6(B) is hereby amended by deleting the reference to "A project budget and cash flow statement for the NSP Property, setting forth:" and replacing it with the following: "A project budget and cash flow statement for the NSP Property, as the same may be hereafter revised from time to time, in the form of Exhibit C attached hereto setting forth:"
7. 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.
8. The Redevelopment Agreement is hereby further amended to add new Exhibit B to the Redevelopment Agreement, attached as Exhibit B to this Second Amendment and made a part hereof.
9. Exhibit B to the Regulatory Agreement is hereby deleted in its entirety and new Exhibit B, attached as Exhibit C to this Second Amendment and made a part hereof, is substituted in its place.

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10. The Regulatory Agreement is hereby further amended to add new Exhibit E to the Regulatory Agreement, attached as Exhibit D to this Second Amendment and made a part hereof.

11. The Mortgage is hereby amended by deleting Section 39 in its entirety and replacing it with the following:

“(39) **Subordination.** This Mortgage shall be subject to and subordinate to that certain Senior Construction Loan made by Chicago Community Loan Fund, and Illinois not-for-profit corporation (“CCLF”).”

12. Exhibit B to the Mortgage is hereby deleted in its entirety and new Exhibit B to the Mortgage, attached as Exhibit D to this Second Amendment is substituted in its place.

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

“Upon the close out of the Senior Construction Loan, the Maker (i) will elect not to take payment of the remaining due but unpaid amount of the Deferred Developer’s Fee (as defined in Exhibit A of the hereinafter defined Loan Agreement) in the amount of \$33,881, and (ii) will make a payment to Holder of Developer Equity (as defined in Exhibit A of the hereinafter defined Loan Agreement) in the amount of \$40,519, and the sum of those two amounts (\$74,400) shall reduce the outstanding principal balance of the Note by such sum. The remaining principal balance of \$487,205 shall be forgiven on a pro rata basis, annually, over a period of 15 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.”

14. The parties hereto acknowledge and agree that this Second Amendment does not constitute a novation of the existing indebtedness under the Loan, but is intended to be an amendment and modification of the Documents. Except as amended hereby, the provisions of the Documents remain in full force and effect and are hereby ratified and confirmed. The Mortgage shall continue to secure repayment of all amounts due under the Note as modified by this Second Amendment without loss of priority.

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

16. This Second Amendment shall be governed as to performance and interpretation in accordance with the internal laws of the State of Illinois without regard to its conflict of laws principles.

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

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18. All capitalized terms used but not otherwise defined herein shall have the same meanings as set forth in the Redevelopment Agreement.
19. This Second Amendment may be executed in counterparts, which, when taken together, shall constitute one original document.

[The remainder of this page is intentionally left blank.]

Property of Cook County Clerk's Office

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IN WITNESS WHEREOF, the parties hereto have executed this Second Amendment as of the day and year first above written.

MERCY PORTFOLIO SERVICES, a
Colorado non-profit corporation

By: Darlene A. Dugo
Name: Darlene A. Dugo
Title: Vice President

KMA Holdings III, LLC, an Illinois limited
liability company

By: Brian M Rowland, manager
Name: Brian M. Rowland
Title: Manager

CITY OF CHICAGO, an Illinois municipal
corporation, acting by and through its
Department of Housing and Economic
Development

By: _____
Name: Andrew J. Mooney
Title: Commissioner

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IN WITNESS WHEREOF, the parties hereto have executed this Second Amendment as of the day and year first above written.

MERCY PORTFOLIO SERVICES, a
Colorado non-profit corporation

By: _____
Name: Darlene A. Dugo
Title: Vice President

KMA Holdings III, LLC, an Illinois limited
liability company

By: _____
Name: Brian M. Rowland
Title: Manager

CITY OF CHICAGO, an Illinois municipal
corporation, acting by and through its
Department of Housing and Economic
Development

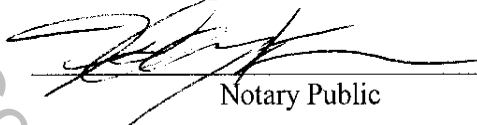
By: _____
Name: Andrew J. Mooney
Title: Commissioner

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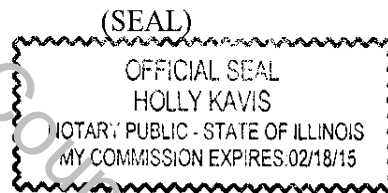
STATE OF ILLINOIS)
) SS.
 COUNTY OF COOK)

I, the undersigned, a Notary Public in and for the county and State aforesaid, do hereby certify that Darlene A. Dugo, personally known to me to be the Vice President of Mercy Portfolio Services, a Colorado non-profit corporation ("MPS"), and 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 such Vice President, she signed and delivered the said instrument pursuant to authority given by MPS, and as her free and voluntary act and deed and as the free and voluntary act and deed of MPS for the uses and purposes therein set forth.

GIVEN under my hand and official seal this 30th day of April, 2013.



 Notary Public



UNOFFICIAL COPY

STATE OF ILLINOIS)

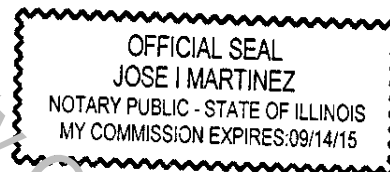
) SS.

COUNTY OF COOK)

I, the undersigned, a Notary Public in and for the county and State aforesaid, do hereby certify that Brian M. Rowland, personally known to me to be the Manager of KMA Holdings III, LLC, an Illinois limited liability company, and 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 such Manager, he signed and delivered the said instrument pursuant to authority given by KMA Holdings III, LLC, and as his free and voluntary act and deed and as the free and voluntary act and deed of KMA Holdings III, LLC for the uses and purposes therein set forth.

GIVEN under my notarial seal this 30 day of April, 2013.

NOTARY PUBLIC



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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 30th day of April, 2013.

Patricia Sulewski
NOTARY PUBLIC



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EXHIBIT A

(NEW EXHIBIT A TO REDEVELOPMENT AGREEMENT)

NSP PROPERTY INFORMATION

LEGAL DESCRIPTION:

LOT 27 IN HOME SWEET HOME SUBDIVISION, BEING A SUBDIVISION OF LOTS 1 TO 26, BOTH INCLUSIVE, THE EAST 16 FEET OF LOT 28 AND ALL LOTS 29 TO 50 AND 55 TO 66, INCLUSIVE IN BLOCK 5 IN JAMES D. ROBERTSON'S SUBDIVISION OF THAT PART OF THE SOUTHEAST QUARTER OF SECTION 33, TOWNSHIP 40 NORTH, RANGE 13, EAST OF THE THIRD PRINCIPAL MERIDIAN LYING SOUTH OF GRAND AVENUE AND EAST OF THE WEST 26.60 CHAINS THEREOF, IN COOK COUNTY, ILLINOIS.

ADDRESS COMMONLY KNOWN AS:

1641-43 North Lamon Avenue, Chicago, Illinois

PERMANENT INDEX NO.:

13-33-420-026-0000

Existing Improvements on the Land: 4-UNIT RESIDENTIAL BUILDING

NSP Acquisition Price: \$138,600

NSP Acquisition Loan Amount for acquisition and holding costs: \$146,605

NSP Redevelopment Cost: \$415,000

NSP Loan Amount: \$561,605

Permitted Developer's Fee: \$42,093

Deferred Developer's Fee: \$33,881

NSP Total Development Cost: \$561,605

Developer Equity: \$40,519

Senior Construction Loan: \$415,000

Senior Permanent Loan: None

Senior Construction Lender: Chicago Community Loan Fund ("CCLF")

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Senior Construction Loan Documents: collectively (i) that certain Construction Loan Agreement made by KMA in favor of CCLF as of the date hereof, (ii) that certain Construction Loan Mortgage and Security Agreement with Collateral Assignment of Leases and Rents made by KMA in favor of CCLF as of the date hereof, (iii) that certain Three Year Adjustable Rate Construction Loan Note made by KMA in favor of CCLF as of the date hereof, and (iv) that certain Security Agreement and Assignment of Interest in Land Trust made by KMA in favor of CCLF as of the date hereof.

Junior Loan: None.

Junior Lender: None.

Junior Loan Documents: None.

Repayment Terms: "Upon the close out of the Senior Construction Loan, the Maker (i) will elect not to take payment of the remaining due but unpaid amount of the Deferred Developer's Fee (as defined in Exhibit A of the Loan Agreement) in the amount of \$33,881, and (ii) will make a payment to Holder of Developer Equity (as defined in Exhibit A of the Loan Agreement) in the amount of \$40,519, and the sum of those two amounts (\$74,400) shall reduce the outstanding principal balance of the Note by such sum. The remaining principal balance of \$487,205 shall be forgiven on a pro rata basis, annually, over a period of 15 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."

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EXHIBIT B

(NEW EXHIBIT B TO REDEVELOPMENT AGREEMENT)

APPROVED BUDGET

[SEE ATTACHMENTS]

(final term sheet and final owner's sworn statement)

Property of Cook County Clerk's Office

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MPS-NSP Term Sheet
Multi-Family1641-43 N. Lamon
44 Residential, NO Commercial
KOMA Holdings III, LLC
Land Trust: TBDApproval by Developer
KOMA Holdings III, LLCApproval by City of Chicago
Dept. of Planning & Economic Development

Work to be performed (Rehab or new Construction)

1	138,600.00	Conf. "NSP Acquisition Price"
	8,005.00	conf. Plus: holding costs (MPS to confirm)
2	146,605.00	Conf. = "NSP Acquisition Loan Amount" (NSP Acquisition Price plus holding costs)
3	415,000.00	Conf. "NSP Redevelopment Cost" (Lender rehab loan amount, incl. dev. fee): = Per Final OSS
		Rehab Lender
		CCLF
	12	Rehab Loan Term (Months)
	Int: Only	Amortization Period (Years)
	5.000%	Rehab Loan Interest Rate (Prime, Floating)
4	42,093.00	Conf. "Permitted Developer Fee"
5	561,605.00	Conf. "NSP Loan Amount" (this is the same as "NSP Total Development Cost")
6	561,605.00	Conf. "NSP Total Development Cost" (Sum of "NSP Acquisition Loan Amount" and "NSP Redevelopment Cost")
	33,881.00	Conf. Less: Deferred Developer Fee
	40,519.00	Conf. Less: Developer Equity to be contributed at close out
	487,205.00	= Amount to remain outstanding and forgiven over term

Conf. 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

4

Perform Dep.
2,311.50

Unit Size, Type, and Utility Confirmation by Developer									
Unit Size, Type	Column A Unit SF Range	Column B Unit Avg. SF	Column C # units	Column D 50% AMI	Column E 120% AMI	Column F D. Est. Rents	Column G Utilities	Column H Landlord P.d.	Column I Tenant P.d.
1 E 2/1 To	NA	NA	NA	NA	NA	NA	Elec		X
1 800/sk	NA	NA	2	NA	77?	802	Cooking Gas		X
2 Bdr/Ald	NA	NA	NA	NA	NA	NA	Heat		X
2 bdr/sk	NA	NA	2	NA	77?	723	Water	X	

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MPS-NSP Term Sheet Multi-Family

1641-43 N Lamon
4u Residential, NO Commercial
KMA Holdings III, LLC
Land Trust: TBD

Approval by Developer,
KMA Holdings III, LLC

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

X

Rehab Work to be performed (Rehab or new Construction)

1	138,600.00	Conf.	"NSP Acquisition Price"
	8,005.00	conf.	Plus: holding costs (MPS to confirm)
2	146,605.00	Conf.	= "NSP Acquisition Loan Amount" (NSP Acquisition Price" plus holding costs)
3	415,000.00	Conf.	"NSP Redevelopment Cost" (Lender rehab loan amount, incl. dev. fee) = Per Final OSS
		Conf.	Rehab Lender
			CCLF
			12
			Int. Only
			5.000%
			Rehab Loan Term (Months)
			Amortization Period (Years)
			Rehab Loan Interest Rate (Prime, Floating)
4	42,093.00	Conf.	"Permitted Developer Fee"
5	561,605.00	Conf.	"NSP Loan Amount" (this is the same as "NSP Total Development Cost")
6	561,605.00	Conf.	"NSP Total Development Cost" (Sum of "NSP Acquisition Loan Amount" and "NSP Redevelopment Cost")
	33,881.00	Conf.	Less: Deferred Developer Fee
	40,519.00	Conf.	Less: Developer Equity to be contributed at close out
	487,205.00		= Amount to remain outstanding and forgiven over term

Conf. 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.
2,311.50

Unit Size, Set, and Utility Confirmation by Developer:									
Unit	Size	Column A		Column B		Column C	Column D		Column E
		Unit SF Range		Unit Avg. SF			# units		
1	Bd/Afd	NA	NA	NA	NA	NA	NA	NA	NA
2	Bd/Mkt	NA	NA	NA	NA	2	NA	???	602
2	Bd/Afd	NA	NA	NA	NA	NA	NA	???	NA
2	Bd/Mkt	NA	NA	NA	NA	2	NA	???	723

Unit Size, Set, and Utility Confirmation by Developer:													
Unit	Size	Column A		Column B		Column C	Column D		Column E	Column F	Column G	Column H	Column I
		Unit SF Range		Unit Avg. SF			# units	50% AMI					
1	Bd/Afd	NA	NA	NA	NA	NA	NA	NA	NA	NA	Elec		X
2	Bd/Mkt	NA	NA	NA	NA	2	NA	NA	???	602	Cooking Gas		X
2	Bd/Afd	NA	NA	NA	NA	NA	NA	NA	NA	NA	Heat		X
2	Bd/Mkt	NA	NA	NA	NA	2	NA	NA	???	723	Water	X	

Unit Size, Set, and Utility Confirmation by Developer:													
Unit	Size	Column A		Column B		Column C	Column D		Column E	Column F	Column G	Column H	Column I
		Unit SF Range		Unit Avg. SF			# units	50% AMI					
1	Bd/Afd	NA	NA	NA	NA	NA	NA	NA	NA	NA	Elec		X
2	Bd/Mkt	NA	NA	NA	NA	2	NA	NA	???	602	Cooking Gas		X
2	Bd/Afd	NA	NA	NA	NA	NA	NA	NA	NA	NA	Heat		X
2	Bd/Mkt	NA	NA	NA	NA	2	NA	NA	???	723	Water	X	

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Unit	Size	Column A		Column B		Column C	Column D		Column E	Column F	Column G	Column H	Column I
		Unit SF Range		Unit Avg. SF			# units	50% AMI					
1	Bd/Afd	NA	NA	NA	NA	NA	NA	NA	NA	NA	Elec		X
2	Bd/Mkt	NA	NA	NA	NA	2	NA	NA	???	602	Cooking Gas		X
2	Bd/Afd	NA	NA	NA	NA	NA	NA	NA	NA	NA	Heat		X
2	Bd/Mkt	NA	NA	NA	NA	2	NA	NA	???	723	Water	X	

Unit Size, Set, and Utility Confirmation by Developer:													
Unit	Size	Column A		Column B		Column C	Column D		Column E	Column F	Column G	Column H	Column I
		Unit SF Range		Unit Avg. SF			# units	50% AMI					
1	Bd/Afd	NA	NA	NA	NA	NA	NA	NA	NA	NA	Elec		X
2	Bd/Mkt	NA	NA	NA	NA	2	NA	NA	???	602	Cooking Gas		X
2	Bd/Afd	NA	NA	NA	NA	NA	NA	NA	NA	NA	Heat		X
2	Bd/Mkt	NA	NA	NA	NA	2	NA	NA	???	723	Water	X	

Unit Size, Set, and Utility Confirmation by Developer:													
Unit	Size	Column A		Column B		Column C	Column D		Column E	Column F	Column G	Column H	Column I
		Unit SF Range		Unit Avg. SF			# units	50% AMI					
1	Bd/Afd	NA	NA	NA	NA	NA	NA	NA	NA	NA	Elec		X
2	Bd/Mkt	NA	NA	NA	NA	2	NA	NA	???	602	Cooking Gas		X
2	Bd/Afd	NA	NA	NA	NA	NA	NA	NA	NA	NA	Heat		X
2	Bd/Mkt	NA	NA	NA	NA	2	NA	NA	???	723	Water	X	

Unit Size, Set, and Utility Confirmation by Developer:													
Unit	Size	Column A		Column B		Column C	Column D		Column E	Column F	Column G	Column H	Column I
		Unit SF Range		Unit Avg. SF			# units	50% AMI					
1	Bd/Afd	NA	NA	NA	NA	NA	NA	NA	NA	NA	Elec		X
2	Bd/Mkt	NA	NA	NA	NA	2	NA	NA	???	602	Cooking Gas		X
2	Bd/Afd	NA	NA	NA	NA	NA	NA	NA	NA	NA	Heat		X
2	Bd/Mkt	NA	NA	NA	NA	2	NA	NA	???	723	Water	X	

Unit Size, Set, and Utility Confirmation by Developer:													
Unit	Size	Column A		Column B		Column C	Column D		Column E	Column F	Column G	Column H	Column I
		Unit SF Range		Unit Avg. SF			# units	50% AMI					
1	Bd/Afd	NA	NA	NA	NA	NA	NA	NA	NA	NA	Elec		X
2	Bd/Mkt	NA	NA	NA	NA	2	NA	NA	???	602	Cooking Gas		X
2	Bd/Afd	NA	NA	NA	NA	NA	NA	NA	NA	NA	Heat		X
2	Bd/Mkt	NA	NA	NA	NA	2	NA	NA	???	723	Water	X	

Unit Size, Set, and Utility Confirmation by Developer:													
Unit	Size	Column A		Column B		Column C	Column D		Column E	Column F	Column G	Column H	Column I
		Unit SF Range		Unit Avg. SF			# units	50% AMI					
1	Bd/Afd	NA	NA	NA	NA	NA	NA	NA	NA	NA	Elec		X
2	Bd/Mkt	NA	NA	NA	NA	2	NA	NA	???	602	Cooking Gas		X
2	Bd/Afd	NA	NA	NA	NA	NA	NA	NA	NA	NA	Heat		X
2	Bd/Mkt	NA	NA	NA	NA	2	NA	NA	???	723	Water	X	

Unit Size, Set, and Utility Confirmation by Developer:													
Unit	Size	Column A		Column B		Column C	Column D		Column E	Column F	Column G	Column H	Column I
		Unit SF Range		Unit Avg. SF			# units	50% AMI					
1	Bd/Afd	NA	NA	NA	NA	NA	NA	NA	NA	NA	Elec		X
2	Bd/Mkt	NA	NA	NA	NA	2	NA	NA	???	602	Cooking Gas		X
2	Bd/Afd	NA	NA	NA	NA	NA	NA	NA	NA	NA	Heat		X
2	Bd/Mkt	NA	NA	NA	NA	2	NA	NA	???	723	Water	X	

Unit Size, Set, and Utility Confirmation by Developer:													
Unit	Size	Column A		Column B		Column C	Column D		Column E	Column F	Column G	Column H	Column I
		Unit SF Range		Unit Avg. SF			# units	50% AMI					
1	Bd/Afd	NA	NA	NA	NA	NA	NA	NA	NA	NA	Elec		X
2	Bd/Mkt	NA	NA	NA	NA	2	NA	NA	???	602	Cooking Gas		X
2	Bd/Afd	NA	NA	NA	NA	NA	NA	NA	NA	NA	Heat		X
2	Bd/Mkt	NA	NA	NA	NA	2	NA	NA	???	723	Water	X	

Unit Size, Set, and Utility Confirmation by Developer:													
Unit	Size	Column A		Column B		Column C	Column D		Column E	Column F	Column G	Column H	Column I
		Unit SF Range		Unit Avg. SF			# units	50% AMI					
1	Bd/Afd	NA	NA	NA	NA	NA	NA	NA	NA	NA	Elec		X
2	Bd/Mkt	NA	NA	NA	NA	2	NA	NA	???	602	Cooking Gas		X
2	Bd/Afd	NA	NA	NA	NA	NA	NA	NA	NA	NA	Heat		X
2	Bd/Mkt	NA	NA	NA	NA	2	NA	NA	???	723	Water	X	

Unit Size, Set, and Utility Confirmation by Developer:													
Unit	Size	Column A		Column B		Column C	Column D		Column E	Column F	Column G	Column H	Column I
		Unit SF Range		Unit Avg. SF			# units	50% AMI					
1	Bd/Afd	NA	NA	NA	NA	NA	NA	NA	NA	NA	Elec		X
2	Bd/Mkt	NA	NA	NA	NA	2	NA	NA	???	602	Cooking Gas		X
2	Bd/Afd	NA	NA	NA	NA	NA	NA	NA	NA	NA	Heat		X
2	Bd/Mkt	NA	NA	NA	NA	2	NA	NA	???	723	Water	X	

Unit Size, Set, and Utility Confirmation by Developer:													
Unit	Size	Column A		Column B		Column C	Column D		Column E	Column F	Column G	Column H	Column I
		Unit SF Range		Unit Avg. SF			# units	50% AMI					
1	Bd/Afd	NA	NA	NA	NA	NA	NA	NA	NA	NA	Elec		X
2	Bd/Mkt	NA	NA	NA	NA	2	NA	NA	???	602	Cooking Gas		X
2	Bd/Afd	NA	NA	NA	NA	NA	NA	NA	NA	NA	Heat		X
2	Bd/Mkt	NA	NA	NA	NA	2	NA	NA	???	723	Water	X	

Unit Size, Set, and Utility Confirmation by Developer:													
Unit	Size	Column A		Column B		Column C	Column D		Column E	Column F	Column G	Column H	Column I
		Unit SF Range		Unit Avg. SF			# units	50% AMI					
1	Bd/Afd	NA	NA	NA	NA	NA	NA	NA	NA	NA	Elec		X
2	Bd/Mkt	NA	NA	NA	NA	2	NA	NA	???	602	Cooking Gas		X
2	Bd/Afd	NA	NA	NA	NA	NA	NA	NA	NA	NA	Heat		X
2	Bd/Mkt	NA	NA	NA	NA	2	NA	NA	???	723	Water	X	

Unit Size, Set, and Utility Confirmation by Developer:													
Unit	Size	Column A		Column B		Column C	Column D		Column E	Column F	Column G	Column H	Column I
		Unit SF Range		Unit Avg. SF			# units	50% AMI					
1	Bd/Afd	NA	NA	NA	NA	NA	NA	NA	NA	NA	Elec		X
2	Bd/Mkt	NA	NA	NA	NA	2	NA	NA	???	602	Cooking Gas		X
2	Bd/Afd	NA	NA	NA	NA	NA	NA	NA	NA	NA	Heat		X
2	Bd/Mkt	NA	NA	NA	NA	2	NA	NA	???	723	Water	X	

Unit Size, Set, and Utility Confirmation by Developer:																			
Unit	Size	Column A		Column B		Column C		Column D		Column E		Column F		Column G		Column H		Column I	
		Unit SF Range		Unit Avg. SF		# units	50% AMI	120% AMI	D. Est. Rents	Utilities	Landlord Pd.	Tenant Pd.							
1	Bd/Affd	NA	NA	NA	NA	NA	NA	NA	NA	Elec									
2	Bd/Mkt	NA	NA	2	NA	NA	NA	NA	602	Cooking Gas									
3	Bd/Affd	NA	NA	NA	NA	NA	NA	NA	NA	Heat									
4	Bd/Affd	NA	NA	2	NA	NA	NA	NA	723	Water									

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SWORN OWNER'S STATEMENT
CHICAGO TITLE INSURANCE COMPANY

STATE OF: Illinois) SS
COUNTY OF: Cook

Escrow #: _____
Draw #: 06
Date: 06/16/13
Property: 1642 N Lamon

The affiant, Brian Rowland being first duly sworn, on oath deposes and says that he is the "owner/beneficiary" [strike one] of Trust No _____ held by _____ which is the owner * of the following described premises in Cook County, to wit: 1641 N. Lamon, Chicago, Illinois

1. That he is thoroughly familiar with all the facts and circumstances concerning the premises described above;
2. That with respect to improvements on the premises the only work done or materials furnished to date are as 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.

	Contractors Name & Address	Work Performed	Amount of Contract	Changes Increase/Decrease	Adjusted Contracts	Amount Paid Previous	Amount Due This Request	Balance to Become Due (Incl. Retention)
1	KMA Management, Inc., 2750 W Roosevelt, Chicago, Illinois 60608	General Construction	\$ 275,592.65	\$ 28,037.16	\$ 303,629.81	\$ 303,629.81	\$ -	\$ -
2	KMA Holdings III, LLC, 2750 W Roosevelt, Chicago, Illinois 60608	Construction Contingency	\$ 24,174.79	\$ (24,174.79)	\$ -	\$ -	\$ -	\$ -
3	Solid Remodelers, Inc, 7840 W Belmont, Chicago, Illinois 60630	Architectural Services/Expeditor	\$ 5,000.00	\$ (2,675.00)	\$ 2,325.00	\$ 2,325.00	\$ -	\$ -
4	Chicago Community Loan Fund, 29 East Madison Suite 1700, Chicago, IL 60602	CCLF Financing Fee 3%	\$ 12,450.00	\$ -	\$ 12,450.00	\$ 12,450.00	\$ -	\$ -
5	Chicago Community Loan Fund, 29 East Madison Suite 1700, Chicago, IL 60603	Construction Interest 5% For 3 months	\$ 5,187.50	\$ (1,187.37)	\$ 4,000.13	\$ 1,602.94	\$ -	\$ 2,397.19
6	Bill McCollum Architects, PO Box 13, 16109 Red Arrow HWY, Union Pier, MI 49129	Lender Inspection Fee	\$ 2,000.00	\$ -	\$ 2,000.00	\$ 2,000.00	\$ -	\$ -
6.1	Urban Equities Construction Companies Inc.	Lender Inspection Fee at closing	\$ -	\$ 500.00	\$ 500.00	\$ 500.00	\$ -	\$ -
7	KMA Management, Inc., 2750 W Roosevelt, Chicago, Illinois 60608	Security - Construction	\$ 5,000.00	\$ 620.19	\$ 5,620.19	\$ 5,620.19	\$ -	\$ -
8	KMA Holdings III, LLC, 2750 W Roosevelt, Chicago, Illinois 60608	Lead paint clearance	\$ 375.00	\$ 250.00	\$ 625.00	\$ 625.00	\$ -	\$ -
9	TBD	Appraisal Reports	\$ 750.00	\$ -	\$ 750.00	\$ -	\$ -	\$ 750.00
10	SELIG JINDAL LLP, 833 N. Orleans St., Suite 400, Chicago, IL 60610	Developer Legal Fees	\$ 3,000.00	\$ -	\$ 3,000.00	\$ 3,000.00	\$ -	\$ -
11	Chicago Title or Greater Illinois Title	Title & Construction Escrow	\$ 2,120.00	\$ (457.00)	\$ 1,663.00	\$ 1,663.00	\$ -	\$ -
12	TITLE COMPANY	Escrow Draw Fees - \$125/draw with a max of 4 draws.	\$ 500.00	\$ (250.00)	\$ 250.00	\$ 250.00	\$ -	\$ -
13	TBD	Home Buyer Assistance 3%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
14	TBD	Home Buyer Income Cert.	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
15	Digital Imagine Resources, 650 W Lake Street, Suite 120, Chicago, Illinois 60661	Mercy Signage	\$ 300.00	\$ (43.00)	\$ 257.00	\$ 253.00	\$ -	\$ 4.00
16	KMA Holdings III, LLC, 2750 W Roosevelt, Chicago, Illinois 60608	Soft cost contingency	\$ 1,000.00	\$ (1,000.00)	\$ -	\$ -	\$ -	\$ -
17	KMA Holdings III, LLC, 2750 W Roosevelt, Chicago, Illinois 60608	Insurance (Builders/GL/Workers/Auto)	\$ 3,200.00	\$ -	\$ 3,200.00	\$ 3,200.00	\$ -	\$ -
18	KMA Holdings III, LLC, 2750 W Roosevelt, Chicago, Illinois 60608	Property Insurance - post construction	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
19	KMA Holdings III, LLC, 2750 W Roosevelt, Chicago, Illinois 60608	Property Maintenance	\$ 3,000.00	\$ -	\$ 3,000.00	\$ 3,000.00	\$ -	\$ -
20	KMA Holdings III, LLC, 2750 W Roosevelt, Chicago, Illinois 60608	Security- Post Construction	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
21	KMA Holdings III, LLC, 2750 W Roosevelt, Chicago, Illinois 60608	Utilities	\$ 2,500.00	\$ -	\$ 2,500.00	\$ 2,500.00	\$ -	\$ -
22	Cook County Treasurer, PO Box 4468, Carol Stream, IL 60187	Real Estate Taxes 110%	\$ 5,242.60	\$ 379.81	\$ 5,622.41	\$ 5,622.41	\$ -	\$ -
23	KMA Holdings III, LLC, 2750 W Roosevelt, Chicago, Illinois 60608	Developer Fee, (12%)	\$ 42,092.71	\$ -	\$ 42,092.71	\$ 42,092.71	\$ -	\$ -
	Mercy Portfolio Services 120 S. LaSalle Street Chicago, IL 60603	In Lieu of LOD	\$ 40,519.00	\$ -	\$ 40,519.00	\$ -	\$ 40,519.00	\$ -
	TBD	Marketing/Other	\$ 1,500.00	\$ -	\$ 1,500.00	\$ -	\$ -	\$ 1,500.00
TOTAL			\$ 435,704.25	\$ (0.00)	\$ 435,704.25	\$ 390,534.06	\$ 40,519.00	\$ 4,651.19

THE UNDERSIGNED HEREBY APPROVES THE ABOVE AMOUNTS FOR PAYMENT.

Signed: Brian M. Rowland
DEVELOPER

Subscribed and sworn to before me this 16th day of May 2012: 2013

Signed: _____
Notary Public (Seal)

OFFICIAL SEAL
JOSE I MARTINEZ
NOTARY PUBLIC - STATE OF ILLINOIS
MY COMMISSION EXPIRES: 09/14/15

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EXHIBIT C

(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 0 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 \$561,605 for financing a portion of the costs of the acquisition and rehabilitation of the Project.

"Project" shall mean the one building located at 1641-43 N. Lamon Ave.; Chicago, Illinois, and which shall contain, as of the completion of the acquisition and rehabilitation thereof, 4 multi-family residential dwelling units.

"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: Chicago Community Loan Fund ("CCLF").

"Senior Loan" shall mean: That certain senior construction loan from CCLF 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 CCLF 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. (N/A)

100 percent of the 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	2	\$602
2/unit	2	\$723

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

(c) The Project shall consist of the following square footage: (N/A)

(d) The Low-Income Project shall consist of the following square footage: (N/A)

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 III, LLC
2750 West Roosevelt Road
Chicago, IL 60608
Attn: 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 feasible, be directed to low- and very low-income individuals, particularly individuals who are recipients of HUD assistance for housing.

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(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.

(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

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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 D

(NEW EXHIBIT E TO REGULATORY AGREEMENT)

UTILITIES SCHEDULE

The following utilities shall be paid by the tenant:

Electricity, Cooking Gas and Heat

Property of Cook County Clerk's Office

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EXHIBIT E

(NEW EXHIBIT B TO MORTGAGE)

1. Address of Mortgagor:
KMA Holdings III, LLC
2750 West Roosevelt Road
Chicago, IL 60608
Attn: Brian M. Rowland
2. Interest Rate on Note: Zero percent per annum
3. [Intentionally Omitted]
4. Principal Amount of Note: \$561,605
5. Repayment Terms and Maturity Date of the Loan:

Upon the close out of the Senior Construction Loan, the Maker (i) will elect not to take payment of the remaining due but unpaid amount of the Deferred Developer's Fee (as defined in Exhibit A of the Loan Agreement) in the amount of \$33,881, and (ii) will make a payment to Holder of Developer Equity (as defined in Exhibit A of the Loan Agreement) in the amount of \$40,519, and the sum of those two amounts (\$74,400) shall reduce the outstanding principal balance of the Note by such sum. The remaining principal balance of \$487,205 shall be forgiven on a pro rata basis, annually, over a period of 15 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 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

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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.