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Karen A. Yarbrough
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This document prepared by
and when recorded return to:
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400170645116

REGULATORY AGREEMENT

THIS REGULATORY AGREEMENT entered into and effective this 14th day of May, 2015 (this "Regulatory Agreement"), by and between the City of Chicago, Illinois (the "City"), an Illinois municipal corporation, by and through its Department of Planning and Development ("DPD"), with offices at 121 North LaSalle Street, Chicago, Illinois 60602, and Sacramento and Thomas Limited Partnership, an Illinois limited partnership (the "Borrower").

WITNESSETH

WHEREAS, DPD is an executive department of the City established pursuant to the Municipal Code of Chicago, which supervises and coordinates the formulation and execution of projects and programs creating safe, decent and affordable housing for residents of the City; and

WHEREAS, DPD has funds available to its Multi-Family Loan Program from City density bonus corporate funds ("Multi-Family Program"); and

WHEREAS, the City intends to loan a sum (hereinafter referred to as the "Loan") of Multi-Family Program funds to the Borrower for the purposes set forth below, and has requested that DPD administer the Loan; and

WHEREAS, the Borrower will utilize the Loan proceeds in connection with the Project (as legally described on Exhibit A attached hereto and hereby made a part hereof and as further defined on Exhibit B attached hereto and hereby made a part hereof); and

WHEREAS, as a specific condition precedent to the Borrower receiving the Loan, the Borrower has agreed to execute this Regulatory Agreement with the City governing the use of the Project;

NOW, THEREFORE, in consideration of the mutual promises and covenants hereinafter set forth, and of other valuable consideration, the Borrower and the City each agree as follows:

SECTION 1 DEFINITIONS AND INTERPRETATIONS.

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Additional definitions on Exhibit B hereto are hereby incorporated in this Section 1 by reference.

The following terms shall have the respective meaning assigned to them in this Section 1 unless the context in which they are used clearly requires otherwise:

"1937 Act" shall mean [intentionally deleted]

"Affirmative Marketing Plan" shall mean the affirmative marketing plan submitted by the Borrower and approved by DPD.

"Affordable Rent" shall mean the rent amounts determined by the City for rental housing not to exceed 30 percent of a Low-Income Family's income.

"Annual Report" shall mean the report from the Borrower in substantially the form set forth in Exhibit C attached hereto and hereby made a part hereof, as the same may be amended from time to time.

"Borrower" shall mean, initially, Sacramento and Thomas Limited Partnership, an Illinois limited partnership, and at any subsequent time of reference, the Person or Persons, if any, who shall succeed to the legal or beneficial ownership of all or any part of the Project.

"Business Day" shall mean a day on which banks in the City of Chicago, Illinois are not authorized or required to remain closed and which shall not be a public holiday under the laws of the State or any ordinance or resolution of the City of Chicago, Illinois.

"City" shall mean the City of Chicago, Illinois, an Illinois municipal corporation, and its successors and assigns.

"DPD" shall mean the Department of Planning and Development of the City, and any successor to said Department.

"First Reporting Date" shall mean the first January 1 following completion of construction of the Project.

"Foreclosure Date" shall mean the date of a Transfer.

"HUD" shall mean the U.S. Department of Housing and Urban Development.

"Inspection Period" shall mean a period beginning on the date hereof and ending on the fifth anniversary of the Repayment Date.

"Last Reporting Date" shall mean the first January 1 following the end of the Project Term.

"Loan Agreement" shall mean the Housing Loan Agreement, of even date herewith, between the City and the Borrower with respect to the Loan, as hereafter amended, supplemented and restated from time to time.

"Loan Documents" shall have the meaning given to such term in the Loan Agreement.

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"Low-Income Family" shall mean a family whose income does not exceed sixty percent of the median income for the Chicago area. DPD acknowledges that, for as long as the Project receives HUD-VASH project based section 8 vouchers pursuant to Section 8(o)(19) of the United States Housing Act of 1937, as amended, 42 U.S.C. Section 1437f(o)(19) (2013) during the Project Term, the Low-Income Family receiving the voucher must include a homeless veteran of the United States armed forces.

"Mortgage" shall mean that certain Junior Leasehold Mortgage, Security Agreement and Financing Statement of even date herewith from the Borrower to the City, as hereafter supplemented, amended and restated from time to time.

"Multi-Family Program" shall mean the Multi-Family Loan Program of DPD.

"People" shall have the meaning assigned to such term in Section 2.20 hereof.

"Persons" shall mean natural persons, firms, partnerships, associations, corporations, trusts and public bodies.

"Project Term" shall mean the number of years during which the Project must comply with this Regulatory Agreement. The Project Term shall begin on the date hereof and shall continue, except as provided in Sections 2.15, 2.16 and 15 hereof, through and including the Termination Date, and shall end on the Termination Date.

"Regulatory Agreement" shall mean this Regulatory Agreement, as supplemented, amended and restated from time to time.

"Repayment Date" shall mean the date as of which the principal of and interest, if any, on the Loan and all other amounts due and payable to the City under the Loan Documents shall have been paid in full (or deemed by the City in its sole discretion to have been paid in full).

"State" shall mean the State of Illinois.

"Tenant Certification" shall mean the certification in substantially the form set forth in Exhibit D attached hereto and hereby made a part hereof, as the same may be amended from time to time.

"Termination Date" shall mean the earlier of (a) a Foreclosure Date or (b) the Repayment Date.

"Transfer" shall mean the transfer of the Project (a) by foreclosure of the Senior Mortgage (or, if the City so elects, of the Mortgage), or (b) by an instrument in lieu of foreclosure of the Senior Mortgage (or, if the City so elects, of the Mortgage).

Capitalized terms used herein and not otherwise defined herein shall have the same meanings given such terms in the Loan Agreement.

SECTION 2 BORROWER'S REPRESENTATIONS, WARRANTIES AND COVENANTS.

The Borrower hereby represents, warrants, covenants and agrees as follows:

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2.1 The Project shall be acquired and constructed for the purpose of providing residential rental property, and the Borrower shall own, manage and operate the Project as residential rental units and facilities functionally related and incidental thereto.

2.2 The Project shall consist of residential units, together with facilities functionally related and incidental thereto, and which units are similar in quality and type of construction and amenities.

2.3 Each unit in the Project shall contain separate and complete facilities for living, sleeping, eating, cooking and sanitation.

2.4 None of the units in the Project shall at any time be used on a transient basis, and neither the Project nor any portion thereof shall ever be used as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, hospital, nursing home, sanitarium, rest home or trailer park or court.

2.5 The units in the Project shall be made available for lease by members of the general public and the Borrower shall not give preference in renting units in the Project to any particular class or group of individuals other than Low-Income Families as provided herein.

2.6 The Borrower shall not convert any units in the Project to condominium ownership or to any form of cooperative ownership.

2.7 The Borrower shall not discriminate against prospective tenants on the basis of their receipt of, or eligibility for, housing assistance under any federal, State or local housing assistance program or on the basis that they have a minor child or children who will be residing with them.

2.8 All of the units in the Project shall be, after completion of the construction of the Project, and shall remain suitable for occupancy.

2.9 After completion of the construction of the Project, all of the units in the Low-Income Project shall be leased only to tenants who are Low-Income Families at the time of initial occupancy by such Low-Income Families.

2.10 After completion of construction of the Project, the portion of the rent charged each month to the tenant for any unit in the Low-Income Project shall not exceed at any time the Affordable Rent for such unit; notwithstanding the foregoing, the total rent paid, inclusive of rental assistance subsidies, may exceed the Affordable Rent without violating this Section 2.10..

2.11 The Borrower shall include in leases for all units provisions which authorize the Borrower to immediately terminate the tenancy of any tenant who misrepresented any fact material to the tenant's qualification as a Low-Income Family.

2.12 All tenant lists, applications, and waiting lists relating to the Project shall at all times be kept separate and identifiable from any other business of the Borrower which is unrelated to the Project, shall be maintained, as required by the City, in a reasonable condition for proper audit and subject to examination during business hours by representatives of the City. If the Borrower employs a management agent for the Project, the Borrower shall require such agent to comply with the requirements of this Regulatory Agreement and shall include such requirements in any and all management agreements or contracts entered into with respect to the Project.

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2.13 All tenant leases shall be written, shall be for a period of not less than six months, shall be in conformity with all applicable laws, including without limitation the City of Chicago Residential Landlord and Tenant Ordinance, and, with respect to units in the Low-Income Project, shall contain clauses, inter alia, wherein each individual lessee: (i) certifies the accuracy of the statements made in the Tenant Certification and (ii) agrees that the family income and other eligibility requirements shall be deemed substantial and material obligations of his/her tenancy, that he/she will comply with all requests for information with respect thereto from the Borrower or the City, and that the failure to provide accurate information in the Tenant Certification or refusal to comply with a request for information with respect thereto shall be deemed a substantial violation of an obligation of his/her tenancy.

2.14 The Borrower shall permit and shall cause any management agent for the Project to permit, during normal business hours and upon reasonable notice, any duly authorized representative of the City to inspect any books and records of the Borrower or such agent regarding the Project with respect to the incomes of Low-Income Families residing as tenants in the Low-Income Project or which pertain to compliance with the provisions of this Regulatory Agreement. The Borrower shall permit, and shall cause any management agent for the Project to permit, the City and/or its agents to inspect the Project at all reasonable times and access thereto shall be permitted for that purpose.

2.15 The Borrower shall obtain and maintain on file during the Project Term a sworn and notarized Tenant Certification with respect to each and every individual, group of unrelated individuals or family who is a tenant in the Low-Income Project, signed by the tenant or tenants (i.e., the individual or individuals whose name or names appear on the lease) and obtained by the Borrower (a) prior to such tenant or tenants occupying the unit or signing a lease with respect thereto, and (b) thereafter at least annually so long as such individual, individuals or family remain as tenants in the Low-Income Project. Each Tenant Certification shall be kept on file with the Borrower during the Inspection Period. Notwithstanding the foregoing sentence, this Section 2.15 shall terminate as of a Foreclosure Date. The Borrower shall assist each of the tenants in the Low-Income Project in completing the Tenant Certification if necessary.

2.16 The Borrower agrees that it will take any and all actions required by the City to substantiate the Borrower's compliance with the restrictions set forth herein, including, but not limited to, submitting to the City an Annual Report executed by the Borrower, commencing on the First Reporting Date and on each January 1 thereafter through and including the Last Reporting Date. Notwithstanding the foregoing sentence, this Section 2.16 shall terminate as of a Foreclosure Date.

2.17 The Borrower shall provide to the City a tenant profile (in the form provided to the Borrower by DPD) for each Low-Income Family for each unit in the Low-Income Project within 30 days after such unit is leased to such tenant(s) (or, for units occupied by Low-Income Families as of the date hereof, within 30 days from the date hereof). For each unit in the Low-Income Project, promptly after the first leasing of such unit after the completion of construction of the Project, the Borrower shall provide the City, unless prohibited by law, with data on the racial, ethnic, gender and income-level characteristics of (a) the tenants, if any, occupying such unit before construction, (b) the tenants moving into such unit initially after completion of construction of the Project, and (c) the applicants for tenancy of such unit within 90 days following completion of construction of the Project. For each subsequent leasing of the unit, the Borrower shall provide the City, unless prohibited by law, with data on the racial, ethnic, gender and income-level characteristics (including gender identification of the head(s) of household) of each tenant moving into the unit.

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2.18 The Borrower shall notify the City of the occurrence of any event of which the Borrower has notice and which event would violate any of the provisions of this Regulatory Agreement.

2.19 No Person in the United States shall on the grounds of race, color, national origin, religion or sex be excluded from participation in, be denied the benefits of, or be subjected to discrimination in connection with the Project. The Borrower shall cause the Project to comply at all times with the Chicago Fair Housing Ordinance, Section 5-8-010 et seq. of the Municipal Code of Chicago, except as expressly permitted by the City of Chicago per Ordinance adopted January 21, 2015 and published in the City's Journal of Proceedings at pages 101269-101275.

2.20 The Borrower shall take all reasonable steps to minimize the displacement of families, individuals, businesses, not-for-profit organizations and farms (herein for the purposes of this paragraph collectively called "People") as a result of the Project.

2.21 [intentionally omitted]

2.22 The Project must comply with the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. Section 4821 et seq.), and of 24 C.F.R. Section 570.608, including without limitation the requirements of notice to tenants, prohibition of the use of lead-based paint and for the elimination of the hazards of lead-based paint. Any lead-based paint and defective paint debris shall be disposed of in accordance with applicable federal, State or local requirements.

2.23 The Borrower shall obtain and maintain flood insurance for the Project if the Project is located in an area which is identified by the Federal Emergency Management Agency as having special flood hazards.

2.24 The Borrower is not a primarily religious entity and the Project will be used solely for secular purposes.

2.25 No individual who is an employee, agent, consultant, officer or elected or appointed official of the City (and no individual who was an employee, agent, consultant, officer or elected or appointed official within one year prior to the date hereof) and who exercises or has exercised any functions or responsibilities with respect to activities assisted with DPW monies or who is or was in a position to participate in a decision-making process or gain inside information with regard to such activities, has obtained, is obtaining or will obtain a financial interest or benefit from the Project, or has or will have any interest in any contract, subcontract or agreement with respect to the Project, or the proceeds thereunder, either for himself or for those with whom he has family or business ties.

2.26 The Borrower has not and shall not execute any other agreement with provisions contradictory to, or in opposition to, the provisions hereof, and in any event, except for the requirements of the Low Income Housing tax Credit Extended Use Agreement between the Borrower and Illinois Housing Development Authority, the requirements of this Regulatory Agreement are paramount and controlling as to the rights and obligations herein set forth and supersede any other requirements in conflict herewith.

2.27 Except as otherwise disclosed to the City in writing, all of the statements, representations and warranties of the Borrower contained in (i) the Borrower's application for the Loan, and (ii) any other document submitted by the Borrower to the City in connection with the Project remain true and in effect as of the date hereof.

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2.28 For every unit in the Low-Income Project, the Borrower shall comply with affirmative marketing requirements established by DPD from time to time, including the following:

- (a) based on the Affirmative Marketing Plan, advertise in pre-identified commercial media, contact pre-identified churches, community groups and other agencies, and undertake other means to inform targeted groups of the availability of such units in the Low-Income Project, subject to the requirements of the HUD/VASH project-based voucher program;
- (b) [intentionally omitted]
- (c) provide DPD upon request with an annual report describing the Borrower's affirmative marketing activities with respect to the Low-Income Project, including a description of the Borrower's outreach efforts (including copies of all advertisements and brochures) and, unless prohibited by law, a record of the racial/ethnic/gender characteristics of all individuals who look at units in the Low-Income Project, those who apply for leases for such units, and those who actually sign such leases; and
- (d) maintain records of affirmative marketing efforts with respect to the leasing or re-leasing of each such unit to be made available for review by DPD for a period equal to the Project Term.

2.29 The Borrower has submitted to the City a tenant selection plan containing policies and criteria that: (a) are consistent with the purpose of providing housing for Low-Income Families, (b) are reasonably related to Multi-Family Program eligibility and the applicants' ability to perform the obligations of the lease, (c) [intentionally omitted], and (d) provide for the prompt notification in writing to any rejected applicant of the grounds for any rejection.

2.30 The Borrower hereby acknowledges and affirms that it has reviewed the provisions of, and that the Project shall during the Project Term be in compliance with, each of the following: (a) the requirements of the Fair Housing Act, 42 U.S.C. §§3601-19 and implementing regulations at 24 C.F.R. Part 100 et seq.; Executive Order 11063, as amended by Executive Order 12892 (3 C.F.R., 1958-63 Comp., p. 652 and 59 F.R. 2939) (Equal Opportunity in Housing) and implementing regulations at 24 C.F.R. Part 107; and Title VI of the Civil Rights Act of 1964, 42 U.S.C. §§2000d - 2000d-4, and implementing regulations at 24 C.F.R. Part 1; (b) the prohibitions against discrimination on the basis of age under the Age Discrimination Act of 1975, 42 U.S.C. §6101 et seq., and the implementing regulations at 24 C.F.R. Part 146; (c) the prohibitions against discrimination on the basis of handicap under Section 504 of the Rehabilitation Act of 1973, 29 U.S.C. §794, and implementing regulations at 24 C.F.R. Part 8; (d) the requirements of Executive Order 11246, as amended by Executive Orders 11375, 11478, 12086 and 12107 (3 C.F.R., 1964-65 Comp., p. 339; 3 C.F.R., 1966-70 Comp., p.684; 3 C.F.R., 1966-70 Comp., p.803; 3 C.F.R., 1978 Comp., p.230 and 3 C.F.R., 1978 Comp., p.264, respectively) (Equal Employment Opportunity Programs) and the implementing regulations issued at 41 C.F.R. Chapter 60; and (e) the requirements of Executive Order 11625, as amended by Executive Order 12007 (3 C.F.R., 1971-75 Comp., p.616 and 3 C.F.R., 1977 Comp., p.139) (Minority Business Enterprises); Executive Order 12432 (3 C.F.R., 1983 Comp., p.198) (Minority Business Enterprise Development); and Executive Order 12138, as amended by Executive Order 12608 (3 C.F.R., 1977 Comp., p.393 and 3 C.F.R., 1987 Comp., p.245) (Women's Business Enterprise).

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2.31 Additional representations and covenants of the Borrower contained on Exhibit B hereto are hereby incorporated herein by reference.

SECTION 3 RELIANCE.

The City and the Borrower hereby recognize and agree that the representations and covenants set forth herein made by the City and the Borrower, respectively, may be relied upon by the Borrower and the City, respectively. In performing its duties and obligations hereunder, the City may rely upon statements and certificates of the Borrower and Low-Income Families and upon audits of the books and records of the Borrower pertaining to occupancy of the Project. In addition, the City may consult with counsel and the opinion of such counsel shall be evidence that such action or failure to act by the City was in good faith and in conformity with such opinion. The City and the Borrower agree that it is the Borrower's responsibility to determine that each potential tenant in the Low-Income Project qualifies as a Low-Income Family, and that in making each such determination, the Borrower shall exercise due diligence.

SECTION 4 SALE OR TRANSFER OF THE PROJECT.

The Borrower hereby covenants and agrees not to sell, transfer or otherwise dispose of the Project, or any portion thereof (including without limitation, a transfer by assignment of any beneficial interest under a land trust), or to violate any provision of the Mortgage relating to prohibitions on sales or transfers of the Project or any interest therein (whether or not the Mortgage remains of record), at any time during the Project Term, except as expressly permitted in the Loan Documents or otherwise by the City (this permission shall not be unreasonably withheld following payment in full of the Loan and all other amounts due and payable to the City under the Loan Documents). The Borrower hereby agrees and covenants that no portion of any building to which this Regulatory Agreement applies shall be transferred to any Person unless all of such building is transferred to such Person. It is hereby expressly stipulated and agreed that any sale, transfer or other disposition of the Project in violation of this Section 4 shall be null, void and without effect, shall cause a reversion of title to the Borrower or any successor or assignee of the Borrower last permitted by the City, and shall be ineffective to relieve the Borrower or such successor or assignee, as applicable, of its obligations hereunder.

SECTION 5 TERM.

This Regulatory Agreement shall become effective upon its execution and delivery. Subject to Sections 2.15, 2.16 and 15, hereof, this Regulatory Agreement shall remain in full force and effect for a term equal to the Project Term, it being expressly agreed and understood that the provisions hereof are intended to survive throughout the Project Term.

SECTION 6 ENFORCEMENT.

6.1 Subject to Section 6.4 hereof, if a violation of any of the foregoing representations or covenants occurs or is attempted, and such occurrence or attempt is uncorrected for a period of 30 days after notice thereof from the City to the Borrower (provided, however, that if any such occurrence or attempt cannot reasonably be cured within said 30-day period and if the Borrower shall have commenced to cure such occurrence or attempt within said 30-day period and shall thereafter continue diligently to effect such cure, then said 30-day period shall be extended to 60 days upon written request from the Borrower to the City delivered during such 30-day period, and

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upon further written request from the Borrower to the City delivered during such 60-day period, said 60-day period shall be extended to 90 days), the City and its successors and assigns, without regard to whether the City or its successors and assigns is an owner of any land or interest therein to which these covenants relate, may institute and prosecute any proceeding at law or in equity to abate, prevent or enjoin any such violation or attempted violation or to compel specific performance by the Borrower of its obligations hereunder, or may declare an event of default under the Loan Documents and exercise its rights thereunder, including without limitation foreclosure under the Mortgage. No delay in enforcing the provisions hereof as to any breach or violation shall impair, damage or waive the right of any party entitled to enforce the provisions hereof or to obtain relief against or recovery for the continuation or repetition of such breach or violations or any similar breach or violation hereof at any later time. Notwithstanding any of the foregoing to the contrary, the City hereby agrees that any cure of any default made or tendered by a limited partner of the Borrower or the Senior Lender or Junior Lender shall be deemed to be a cure by the Borrower and shall be accepted or rejected on the same basis as if made or tendered by the Borrower.

6.2 All fees, costs and expenses of the City incurred in taking any action pursuant to this Section 6 shall be the sole responsibility of the Borrower.

6.3 The Borrower further specifically acknowledges that the City cannot be adequately compensated by monetary damages in the event of any breach or violation of any of the foregoing representations or covenants.

6.4 The City shall provide prompt written notice (a "Noncompliance Notice") to the Borrower if the City (a) does not receive from the Borrower an Annual Report when due, (b) is not permitted to inspect, as provided in Section 2.14 hereof, the records maintained by the Borrower pursuant to this Agreement, or (c) discovers by inspection, review or in some other manner that the Project is not in compliance with the provisions of this Agreement. The Noncompliance Notice shall specify a period (the "Correction Period") during which the Borrower is required to correct the condition (the "Noncompliance Condition") causing the production of the Noncompliance Notice. This Section 6.4 shall survive beyond the Termination Date, if the Termination Date (a) is not also a Foreclosure Date, and (b) shall occur prior to October 1 of the second calendar year following the end of the Compliance Period; notwithstanding the foregoing part of this sentence, this Section 6.4 shall terminate as of a Foreclosure Date.

SECTION 7 RECORDING AND FILING.

The Borrower shall cause this Regulatory Agreement and all amendments and supplements hereto to be recorded and filed in the conveyance and real property records of the county in which the Project is located and in such other places as the City may reasonably request. The Borrower shall pay all fees and charges incurred in connection with any such recording. Upon recording, the Borrower shall immediately transmit to the City an executed original of this Regulatory Agreement showing the date and recording number of record.

SECTION 8 PREVAILING WAGE

The Borrower hereby covenants and agrees to pay, and to contractually obligate and cause the General Contractor and each subcontractor to pay, the prevailing wage rate as ascertained by the federal government pursuant to the Davis-Bacon Act, to all Project employees as required by applicable law. All such contracts shall list the specified rates to be paid to all laborers, workers and mechanics for each craft or type of worker or mechanic employed pursuant to such contract. If the

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Department revises such prevailing wage rates, the revised rates shall apply to all such contracts. Upon the City's request, the Borrower shall provide the City with copies of all such contracts entered into by the Borrower or the General Contractor to evidence compliance with this Section 8.

SECTION 9 MBE/WBE COMMITMENT

9.1 The Borrower agrees for itself and shall contractually obligate the General Contractor to agree that during the Project:

(a) Consistent with the findings which support the Minority-Owned and Women-Owned Business Enterprise Procurement Program (the "MBE/WBE Program"), Section 2-92-420 et seq., Municipal Code of Chicago, and in reliance upon the provisions of the MBE/WBE Program to the extent contained in, and as qualified by, the provisions of this Section 9.1, during the course of the Project, at least the following percentages of the aggregate hard construction costs (as set forth in the Project Budget) shall be expended for contract participation by minority-owned businesses ("MBEs") and by women-owned businesses ("WBEs"):

- (1) At least 24 percent by MBEs.
- (2) At least four percent by WBEs.

"Aggregate hard construction costs" does not include administration and oversight of the Borrower's enrollment in the Illinois Environmental Protection Agency's Site Remediation Program but does include the work performed by the contractor to remove the contaminated soil.

(b) For purposes of this Section 9.1 only, the Borrower (and any party to whom a contract is let by the Borrower in connection with the Project) shall be deemed a "contractor" and this Regulatory Agreement (and any contract let by the Borrower in connection with the Project) shall be deemed a "contract" as such terms are defined in Section 2-92-420, Municipal Code of Chicago. In addition, the term "minority-owned business" or "MBE" shall mean a business enterprise identified in the Directory of Certified Minority Business Enterprises published by the City's Purchasing Department, or otherwise certified by the City's Purchasing Department as a minority-owned business enterprise; and the term "women-owned business" or "WBE" shall mean a business enterprise identified in the Directory of Certified Women Business Enterprises published by the City's Purchasing Department, or otherwise certified by the City's Purchasing Department as a women-owned business enterprise.

(c) Consistent with Section 2-92-440, Municipal Code of Chicago, the Borrower's MBE/WBE commitment may be achieved in part by the Borrower's status as an MBE or WBE (but only to the extent of any actual work performed on the Project by the Borrower) or by a joint venture with one or more MBEs or WBEs (but only to the extent of the lesser of (i) the MBE or WBE participation in such joint venture or (ii) the amount of any actual work performed on the Project by the MBE or WBE), by the Borrower utilizing a MBE or a WBE as the General Contractor (but only to the extent of any actual work performed on the Project by the General Contractor), by subcontracting or causing the General Contractor to subcontract a portion of the Project to one or more MBEs or WBEs, or by the purchase of materials used in the Project from one or more MBEs or WBEs, or by any combination of the foregoing. Those entities which constitute both a MBE and a WBE shall not be credited more than once with regard to the Borrower's MBE/WBE commitment as described in this Section 9.1.

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(d) The Borrower shall deliver quarterly reports to DPD during the Project describing its efforts to achieve compliance with this MBE/WBE commitment. Such reports shall include, inter alia, the name and business address of each MBE and WBE solicited by the Borrower or the General Contractor to work on the Project, and the responses received from such solicitation, the name and business address of each MBE or WBE actually involved in the Project, a description of the work performed or products or services supplied, the date and amount of such work, product or service, and such other information as may assist DPD in determining the Borrower's compliance with this MBE/WBE commitment. The Borrower shall maintain records of all relevant data with respect to the utilization of MBEs and WBEs in connection with the Project for at least five years after completion of the Project, and DPD shall have access to all such records maintained by the Borrower, on five Business Days' notice, to allow the City to review the Borrower's compliance with its commitment to MBE/WBE participation and the status of any MBE or WBE performing any portion of the Project.

(e) Upon the disqualification of any MBE or WBE General Contractor or Subcontractor, if such status was misrepresented by the disqualified party, the Borrower shall be obligated to discharge or cause to be discharged the disqualified General Contractor or Subcontractor, and, if possible, identify and engage a qualified MBE or WBE as a replacement. For purposes of this subsection (e), the disqualification procedures are further described in Section 2-92-540, Municipal Code of Chicago.

(f) Any reduction or waiver of the Borrower's MBE/WBE commitment as described in this Section 9.1 shall be undertaken in accordance with Section 2-92-450, Municipal Code of Chicago.

(g) Prior to the commencement of the Project, the Borrower shall be required to meet with the monitoring staff of DPD with regard to the Borrower's compliance with its obligations under this Section 9.1. The General Contractor and all major Subcontractors shall be required to attend this pre-construction meeting. During said meeting, the Borrower shall demonstrate to DPD its plan to achieve its obligations under this Section 9.1, the sufficiency of which shall be approved by DPD. During the Project, the Borrower shall submit the documentation required by this Section 9.1 to the monitoring staff of DPD. Failure to submit such documentation on a timely basis, or a determination by DPD, upon analysis of the documentation, that the Borrower is not complying with its obligations under this Section 9.1, shall, upon the delivery of written notice to the Borrower, be subject to the provisions of Section 6 hereof. Upon the occurrence of any such event of non-compliance with this subparagraph (g), in addition to any other remedies provided under this Regulatory Agreement, the City may: (1) issue a written demand to the Borrower to halt the Project, or (2) seek any other remedies against the Borrower available at law or in equity.

SECTION 10 CITY RESIDENT EMPLOYMENT REQUIREMENT

10.1 The Borrower agrees for itself and its successors and assigns, and shall contractually obligate the General Contractor and shall cause the General Contractor to contractually obligate the Subcontractors, as applicable, to agree, that during the Project they shall comply with the minimum percentage of total worker hours performed by actual residents of the City as specified in Section 2-92-330 of the Municipal Code of Chicago (at least 50 percent of the total worker hours worked by persons on the site of the Project shall be performed by actual residents of the City); provided, however, that in addition to complying with this percentage, the Borrower, the General Contractor and the Subcontractors shall be required to make good faith efforts to utilize qualified residents of the City in both unskilled and skilled labor positions.

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10.2 The Borrower may request a reduction or waiver of this minimum percentage level of Chicagoans as provided for in Section 2-92-330 of the Municipal Code of Chicago in accordance with standards and procedures developed by the Chief Procurement Officer of the City (the "Chief Procurement Officer").

10.3 "Actual residents of the City" shall mean persons domiciled within the City. The domicile is an individual's one and only true, fixed and permanent home and principal establishment.

10.4 The Borrower, the General Contractor and the Subcontractors shall provide for the maintenance of adequate employee residency records to ensure that actual Chicago residents are employed on the Project. The Borrower, the General Contractor and the Subcontractors shall maintain copies of personal documents supportive of every Chicago employee's actual record of residence.

10.5 Weekly certified payroll reports (U.S. Department of Labor Form WH-347 or equivalent) shall be submitted to the Commissioner of DPD in triplicate, which shall identify clearly the actual residence of every employee on each submitted certified payroll. The first time that an employee's name appears on a payroll, the date that the company hired the employee should be written in after the employee's name.

10.6 The Borrower, the General Contractor and the Subcontractors shall provide full access to their employment records to the Chief Procurement Officer, the Commissioner of DPD, the Superintendent of the Chicago Police Department, the Inspector General, or any duly authorized representative thereof. The Borrower, the General Contractor and the Subcontractors shall maintain all relevant personnel data and records for a period of at least three years after final acceptance of the work constituting the Project.

10.7 At the direction of DPD, affidavits and other supporting documentation will be required of the Borrower, the General Contractor and the Subcontractors to verify or clarify an employee's actual address when doubt or lack of clarity has arisen.

10.8 Good faith efforts on the part of the Borrower, the General Contractor and the Subcontractors to provide utilization of actual Chicago residents (but not sufficient for the granting of a waiver request as provided for in the standards and procedures developed by the Chief Procurement Officer) shall not suffice to replace the actual, verified achievement of the requirements of this Section 10 concerning the worker hours performed by actual Chicago residents.

10.9 When work at the Project is completed, in the event that the City has determined that the Borrower failed to ensure the fulfillment of the requirement of this Section 10 concerning the worker hours performed by actual Chicago residents or failed to report in the manner as indicated above, the City will thereby be damaged in the failure to provide the benefit of demonstrable employment to Chicagoans to the degree stipulated in this Section 10. Therefore, in such a case of non-compliance, it is agreed that 1/20 of 1 percent, 0.0005, of the aggregate hard construction costs set forth in the Project Budget (as the same shall be evidenced by approved contract value for the actual contracts) shall be surrendered by the Borrower to the City in payment for each percentage of shortfall toward the stipulated residency requirement. Failure to report the residency of employees entirely and correctly shall result in the surrender of the entire liquidated damages as if no Chicago residents were employed in either of the categories. The willful falsification of statements and the certification of payroll data may subject the Borrower, the General Contractor and/or the Subcontractors to prosecution. Any retainage to cover contract performance that may become due

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to the Borrower pursuant to Section 2-92-250 of the Municipal Code of Chicago may be withheld by the City pending the Chief Procurement Officer's determination whether the Borrower must surrender damages as provided in this paragraph.

10.10 Nothing herein provided shall be construed to be a limitation upon the "Notice of Requirements for Affirmative Action to Ensure Equal Employment Opportunity, Executive Order 11246" and "Standard Federal Equal Employment Opportunity, Executive Order 11246," or other affirmative action required for equal opportunity under the provisions of this Regulatory Agreement.

10.11 The Borrower shall cause or require the provisions of this Section 10 to be included in the Construction Contract and all applicable Subcontracts

SECTION 11 COVENANTS TO RUN WITH THE LAND.

The Borrower hereby subjects the Project to the covenants, reservations and restrictions set forth in this Regulatory Agreement. The City and the Borrower hereby declare their express intent that the covenants, reservations and restrictions set forth herein shall, throughout the Project Term, be deemed covenants, reservations and restrictions running with the land to the extent permitted by law, and shall pass to and be binding upon the Borrower's successors in title to the Project throughout the Project Term. The Borrower hereby covenants to include the requirements and restrictions contained in this Regulatory Agreement in any documents transferring any interest in the Project to another Person in order that such transferee has notice of, and is bound by, such restrictions, and to obtain from any transferee the agreement to be bound by and comply with the requirements set forth in this Regulatory Agreement; provided, however, that each and every contract, deed, mortgage or other instrument hereafter executed covering or conveying the Project or any portion thereof or interest therein (including, without limitation, any transfer of a beneficial interest in a land trust or a portion thereof) shall conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instrument.

SECTION 12 GOVERNING LAW.

This Regulatory Agreement shall be construed in accordance with and governed by the internal laws of the State without regard to its conflict of laws principles, and, where applicable, the laws of the United States of America.

SECTION 13 AMENDMENTS.

This Regulatory Agreement shall be amended only by a written instrument executed by the parties hereto or their successors in title, and duly recorded in the real property records of the county in which the Project is located.

SECTION 14 NOTICE.

Unless otherwise specified, any notice, demand or request required hereunder shall be given in writing at the addresses set forth below, by any of the following means: (a) personal service; (b) electronic communications, whether by telex, telegram or telecopy; (c) overnight courier, receipt requested; or (d) registered or certified mail, return receipt requested.

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IF TO CITY: Department of Planning and Development
City of Chicago
City Hall, Room 1000
121 North LaSalle Street
Chicago, Illinois 60602
Attention: Commissioner

WITH COPIES TO: Department of Finance
City of Chicago
121 North LaSalle Street, Suite 700
Chicago, Illinois 60602
Attention: CFO

and

Office of the Corporation Counsel
City Hall, Room 600
121 North LaSalle Street
Chicago, Illinois 60602
Attention: Finance and Economic
Development Division

IF TO BORROWER: As specified on Exhibit B hereto.

Such addresses may be changed by notice to the other parties given in the same manner provided above. Any notice, demand or request sent pursuant to either clause (a) or (b) above shall be deemed received upon such personal service or upon dispatch by electronic means with confirmation of receipt. Any notice, demand or request sent pursuant to clause (c) above shall be deemed received on the Business Day immediately following deposit with the overnight courier, and any notice, demand or request sent pursuant to clause (d) above shall be deemed received two Business Days following deposit in the mail.

SECTION 15 SEVERABILITY.

If any provision of this Regulatory Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby.

SECTION 16 COUNTERPARTS.

This Regulatory Agreement may be executed in any number of counterparts, each of which shall constitute an original, but all of which, taken together, shall constitute one and the same Regulatory Agreement.

SECTION 17 EFFECTIVE DATE.

This Regulatory Agreement shall be deemed to be in effect as of the date first set forth above.

SECTION 18 RIGHT TO INSPECT.

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The Borrower agrees that the City shall have the right to perform an on-site inspection of the Project and to review the records maintained by the Borrower or its agent as described in Section 2.14 hereof, upon 30 days' prior notice by the City to the Borrower, at least annually during each year of the Inspection Period. Notwithstanding the foregoing sentence, this Section 18 shall terminate as of a Foreclosure Date.

SECTION 19 NO THIRD PARTY BENEFITS.

This Regulatory Agreement is made for the sole benefit of the City and the Borrower and their respective successors and assigns and, except as expressly provided herein, no other party shall have any legal interest of any kind hereunder or by reason of this Regulatory Agreement. Whether or not the City elects to employ any or all of the rights, powers or remedies available to it hereunder, the City shall have no obligation or liability of any kind to any third party by reason of this Regulatory Agreement or any of the City's actions or omissions pursuant hereto or otherwise in connection herewith.

SECTION 20 REFERENCES TO STATUTES, ETC.

All references herein to statutes, regulations, rules, executive orders, ordinances, resolutions, rulings, notices or circulars issued by any governmental body shall be deemed to include any and all amendments, supplements and restatements from time to time to or of such statutes, regulations, rules, executive orders, ordinances, resolutions, rulings, notices and circulars.

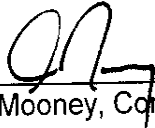
SECTION 21. NO BUSINESS RELATIONSHIP WITH CITY ELECTED OFFICIALS

Pursuant to Section 2-156-030(b) of the Municipal Code of Chicago, it is illegal for any elected official of the City, or any person acting at the direction of such official, to contact, either orally or in writing, any other City official or employee with respect to any matter involving any person with whom the elected official has a "Business Relationship" (as defined in Section 2-156-080 of the Municipal Code of Chicago), or to participate in any discussion in any City Council committee hearing or in any City Council meeting or to vote on any matter involving the person with whom an elected official has a Business Relationship. Violation of Section 2-156-030(b) by any elected official, or any person acting at the direction of such official, with respect to this Regulatory Agreement, or in connection with the transactions contemplated thereby, shall be grounds for termination of the Regulatory Agreement and the transaction contemplated thereby. The Borrower hereby represents and warrants that, to the best of its knowledge after due inquiry, no violation of Section 2-156-030(b) has occurred with respect to the Regulatory Agreement or the transaction contemplated thereby.

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IN WITNESS WHEREOF, the City and the Borrower have executed this Regulatory Agreement by their duly authorized representatives, all as of the date first written hereinabove.

CITY OF CHICAGO, an Illinois municipal corporation, by and through its Department of Planning and Development

By:  _____
Andrew J. Mooney, Commissioner

SACRAMENTO AND THOMAS LIMITED PARTNERSHIP, an Illinois limited partnership

By: Sacramento and Thomas Corporation, an Illinois corporation, its general partner

By: _____
Hipolito Roldan, its President

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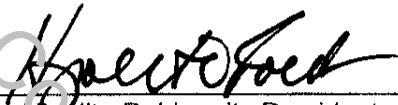
IN WITNESS WHEREOF, the City and the Borrower have executed this Regulatory Agreement by their duly authorized representatives, all as of the date first written hereinabove.

CITY OF CHICAGO, an Illinois municipal corporation, by and through its Department of Planning and Development

By: _____
Andrew J. Mooney, Commissioner

SACRAMENTO AND THOMAS LIMITED PARTNERSHIP, an Illinois limited partnership

By: Sacramento and Thomas Corporation, an Illinois corporation, its general partner

By: 
Espirito Roldan, its President

Property of Cook County Clerk's Office

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EXHIBIT A

PARCEL 1:

LEASEHOLD ESTATE CREATED BY THE AMENDED AND RESTATED GROUND LEASE MADE BY AND BETWEEN NORWEGIAN AMERICAN HOSPITAL, INC., AN ILLINOIS NOT FOR PROFIT CORPORATION, LANDLORD, AND HISPANIC HOUSING DEVELOPMENT CORPORATION, AN ILLINOIS NOT FOR PROFIT CORPORATION, TENANT, DATED FEBRUARY 4, 2015, WHICH LEASE WAS RECORDED FEBRUARY 5, 2015 AS DOCUMENT 1503619169 AND ASSIGNED TO SACRAMENTO AND THOMAS LIMITED PARTNERSHIP, AN ILLINOIS LIMITED PARTNERSHIP BY THE ASSIGNMENT AND ASSUMPTION AND AMENDMENT OF GROUND LEASE MADE BY AND AMONG HISPANIC HOUSING DEVELOPMENT CORPORATION, AN ILLINOIS NOT FOR PROFIT CORPORATION, ASSIGNOR, SACRAMENTO AND THOMAS LIMITED PARTNERSHIP, AN ILLINOIS LIMITED PARTNERSHIP, ASSIGNEE, AND NORWEGIAN AMERICAN HOSPITAL, INC., AN ILLINOIS NOT FOR PROFIT CORPORATION, LANDLORD, DATED FEBRUARY 4, 2015, RECORDED FEBRUARY 5, 2015 AS DOCUMENT NO. 1530619170, AND AS FURTHER AMENDED BY THE SECOND AMENDMENT TO AMENDED AND RESTATED GROUND LEASE DATED May 14, 2015 AND RECORDED MAY 14, 2015 AS DOCUMENT NO. 1513429092, MADE BY AND BETWEEN SACRAMENTO AND THOMAS LIMITED PARTNERSHIP, AN ILLINOIS LIMITED PARTNERSHIP, ASSIGNEE, AND NORWEGIAN AMERICAN HOSPITAL, INC., AN ILLINOIS NOT FOR PROFIT CORPORATION, LANDLORD, DEMISING AND LEASING FOR A TERM OF 99 YEARS COMMENCING ON FEBRUARY 4, 2015 AND EXPIRING ON JANUARY 31, 2114, THE FOLLOWING DESCRIBED PREMISES, TO WIT:

LOTS 1 THROUGH 6, BOTH INCLUSIVE, EXCEPT THE EAST 33.25 FEET OF SAID LOT 6, LOTS 7 THROUGH 12, BOTH INCLUSIVE, TOGETHER WITH THE NORTH/SOUTH 16 FOOT ALLEY, VACATED BY THE ORDINANCE RECORDED MARCH 1, 1995 AS DOCUMENT NO. 95143450, ALL IN BLOCK 5, IN CARTER'S RESUBDIVISION OF BLOCKS 1, 3, 4, 5, 7, 8, 9, 10, 11, 13, 14, 15 AND LOTS 2, 4 AND 5 IN BLOCK 17 IN CARTER'S SUBDIVISION OF BLOCKS 1, 2, 3, 4 AND 7 IN CLIFFORD'S ADDITION TO CHICAGO, A SUBDIVISION OF PART OF THE EAST 1/2 OF THE SOUTHWEST 1/4 OF SECTION 1, TOWNSHIP 39 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

EXCEPTING THEREFROM ALL BUILDINGS AND IMPROVEMENTS LOCATED, OR TO BE LOCATED AFTER THE DATE OF THE AFORESAID GROUND LEASE, THEREON.

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PARCEL 2:

FEE SIMPLE TITLE TO ALL BUILDINGS AND IMPROVEMENTS LOCATED, OR TO BE LOCATED AFTER THE DATE OF THE AFORESAID GROUND LEASE, ON THE LEASEHOLD ESTATE HEREINABOVE DESCRIBED AS PARCEL 1.

COMMON ADDRESS: 1045 -51 N. SACRAMENTO AVENUE,
CHICAGO, IL 60622

PERMANET INDEX NUMBERS: 16-01-305-001-0000;
16-01-305-002-0000;
16-01-305-003-0000;
16-01-305-004-0000;
16-01-305-005-0000;
16-01-305-006-0000;
16-01-305-007-0000;
16-01-305-008-0000;
16-01-305-009-0000;
16-01-305-010-0000, AFFECTS OTHER PROPERTY

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EXHIBIT B

I. ADDITIONAL DEFINITIONS

"Loan" shall mean a loan by the City to the Borrower in the principal amount of \$1,500,000 for financing a portion of the costs of construction of the Project.

"Project" shall mean the building located at 1045 North Sacramento, Chicago, Illinois, and which shall contain, as of the completion of construction thereof, 49 multi-family residential dwelling units.

Senior Construction Lender: Bank of America, N.A.

Senior Construction Loan: \$7,545,203

Senior Construction Mortgage: that certain Leasehold Construction Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing dated as of the date hereof from Borrower to Senior Construction Lender

Senior Lender(s): means either or both of the Senior Construction Lender and Senior Permanent Lender, as the context may require.

Senior Loan(s): means either or both of the Senior Construction Loan and Senior Permanent Loan, as the context may require.

Senior Mortgage(s): means either or both of the Senior Construction Mortgage and Senior Permanent Mortgage, as the context may require. At initial closing, the Senior Construction Mortgage shall be the Permitted Encumbrances. Following completion of construction and the repayment of the Senior Construction Loan, the Senior Permanent Mortgage shall be a Permitted Encumbrance, and the City shall subordinate its Mortgage to the Senior Permanent Mortgage.

Senior Permanent Lender: IFF, an Illinois not for profit corporation.

Senior Permanent Loan: not to exceed \$360,000.

Senior Permanent Mortgage: that certain forthcoming Leasehold Mortgage with Assignment of Rents, Security Agreement and Fixture Filing from Borrower to Senior Permanent Lender.

"Low-Income Project" shall mean the forty-eight (48) units in the Project financed with Multi-Family Program Funds and required to be occupied by Low-Income Families.

II. ADDITIONAL REPRESENTATIONS AND COVENANTS OF BORROWER.

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

<u>Number of Bedrooms</u>	<u>Number of Units</u>
1	24
2	13
3	12

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

<u>Number of Bedrooms</u>	<u>Number of Units</u>	<u>AMI %</u>
1	5	Affordable at 30%
1	19	Affordable at 60%
2	2	Affordable at 30%
2	10	Affordable at 60%
3	3	Affordable at 30%
3	9	Affordable at 60%

3. No low-income housing tax credits have been allocated for the Project pursuant to Section 42 of the Internal Revenue Code of 1986.

4. For purposes of Section 11, the Borrower's address shall be:

c/o Sacramento and Thomas Corporation
 325 N. Wells St., 8th Floor
 Chicago, Illinois 60654
 Attn: President

With Copies to: Applegate and Thorne-Thomsen
 626 W. Jackson - Suite 400
 Chicago, IL 60661
 Attn: William Skalitzky

And to:

Bank of America, N.A.
 c/o Bank of America Merrill Lynch
 Tax Credit Equity Investment Asset Management
 NC1-007-11-25
 100 North Tryon Street
 Charlotte, NC 28202
 Attention: Nicole Baldon, Vice President
 Facsimile: 980/386-6662

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EXHIBIT C

ANNUAL REPORT FOR PROJECT RECEIVING MULTI-FAMILY FUNDS FROM THE CITY OF CHICAGO, DEPARTMENT OF PLANNING AND DEVELOPMENT

Borrower: _____

Project Name: _____

Project Number: _____

Borrower Federal Employer Identification Number: _____

The City of Chicago, Illinois, acting by and through its Department of Planning and Development (the "City"), has entered into a Housing Loan Agreement dated May 14, 2015 with the Borrower pursuant to which the City has loaned Multi-Family funds to the Borrower for the Project. The Borrower further agreed, in the Regulatory Agreement dated as of May 14, 2015 between the City and the Borrower (the "Regulatory Agreement"), to maintain certain records and prepare and deliver certain reports to the City. This Annual Report must be completed in its entirety and must be executed by the Borrower, notarized and returned to the City by January 1 of each year for the period commencing on the first January 1 following completion of construction of the Project, and ending on the first January 1 following the Termination Date. In addition, a copy of Schedule I must be completed for each building which comprises a part of the Project. No changes may be made to the language contained herein without the prior approval of the City. Except as otherwise specifically indicated, capitalized terms contained herein shall have the meanings ascribed to them in the Regulatory Agreement.

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A. INFORMATION

1. Please list the address for each building included in the Project: (If there are additional buildings in the Project, please provide the requested information on a separate sheet and attach to this document.)

Building Address

1045 N. Sacramento

2. Complete Schedule I for each building included in the Project.
3. Has any change occurred, either directly or indirectly, (a) in the identity of the Borrower, (b) in the identity of any general partner(s), if any, of the Borrower, (c) in the ownership of any interests in any general partner of the Borrower or in any shareholder, trustee or beneficiary of the Borrower, or (d) which would otherwise cause a change in the identity of the individuals who possess the power to direct the management and policies of the Borrower since the date of the Regulatory Agreement or the most recent Annual Report?

Yes _____ No _____

If Yes, provide all the appropriate documents.

4. Have the Borrower's organizational documents been amended or otherwise modified since they were submitted to the City?

Yes _____ No _____

If Yes, provide all amendments and modifications of the Borrower's organizational documents.

5. Provide the City with independently audited financial statements for the Project for the most recent fiscal year, including an income and expense statement, a balance sheet listing assets and liabilities, a detailed schedule of operating, maintenance and administrative expenses and a cash flow statement.
6. (a) The Borrower hereby certifies to the City that no change shall occur in the Borrower or any general partner, if any, of the Borrower without the prior written consent of the City.
- (b) Provide to the City copies of each lease and each Tenant Certification executed in connection with the Low-Income Project since the later of the date of the Regulatory Agreement or the last Annual Report submitted to the City. For each such unit in the Low-Income Project, provide to the City the data with respect to tenant characteristics as required by Section 2.17 of the Regulatory Agreement.

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- (c) Provide the City with evidence of compliance with Section 2.22 of the Regulatory Agreement since the later of the execution of the Regulatory Agreement or the last Annual Report, including copies of any required notices given to prospective tenants regarding lead-based paint with the signature of each tenant in the Low-Income Project.
- (d) Did the Project cause the displacement of any People?

Yes _____

No _____

If Yes, provide evidence to the City of compliance with Section 2.20 of the Regulatory Agreement (The information required by this question need only be supplied to the City once.)

- (e) If the Project is not less than eight units, provide to the City payroll records of the General Contractor indicating compliance with the Davis-Bacon Act and the Contract Work Hours and Safety Standards Act.
- (f) Provide to the City evidence of compliance with the affirmative marketing requirements of Section 2.28 of the Regulatory Agreement.

B. REPRESENTATIONS, WARRANTIES AND COVENANTS

The Borrower hereby represents and warrants to the City that each of the following statements is true and accurate and covenants as follows:

1. The Borrower is [check as applicable]:
 - (a) ___ an individual.
 - (b) ___ a group of individuals.
 - (c) ___ a corporation incorporated and in good standing in the State of ___.
 - (d) ___ a general partnership organized under the laws of the State of ___.
 - (e) ___ a limited partnership organized under the laws of the State of ___.
 - (f) ___ other [please describe]: _____
_____.
2. The Borrower is [check as applicable] (a) _____ the owner of fee simple title to, or (b) _____ the owner of 100% of the beneficial interest in, the hereinafter described Project.
3. The Project consists of _____ building(s) containing a total of _____ residential unit(s).
4. The Project is in compliance with all of the currently applicable requirements of the Regulatory Agreement. The Borrower will take whatever action is required to ensure that the Project complies with all requirements imposed by the Regulatory Agreement during the periods required thereby.

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The Borrower shall retain all tenant selection documents, which include but are not limited to: income verification, employment verification, credit reports, leases and low-income computation forms, to be available for periodic inspections by the City or its representative. The City, at its option, can periodically inspect the Project, and all tenancy-related documents to determine continued compliance of the Project with all applicable requirements.

5. No litigation or proceedings have been threatened in writing or are pending which may affect the interest of the Borrower in the Project or the ability of the Borrower to perform its obligations with respect thereto, except as disclosed on Exhibit ___ attached hereto and hereby made a part hereof.
6. The Borrower has taken affirmative action to ensure that women- and minority-owned businesses have had the maximum opportunity to compete for and perform as contractors for supplies and/or services, and will continue to do so with future contracts and awards as provided in Sections 2-92-420 through 2-92-570, inclusive, of the Municipal Code of Chicago, as from time to time supplemented, amended and restated.
7. All units in each building included in the Project are affirmatively marketed and available for occupancy by all persons regardless of race, national origin, religion, creed, sex, age or handicap.
8. Other than in connection with the construction of the Project, the Borrower has not demolished any part of the Project or substantially subtracted from any real or personal property of the Project or permitted the use of any residential rental unit for any purpose other than rental housing. The Borrower has used its best efforts to repair and restore the Project to substantially the same condition as existed prior to the occurrence of any event causing damage or destruction, or to relieve the condemnation, and thereafter to operate the Project in accordance with the terms of the Regulatory Agreement.
9. The Borrower is in possession of all records which it is required to maintain pursuant to the terms of the Regulatory Agreement, as well as any additional records which the City has determined to be necessary to the compliance and administration of the Project.
10. The Borrower has not executed any agreement with provisions contradictory to, or in opposition to, the provisions of the Regulatory Agreement and in any event the requirements of the Regulatory Agreement are paramount and controlling as to the rights and obligations therein set forth and supersede any other requirements in conflict therewith. The Borrower shall continue to cooperate with the City and furnish such documents, reports, exhibits or showings as are required by the Regulatory Agreement, and the City or the City's counsel.

If the Borrower is unable to make any representation or warranty set forth above, the Borrower must immediately contact the City and inform the City of the reason that the Borrower

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is unable to make such representation or warranty; provided, however, that the foregoing shall not be deemed to negate any notice and/or cure periods available to the Borrower under the Loan Documents (as defined in the Regulatory Agreement).

Under penalties of perjury, the Borrower declares that, to the best of its knowledge and belief, each response, representation, warranty and document delivered by the Borrower in connection herewith is true, correct and complete and will continue to be true, correct and complete.

INDEMNIFICATION

The Borrower hereby agrees to fully and unconditionally indemnify, defend and hold harmless the City from and against any judgments, losses, liabilities, damages (including consequential damages), costs and expenses of whatsoever kind or nature, including, without limitation, attorneys' fees, expert witness fees, and any other professional fees and litigation expenses or other obligations, incurred by the City that may arise in any manner out of or in connection with actions or omissions which result from the Borrower's responses or documents provided pursuant to the terms of this Annual Report, including breaches of the representations and warranties herein contained, other than those judgments, losses, liabilities, damages, costs and expenses arising out of the City's gross negligence or willful misconduct following the City's acquisition of title to or control of the Project, unless such act is taken in response to (1) any willful misconduct or negligent act or omission of the Borrower, the General Partner, if any, or the Owner, if any (as the last two terms are defined in the Loan Agreement), or (2) any breach (other than failure to repay the Loan) by the Borrower, the General Partner, if any, or the Owner, if any, of any provisions of the instruments executed by the Borrower, the General Partner, if any, or the Owner, if any, in connection with the Loan.

Borrower

Date

Subscribed and sworn to before me this
__ day of _____, __.

Notary Public
(SEAL)

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SCHEDULE I

Borrower: _____

Mailing Address: _____

Date of Regulatory Agreement: _____

Project Name and No.: _____

Building Address: _____

1. (a) Note utilities paid by tenants:

(b) Note utilities paid by Borrower for which tenants reimburse Borrower:

(c) For each Residential Rental Unit in the Project, provide the following:

UNITS RENTED TO LOW-INCOME FAMILIES:

<u>Unit</u>	<u>Br</u>	<u>Rent</u>	<u>Family's Income</u>	<u>Family Size</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

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5. Have any Low-Income Families been evicted since the time of the last Annual Report or if this report is the first Annual Report filed with respect to this building, since the initial rent-up of this building?

Yes _____

No _____

If Yes, please provide details.

6. Has any legal or administrative action been instituted by any Low-Income Family against the Borrower?

Yes _____

No _____

If Yes, please provide details.

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EXHIBIT D

TENANT CERTIFICATION

See attached

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A handwritten signature in black ink, consisting of several overlapping loops and a long vertical stroke on the right side, is positioned over the diagonal watermark text.

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**ANNUAL INCOME CERTIFICATION/RECERTIFICATION
(TO BE COMPLETED BY OWNER/MANAGEMENT)**

TENANT INCOME CERTIFICATION

Initial Certification Recertification Other _____

Effective Date: _____

Move-in Date: _____
(MM/DD/YYYY)

PART I. - DEVELOPMENT DATA

Property Name: _____ TC #: _____
 Property Address: _____ City: _____ State: _____ Zip: _____
 BIN #: _____ County: _____ Unit Number: _____ # Bedrooms: _____

PART II. HOUSEHOLD COMPOSITION

HH Mbr #	Last Name	First Name & Middle Initial	Relationship to Head of Household	Date of Birth (MM/DD/YYYY)	F/T Student (Y or N)	Social Security or Alien Reg. No.
1			HEAD			
2						
3						
4						
5						
6						
7						

PART III. GROSS ANNUAL INCOME (USE ANNUAL AMOUNTS)

HH Mbr #	(A) Employment or Wages	(B) Soc. Security/Pensions	(C) Public Assistance	(D) Other Income
TOTALS	\$ _____	\$ _____	\$ _____	\$ _____

Add totals from (A) through (D), above TOTAL INCOME (E): \$ _____

PART IV. INCOME FROM ASSETS

HH Mbr #	(F) Type of Asset	(G) C/I	(H) Cash Value of Asset	(I) Annual Income from Asset
TOTALS:			\$ _____	\$ _____
Enter Column (H) Total		Passbook Rate		
If over \$5000		\$ _____ X Currently 2.00%	= (J) Imputed Income	\$ _____
Enter the greater of the total of column I, or J: imputed income				TOTAL INCOME FROM ASSETS (K)
				\$ _____
(L) Total Annual Household Income from all Sources [Add (E) + (K)]				\$ _____

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PART V. DETERMINATION OF INCOME ELIGIBILITY

TOTAL ANNUAL HOUSEHOLD INCOME FROM ALL SOURCES: From item (L) on page 1

\$

Household Meets Income Restriction at:

- 60% 50%
 40% 30%
 Other _____%

RECERTIFICATION ONLY:

Current Income Limit x 140%:

\$ _____
Household Income exceeds 140% at recertification:
 Yes No

Current Income Limit per Family Size: \$ _____

Household Income at Move-in: \$ _____

Household Size at Move-in: _____

PART VI. RENT

Tenant Paid Rent \$ _____
Utility Allowance \$ _____

Rent Assistance: \$ _____
Other non-optional charges: \$ _____

GROSS RENT FOR UNIT: (Tenant paid rent plus Utility Allowance & other non-optional charges)

\$

Unit Meets Rent Restriction at:

- 60% 50% 40% 30% _____%

Maximum Rent Limit for this unit: \$ _____
(as of recertification effective date)

PART VII. STUDENT STATUS

ARE ALL OCCUPANTS FULL TIME STUDENTS?

- Yes No

If yes, Enter student explanation* (also attach documentation)

*Student Explanation:

- 1 TANF assistance
- 2 Job Training Program
- 3 Single parent/dependent child
- 4 Married/joint return
- 5 Former Foster Child

Enter 1-5

PART VIII. PROGRAM TYPE

Mark the program(s) listed below (a. through e.) for which this household's unit will be counted toward the property's occupancy requirements. Under each program marked, indicate the household's income status as established by this certification/recertification.

- | | | | | |
|---|--|--|---|---|
| a. Tax Credit <input type="checkbox"/>
See Part V above. | b. HOME <input type="checkbox"/>
<i>Income Status</i>
<input type="checkbox"/> ≤ 50% AMGI
<input type="checkbox"/> ≤ 60% AMGI
<input type="checkbox"/> ≤ 80% AMGI
<input type="checkbox"/> OI** | c. Tax Exempt <input type="checkbox"/>
<i>Income Status</i>
<input type="checkbox"/> ≤ 50% AMGI
<input type="checkbox"/> ≤ 60% AMGI
<input type="checkbox"/> ≤ 80% AMGI
<input type="checkbox"/> OI** | d. AHDP <input type="checkbox"/>
<i>Income Status</i>
<input type="checkbox"/> ≤ 50% AMGI
<input type="checkbox"/> ≤ 80% AMGI
<input type="checkbox"/> OI** | e. Other _____ <input type="checkbox"/>
(Name of Program)
<i>Income Status</i>
<input type="checkbox"/> _____
<input type="checkbox"/> _____
<input type="checkbox"/> OI** |
|---|--|--|---|---|

** Upon recertification, household was determined over-income (OI) according to eligibility requirements of the program(s) marked above.

PART IX. HOUSEHOLD DEMOGRAPHIC

HH Mbr #	Race Code	Ethnicity Code	Disabled? (Y/N)
1			
2			
3			
4			
5			
6			
7			

Race Code	
1	White
2	Black/African American
3	American Indian/Alaska Native
4	Asian
5	Native Hawaiian/other Pacific Island
6	Other

Ethnicity Code	
1	Hispanic or Latino
2	Not Hispanic or Latino

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INSTRUCTIONS FOR COMPLETING TENANT INCOME CERTIFICATION

This form is to be completed by the owner or an authorized representative.

Part I - Development Data

Check the appropriate box for Initial Certification (move-in), Recertification (annual recertification), or Other. If Other, designate the purpose of the recertification (i.e., a unit transfer, a change in household composition, or other state-required recertification).

Move-in Date Enter the date the tenant has or will take occupancy of the unit.

Effective Date Enter the effective date of the certification. For move-in, this should be the move-in date. For annual recertification, this effective date should be no later than one year from the effective date of the previous (re)certification.

Property Name Enter the name of the development.

County Enter the county (or equivalent) in which the building is located.

BIN # Enter the Building Identification Number (BIN) assigned to the building (from IRS Form 8609).

TC # Enter the Tax Credit Identification Number for the development.

Property Address Enter the address of the building.

Unit Number Enter the unit number.

Bedrooms Enter the number of bedrooms in the unit.

Part II - Household Composition

List all occupants of the unit. State each household member's relationship to the head of household by using one of the following coded definitions:

H	-	Head of Household	S	-	Spouse
A	-	Adult co-tenant	O	-	Other family member
C	-	Child	F	-	Foster child(ren)/adult(s)
L	-	Live-in caretaker	N	-	None of the above

Enter the date of birth, student status, and social security number or alien registration number for each occupant.

If there are more than 7 occupants, use an additional sheet of paper to list the remaining household members and attach it to the certification.

Part III - Annual Income

See HUD Handbook 4350.3 for complete instructions on verifying and calculating income, including acceptable forms of verification.

From the third party verification forms obtained from each income source, enter the gross amount anticipated to be received for the twelve months from the effective date of the (re)certification. Indicate the anticipated income from all sources received by the family head and spouse (even if temporarily absent) and by each additional member of the family age 18 or older. Complete a separate line for each income-earning member. List the respective household member number from Part II.

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- Column (A) Enter the annual amount of wages, salaries, tips, commissions, bonuses, and other income from employment; distributed profits and/or net income from a business.
- Column (B) Enter the annual amount of Social Security, Supplemental Security Income, pensions, military retirement, etc.
- Column (C) Enter the annual amount of income received from public assistance (i.e., TANF, general assistance, disability, etc.).
- Column (D) Enter the annual amount of alimony, child support, unemployment benefits, or any other income regularly received by the household.
- Row (E) Add the totals from columns (A) through (D), above. Enter this amount.

Part IV - Income from Assets

See HUD Handbook 4350.3 for complete instructions on verifying and calculating income from assets, including acceptable forms of verification.

From the third party verification forms obtained from each asset source, list the gross amount anticipated to be received during the twelve months from the effective date of the certification. List the respective household member number from Part II and complete a separate line for each member.

- Column (F) List the type of asset (i.e., checking account, savings account, etc.)
- Column (G) Enter C (for current, if the family currently owns or holds the asset), or I (for imputed, if the family has disposed of the asset for less than fair market value within two years of the effective date of (re)certification).
- Column (H) Enter the cash value of the respective asset.
- Column (I) Enter the anticipated annual income from the asset (i.e., savings account balance multiplied by the annual interest rate).
- TOTALS Add the total of Column (H) and Column (I), respectively.

If the total in Column (H) is greater than \$5,000, you must do an imputed calculation of asset income. Enter the Total Cash Value, multiply by 2% and enter the amount in (J), Imputed Income.

- Row (K) Enter the greater of the total in Column (I) or (J)
- Row (L) Total Annual Household Income From all Sources Add (E) and (K) and enter the total

HOUSEHOLD CERTIFICATION AND SIGNATURES

After all verifications of income and/or assets have been received and calculated, each household member age 18 or older must sign and date the Tenant Income Certification. For move-in, it is recommended that the Tenant Income Certification be signed no earlier than 5 days prior to the effective date of the certification.

Part V – Determination of Income Eligibility

- Total Annual Household Income from all Sources Enter the number from item (L).
- Current Income Limit per Family Size Enter the Current Move-in Income Limit for the household size.
- Household income at move-in For recertifications, only. Enter the household income from the move-in

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- Household size at move-in certification. On the adjacent line, enter the number of household members from the move-in certification.
- Household Meets Income Restriction Check the appropriate box for the income restriction that the household meets according to what is required by the set-aside(s) for the project.
- Current Income Limit x 140% For recertifications only. Multiply the Current Maximum Move-in Income Limit by 140% and enter the total. Below, indicate whether the household income exceeds that total. If the Gross Annual Income at recertification is greater than 140% of the current income limit, then the available unit rule must be followed.

Part VI - Rent

- Tenant Paid Rent Enter the amount the tenant pays toward rent (not including rent assistance payments such as Section 8).
- Rent Assistance Enter the amount of rent assistance, if any.
- Utility Allowance Enter the utility allowance. If the owner pays all utilities, enter zero.
- Other non-optional charges Enter the amount of non-optional charges, such as mandatory garage rent, storage lockers, charges for services provided by the development, etc.
- Gross Rent for Unit Enter the total of Tenant Paid Rent plus Utility Allowance and other non-optional charges.
- Maximum Rent Limit for this unit Enter the maximum allowable gross rent for the unit.
- Unit Meets Rent Restriction at Check the appropriate rent restriction that the unit meets according to what is required by the set-aside(s) for the project.

Part VII - Student Status

If all household members are full time* students, check "yes". If at least one household member is not a full time student, check "no".

If "yes" is checked, the appropriate exemption must be listed in the box to the right. If none of the exemptions apply, the household is ineligible to rent the unit.

**Full time is determined by the school the student attends.*

Part VIII – Program Type

Mark the program(s) for which this household's unit will be counted toward the property's occupancy requirements. Under each program marked, indicate the household's income status as established by this certification/recertification. If the property does not participate in the HOME, Tax-Exempt Bond, Affordable Housing Disposition, or other housing program, leave those sections blank.

- Tax Credit See Part V above.
- HOME If the property participates in the HOME program and the unit this household will occupy will count towards the HOME program set-asides, mark the appropriate box indicating the household's designation.
- Tax Exempt If the property participates in the Tax Exempt Bond Program, mark the appropriate box indicating the household's designation.
- AHDP If the property participates in the Affordable Housing Disposition Program (AHDP), and this household's unit will count towards the set-aside requirements, mark the appropriate box indicating the household's designation.
- Other If the property participates in any other affordable housing program, complete the information as appropriate.

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Part IX – Household Demographic

Please ask applicant/resident(s) to provide their demographic information and disability status. If the applicant/resident(s) refuses, it is management's responsibility to complete the information based on observation or derived from other sources.

SIGNATURE OF OWNER/REPRESENTATIVE

It is the responsibility of the owner or the owner's representative to sign and date this document immediately following execution by the resident(s).

The responsibility of documenting and determining eligibility (including completing and signing the Tenant Income Certification form) and ensuring such documentation is kept in the tenant file is extremely important and should be conducted by someone well trained in tax credit compliance.

These instructions should not be considered a complete guide on tax credit compliance. The responsibility for compliance with federal program regulations lies with the owner of the building(s) for which the credit is allowable.

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