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Illinois Anti-Predatory Lending Database Program

Certificate of Exemption



Doc#: 1518241057 Fee: \$112.00
RHSP Fee: \$9.00 RPRF Fee: \$1.00
Karen A. Yarbrough
Cook County Recorder of Deeds
Date: 07/01/2015 03:08 PM Pg: 1 of 38

Report Mortgage Fraud
800-532-8785

The property identified as: **PIN: 16-14-417-009-0000**

Address:

Street: 3301 WEST ARTHINGTON STREET

Street line 2:

City: CHICAGO

State: IL

ZIP Code: 60624

Lender: CHICAGO HOUSING AUTHORITY

Borrower: NEW STERLING PARK LLC

Loan / Mortgage Amount: \$19,715,758.00

This property is located within the program area and is exempt from the requirements of 765 ILCS 77/70 et seq. because it is commercial property.

Certificate number: A9FE9C7C-A8D9-44CC-A61D-4DB0D88EEF59

Execution date: 6/1/2015

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Recording Requested By and
When Recorded Send to:

Office of the General Counsel
Chicago Housing Authority
60 East Van Buren, 12th Floor
Chicago, Illinois 60605
Attention: LaRue Little

Property Identification No.:

16-14-417-009-0000

16-14-417-011-0000

Property Addresses:

3301 West Arthington Street
Chicago, Illinois

**SUBORDINATE MORTGAGE, SECURITY AGREEMENT AND
FINANCING STATEMENT**

THIS SUBORDINATE MORTGAGE, SECURITY AGREEMENT AND FINANCING STATEMENT (this "Mortgage") is dated as of June 1, 2015, and is made by **NEW STERLING PARK LLC**, an Illinois limited liability company, having its principal office at 120 South LaSalle Street, Suite 1850, Chicago, Illinois 60603, ("Mortgagor") to **CHICAGO HOUSING AUTHORITY**, an Illinois municipal corporation (collectively with its successors and assigns, "Mortgagee"), having its principal office at 60 East Van Buren Street, 12th Floor, Chicago, Illinois 60605.

A. Mortgagor and Mortgagee have entered into a Chicago Housing Authority Loan Agreement, of even date herewith (hereinafter, as the same may be amended, supplemented and restated from time to time, called the "Loan Agreement"), pursuant to which Mortgagee has agreed to make a loan to and for the benefit of Borrower as described below (the "Loan"), subject to the terms and conditions, and for the purposes, set forth in the Loan Agreement.

B. To evidence the Loan, Borrower has executed and delivered, and will execute and deliver, to Mortgagee, at the times and under the conditions set forth in the Loan Agreement, a note (such note, together with any and all amendments or supplements thereto, extensions thereof and notes which may be taken in whole or partial renewal, substitution or extension thereof, shall be called, the "Note"), payable to the order of Mortgagee, payment of which is secured by, among other things, this Mortgage covering the fee simple interest of Mortgagor in certain real property legally described on Exhibit A attached hereto and hereby made a part hereof (the "Premises"), together with the fee interest of Borrower in the improvements to be constructed thereon, as further described herein, including, but not limited to the residential units constituting part of the Development.

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C. The Note is in the principal amount of \$19,715,758 (the Loan Agreement, the Note, this Mortgage and any collateral security instruments required by Mortgagee are herein collectively referred to as the "Loan Documents").

D. Mortgagee desires to secure repayment of the indebtedness evidenced by the Note, together with interest, if any, and any additional indebtedness or obligations incurred by Borrower on account of any future payments, advances or expenditures made by Mortgagee pursuant to all agreements, instruments and documents executed and delivered to Mortgagee previously, now or hereafter by, on behalf of, or for the benefit of, Mortgagor in connection with the Premises, including, but not limited to, the Loan Documents.

E. The execution and delivery of this Mortgage is a condition to the performance by Mortgagee of its obligations under the Loan Agreement.

NOW, THEREFORE, in order to secure payment of principal, interest and other amounts due under the Note and of all other payments due from Mortgagor under any of the Loan Documents, and the performance of the covenants and agreements contained in this Mortgage, including any substitutions, extensions or modifications hereto, Mortgagor does grant, assign, warrant, convey and mortgage to Mortgagee, its successors and assigns, and grants to Mortgagee, its successors and assigns forever, a continuing security interest in and to, all of the following rights, interests, claims and property:

(A) all of the fee simple interest of Mortgagor in the Premises and the Development, and all easements, water rights, hereditaments, mineral rights and other rights and interests appurtenant thereto, and stipulated herein (the "Real Property");

(B) all of Mortgagor's fee simple interest in the building, structures and other improvements of every kind and description now or hereafter erected, situated or placed upon the Premises and constituting a part of the Development (including, but not limited to, the Units), together with any fixtures or attachments now or hereafter owned by Mortgagor and located in or on, forming part of, attached to, used or intended to be used in connection with or incorporated in the Development, including all extensions, additions, betterments, renewals, substitutions and replacements of any of the foregoing (the "Improvements");

(C) any interests, estates or other claims of every name, kind or nature, both at law and in equity, which Mortgagor now has or may acquire in the Real Property or any of the property described in clauses (E), (F), (G), (H) or (I) hereof to the extent such constitute a part of the Real Property;

(D) all of Mortgagor's interest and rights in and to all leases, subleases and agreements, written or oral, now or hereafter entered into, affecting the Real Property, or any part thereof to the extent such constitute a part of the Property, and all income, rents, issues, proceeds and profits accruing therefrom (provided that the assignment hereby made shall not diminish or impair the obligations of Mortgagor under the provisions of such leases, subleases or agreements, nor shall such obligations be imposed on Mortgagee);

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(E) all right, title and interest of Mortgagor in and to all fixtures, personal property of any kind or character now or hereafter attached to, contained in and used or useful in connection with the Real Property to the extent such constitutes a part of the Real Property, together with all furniture, furnishings, apparatus, goods, systems, fixtures and other items of personal property of every kind and nature, now or hereafter located in, upon or affixed to the Real Property to the extent such constitutes a part of the Real Property, or used or useful in connection with any present or future operation of the Real Property to the extent such constitutes a part of the Real Property, including, but not limited to, all apparatus and equipment used to supply heat, gas, air conditioning, water, light, power, refrigeration, electricity, plumbing and ventilation, including all renewals, additions and accessories to and replacements of and substitutions for each and all of the foregoing, and all proceeds therefrom (the "Equipment");

(F) all of the estate, interest, right, title or other claim or demand which Mortgagor now has or may acquire with respect to (i) proceeds of insurance in effect with respect to the Real Property to the extent such constitutes a part of the Real Property, and (ii) any and all awards, claims for damages, judgments, settlements and other compensation made for or consequent upon the taking of condemnation, eminent domain or any like proceeding of all or any portion of the Real Property to the extent such constitutes a part of the Real Property;

(G) all intangible personal property, accounts, licenses, permits, instruments, contract rights, and chattel paper of Mortgagor, including, but not limited to, cash, accounts receivable, bank accounts, certificates of deposit, rights (if any) to amounts held in escrow, deposits, judgments, liens and causes of action, warranties and guarantees, relating to the Real Property to the extent such constitutes a part of the Real Property, or as otherwise required under the Loan Documents;

(H) all other property rights of Mortgagor of any kind or character related to all or any portion of the Real Property to the extent such constitutes a part of the Real Property; and

(I) the proceeds from the sale, transfer, pledge or other disposition of any or all of the property described in the preceding clauses.

All of the property referred to in the preceding clauses shall be called, collectively, the "Mortgaged Property." For purposes of this Mortgage, the "Mortgage Act" shall mean the Illinois Mortgage Foreclosure Law, 735 ILCS 5/15-1101 et seq., as amended, supplemented and restated from time to time.

IT IS FURTHER agreed, intended and declared that all the aforesaid property rights and interests shall, so far as permitted by law, be deemed to form a part and parcel of the Mortgaged Property and be covered by this Mortgage.

TO HAVE AND TO HOLD the Mortgaged Property unto Mortgagee and its successors and assigns, forever, for the purposes and uses herein set forth.

To protect the security of this Mortgage, Mortgagor further covenants and agrees as follows:

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1. **Principal and Interest; Performance of Covenants.** Mortgagor shall pay promptly when due the principal of and interest, if any, on the Note and any other sums required to be paid on the Note or under the other Loan Documents at the times and in the manner provided therein, and shall pay any other indebtedness secured hereby as the same becomes due, all in accordance with the terms and provisions of the Note and the Loan Documents. Mortgagor shall perform and observe all of the covenants, agreements and provisions contained herein and in the other Loan Documents made by Mortgagor.

2. **Representations, Warranties and Covenants of Mortgagor.**

(a) Mortgagor represents and warrants to Mortgagee as follows:

(i) Borrower is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Illinois;

(ii) Mortgagor has the right, power and authority to enter into, execute, deliver and perform the terms and conditions of this Mortgage and the other Loan Documents to which it is a party;

(iii) the execution, delivery and performance by Mortgagor of this Mortgage and the other Loan Documents to which it is a party have been duly authorized by all necessary action of Mortgagor, and will not violate any provision of law (including any order, writ, injunction or decree binding upon Mortgagor or the Mortgaged Property), the operating agreement of Mortgagor, or result in the breach of or constitute a default under, or require any consent under, or result in the creation of any lien, charge or encumbrance upon the Mortgaged Property or any other property or assets of Mortgagor under any agreement, instrument, restriction or document to which Mortgagor is now or hereafter a party, or by which Mortgagor or the Mortgaged Property are or may become bound or affected;

(iv) Mortgagor has good, indefeasible and merchantable fee simple title to the Premises free and clear of all liens, charges and encumbrances except those listed on Exhibit B hereto (the "Permitted Encumbrances");

(v) Mortgagor is now solvent and able to pay its debts as they mature;

(vi) there are no actions or proceedings by or before any court or governmental commission, board, bureau or other administrative agency pending or, to Mortgagor's best knowledge, threatened, against or affecting Mortgagor that, if adversely determined, could materially and adversely affect Mortgagor's ability to perform its obligations under the Note, this Mortgage or the Loan Documents, or which might result in any material, adverse change to Mortgagor's financial condition, or which may materially affect the Mortgaged Property or Mortgagor's other property or assets; and

(vii) Mortgagor is not obligated under any written contract, lease or agreement with respect to the ownership, use, operation or maintenance of the Mortgaged Property,

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except for the expected obligations of Mortgagor with respect to All Applicable Public Housing Requirements and the Permitted Encumbrances.

(b) Mortgagor shall:

(i) subject to the provisions of Section 6 hereof, promptly repair, restore, replace or rebuild any portion of the Mortgaged Property that may become damaged, destroyed, altered, removed, severed or demolished, whether or not insurance proceeds are available or sufficient for the purpose, with replacements at least equal in quality and condition as existed prior thereto, free from any security interest in, encumbrances on or reservation of title thereto except Permitted Encumbrances;

(ii) keep and maintain the Mortgaged Property in good condition and repair, without waste, and free from mechanics' liens, materialmen's liens or other liens and claims except Permitted Encumbrances, provided, however, that Mortgagor may in good faith challenge any lien or claim if Mortgagor posts adequate security during the pendency of such challenge;

(iii) complete, within a reasonable time, any construction of improvements now or hereafter constructed upon the Premises;

(iv) comply in all material respects with all statutes, rules, regulations, orders, decrees and other requirements of any federal, state or local governmental body having jurisdiction over the Premises and the use thereof and observe, and comply with any conditions and requirements necessary to preserve and extend any and all rights, licenses, permits (including, without limitation, zoning variances, special exceptions and non-conforming uses), privileges, franchises and concessions that are applicable to the ownership, renovation, use and occupancy of the Mortgaged Property;

(v) comply with all requirements of All Applicable Public Housing Requirements and the other Permitted Encumbrances;

(vi) after construction completion, make no material alterations in the Mortgaged Property in which it has an interest, to the extent subject to the lien of this Mortgage and except for those required by law, without Mortgagee's prior written consent, which consent shall not be unreasonably withheld or delayed;

(vii) suffer or permit no change in the general nature of the occupancy or use of the Mortgaged for residential purposes without Mortgagee's prior written consent;

(viii) pay all operating costs of the Mortgaged Property when due, including all utility charges and all other assessments or charges of a similar nature;

(ix) not initiate or acquiesce in any zoning reclassification with respect to the Mortgaged Property without Mortgagee's prior written consent, which consent shall not unreasonably withheld or delayed;

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- (x) not abandon the Mortgaged Property nor do anything whatsoever to materially impair the value of the Mortgaged Property or the security of this Mortgage;
- (xi) refrain from any action and correct any condition which would increase the risk of fire or other hazard to all or any portion of the Premises; and
- (xii) not permit any unlawful use or nuisance to exist upon the Mortgaged Property.

3. **Charges.** Mortgagor agrees to pay or cause to be paid, prior to delinquency, all Charges (as hereinafter defined) which are assessed or imposed upon the Mortgaged Property or upon any of the Loan Documents, or become due and payable, and which create, may create or appear to create a lien upon the Mortgaged Property, or any part thereof or upon any of the Loan Documents; provided, however, that if by law any such Charge is payable or, at the option of Mortgagor, may be paid in installments, Mortgagor may pay the same together with any accrued interest on the unpaid balance of such Charge in installments as the same become due and before any fine, penalty, interest or cost may be added thereto for the nonpayment of any such installment and interest. For purposes of this section, "Charge" shall mean and include all federal, state, county, city, municipal or other governmental (or any instrumentality, division, agency, body or department thereof) taxes, levies, assessments, charges, liens, claims or encumbrances related to the Mortgaged Property.

If requested by Mortgagee, Mortgagor shall furnish Mortgagee within thirty (30) days after the date upon which any Charge is due and payable by Mortgagor, official receipts of the appropriate authority, or other proof satisfactory to Mortgagee, evidencing the payment thereof. Mortgagor shall have the right before any delinquency occurs to contest or object to the amount or validity of any Charge by appropriate legal proceedings properly instituted and prosecuted in such manner as shall stay collection of the contested Charge and prevent the imposition of a lien or the sale or forfeiture of the Mortgaged Property, to collect the same; provided that no such contest or objection shall be deemed or construed in any way as relieving, modifying or extending Mortgagor's covenant to pay any such Charge at the time and in the manner provided in this Mortgage unless Mortgagor has given prior written notice to Mortgagee of Mortgagor's intent to contest or object to a Charge and, unless at Mortgagee's sole option, (i) Mortgagor shall demonstrate to Mortgagee's satisfaction that legal proceedings instituted by Mortgagor contesting or objecting to such Charge shall conclusively operate to prevent a lien against or the sale or forfeiture of the Mortgaged Property, or any part thereof, as satisfaction of such Charge prior to final determination of such proceedings, and (ii) Mortgagor shall furnish to Mortgagee a good and sufficient bond or surety, or a good and sufficient undertaking, as may be required or permitted by law to accomplish a stay of any such sale or forfeiture of the portion of the Mortgaged Property during the pendency of such contest, in an amount (x) not less than 125% of such Charge, and (y) adequate fully to pay all such contested Charges and all interest and penalties upon the adverse determination of such contest.

4. **Insurance.** Mortgagor shall at all times maintain insurance with respect to the Mortgaged Property as is set forth in Exhibit C hereto.

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5. **Inspection of Premises and of Books and Records.** Mortgagor shall permit Mortgagee to inspect the portion of Mortgaged Property at all reasonable times and upon reasonable notice, and access thereto shall be permitted for that purpose. Each Mortgagor shall keep and maintain full and correct records at such Mortgagor's office showing in detail the income and expenses of the Mortgaged Property and shall make such books, records and all supporting vouchers, data and other documents available for inspection, copying (including excerpts and transcriptions), audit and examination upon request by Mortgagee and its agents, successors and assigns until the fifth anniversary of the date of repayment of the Loan in full.

6. **Damage or Destruction/Insurance Proceeds.** In the event of any damage to, or destruction of a portion of the Mortgaged Property, Mortgagor will give written notice to Mortgagee of such damage or destruction within five (5) Business Days thereafter and, subject to All Applicable Public Housing Requirements and the rights of any senior lienholder, authorize Mortgagee to proceed as follows:

(a) In the event of any loss covered by insurance policies, Mortgagee is hereby authorized at its option to either (i) settle and adjust any claim under such policies without the consent of the Mortgagor, or (ii) allow the Mortgagor to agree with the insurance company or companies on the amount to be paid upon the loss. Mortgagee shall, and is hereby authorized to, collect any such insurance proceeds, and the reasonable expenses incurred by Mortgagee in the adjustment and collection of insurance proceeds shall be deemed additional indebtedness secured by this Mortgage and shall be reimbursed to Mortgagee by the Mortgagor upon demand.

(b) In the event of any insured damage to, or destruction of, the Mortgaged Property or any part thereof, Mortgagee shall apply the proceeds of insurance to reimburse or, at the option of Mortgagee, pay directly the Mortgagor for the cost of restoring, repairing, replacing or rebuilding such portion of the Mortgaged Property if: (i) an Event of Default hereunder or an event of default under any of the other Loan Documents, shall not have occurred and be continuing; (ii) such insurance proceeds shall be in an amount sufficient to restore such portion of the Mortgaged Property to at least the same value and substantially the same character as such portion of the Mortgaged Property had existed immediately prior to such damage or destruction (and subject to no liens or encumbrances other than Permitted Encumbrances described in Exhibit B hereto), or if such proceeds are not so sufficient, the Mortgagor shall promptly deposit with Mortgagee funds equal to the amount of such deficiency; (iii) the Mortgagor shall obtain all required governmental approvals with respect to such restoration, repair, replacement or rebuilding; (iv) prior to such restoration, repair, replacement or rebuilding, Mortgagee shall receive and approve plans and specifications and a detailed budget and cost breakdown with respect to such work; and (v) such restoration, repair, replacement or rebuilding is reasonably susceptible to completion not less than six months prior to the Maturity Date.

(c) In the event that proceeds of insurance, if any, shall be made available to Mortgagor for the restoration, repair, replacement or rebuilding of a portion of the Mortgaged Property, Mortgagor hereby covenants to restore, repair, replace or rebuild the same, to at least equal value, and substantially the same character as prior to such damage or destruction, all to be effected in accordance with plans and specifications submitted to and reasonably approved by Mortgagee, and to expend all such proceeds and any funds deposited by Mortgagor pursuant hereto prior to the further disbursement of any Loan proceeds. If the amount of such insurance

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proceeds shall be in excess of \$50,000, such proceeds shall be disbursed through an escrow pursuant to an escrow agreement approved by Mortgagee.

(d) If all of the conditions described in paragraph (b) of this Section with respect to the application of proceeds of insurance shall not be met, Mortgagee may, in its sole discretion, apply such proceeds to the indebtedness secured hereby in such order or manner as Mortgagee may elect.

(e) To the extent that any amount of proceeds of insurance remain unexpended after completion of the restoration, repair, replacement or rebuilding of the Mortgaged Property, such amount shall be applied to the indebtedness secured hereby, with any remaining amounts being paid to the Mortgagor.

To the extent that any terms or conditions contained in this Section, with respect to the restoration of the Mortgaged Property after a casualty, conflict with the Applicable Public Housing Requirements, the Applicable Public Housing Requirements shall prevail.

7. **Condemnation/Eminent Domain.** Mortgagor shall give Mortgagee prompt notice of any proceedings, pending or threatened, seeking condemnation or taking by eminent domain or any like process ("Taking") of all or any portion of the Mortgaged Property, or affecting any easement thereon or appurtenance thereto, and shall deliver to Mortgagee copies of any and all papers served in connection with any such proceedings, and Mortgagor hereby assigns and transfers to Mortgagee, subject to any applicable terms and conditions of the Applicable Public Housing Requirements and the rights of any senior lienholder, the entire proceeds of all awards resulting from any Taking. Mortgagee is hereby authorized to collect and receive from the condemnation authorities said awards and is further authorized to give appropriate receipts therefor. In the event of any such Taking, the proceeds of all awards resulting from such taking shall be applied subject to the Applicable Public Housing Requirements and the rights of any senior lienholder: (i) to reimburse the Mortgagor for or, at the option of the Mortgagee, pay directly, the cost of restoring, repairing, replacing or rebuilding the Mortgaged Property; and (ii) the balance of such proceeds shall be applied to the indebtedness secured hereby in such order or manner as Mortgagee may elect. In the event that such proceeds, if any, shall be made available to a Mortgagor for the restoration, repair, replacement or rebuilding of the Mortgaged Property, Mortgagor hereby covenants to restore, repair, replace or rebuild the same, to at least equal value and substantially the same character as prior to such Taking, all to be effected in accordance with plans and specifications submitted to and approved by Mortgagee. If the amount of such proceeds shall be in excess of \$50,000, such proceeds shall be disbursed through an escrow pursuant to an escrow agreement approved by Mortgagee.

Notwithstanding the foregoing, if any provision of this Section conflicts with All Applicable Public Housing Requirements the provisions of All Applicable Public Housing Requirements shall control.

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8. Transfer and Encumbrance.

Borrower shall not change its managing member, add additional managing members or otherwise modify its ownership except as permitted pursuant to the Regulatory and Operating Agreement.

9. Mortgagee's Options. In case of an Event of Default hereunder by Mortgagor, Mortgagee may (but is not obligated to) make any payment or perform any act herein required of Mortgagor in any form and manner deemed expedient, and may (but is not obligated to) make full or partial payments of principal or interest on prior encumbrances, if any, and purchase, discharge, compromise or settle any tax lien or other prior lien or title or claim thereof, or redeem the Mortgaged Property, from any tax sale or forfeiture affecting the Mortgaged Property or contest any tax or assessment thereon. All monies paid for any of the purposes herein authorized, and all expenses paid or incurred in connection therewith, including reasonable attorneys' fees, and any other monies advanced by Mortgagee to protect the Mortgaged Property, and the lien hereof, shall be deemed additional indebtedness secured hereby. Inaction of Mortgagee shall never be considered as a waiver of any right accruing to it on account of any default on the part of Mortgagor.

10. Events of Default. The following shall constitute an "Event of Default" under this Mortgage:

(i) Mortgagor's failure to pay when due (subject to any applicable notice and/or cure periods), any installment of principal or interest, if any, on the Note, or to pay when due (subject to any applicable notice and/or cure periods) any other sums required to be paid by Mortgagor under the Loan Documents;

(ii) default by Mortgagor in the performance or observance of any condition, warranty, representation, covenant, provision or term (other than as referred to in the other paragraphs of this Section) contained herein or in the other Loan Documents, which causes material harm to Mortgagee and which remains unremedied for thirty (30) days after written notice thereof from Mortgagee to Mortgagor, provided however, that if any such default cannot reasonably be remedied within said 30-day period and if Mortgagor shall have commenced to remedy such default within said 30-day period, and shall thereafter continue diligently to effect such remedy, then said 30-day period shall be extended to 60 days upon written request from Mortgagor to Mortgagee delivered during such 30-day period, and upon further written request from Mortgagor to Mortgagee delivered during said 60-day period, said 60-day period shall be extended to ninety (90) days (provided, however, that Mortgagee shall not be precluded during any such periods from exercising any remedies available under any of the Loan Documents if its security becomes or is about to become materially jeopardized by any failure to cure a default within such period);

(iii) a writ of execution, attachment or any similar process shall be issued or levied against all or any portion of the Mortgaged Property or any interest therein, or any judgment involving monetary damages shall be entered against Mortgagor which shall

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become a lien on all or any portion of the Mortgaged Property, or any interest therein, and such execution, attachment or similar process or judgment is not released, bonded, satisfied, vacated or stayed within thirty (30) days after its entry or levy, provided, however, that it shall not be an Event of Default if Mortgagor is contesting such writ of execution, attachment of similar process in good faith and Mortgagor provides adequate security during the pendency of such contest;

(iv) any warranty, representation or statement made or furnished to Mortgagee by or on behalf of Mortgagor proves to have been false in any material respect when made or furnished, so as to diminish in a material way the security provided in this Mortgage;

(v) the abandonment by Mortgagor of all or any portion of the Mortgaged Property, to the extent subject to the lien of this Mortgage;

(vi) Mortgagor's failure to discharge any Charge in accordance with the terms hereof, or a failure to procure any insurance required hereunder;

(vii) Mortgagor's failure to maintain any insurance required hereunder, provided, however, that Mortgagee shall not accelerate the maturity of the Note or enforce any other remedies under this Mortgage or the other Loan Documents unless such failure shall continue for a period of ten (10) days following written notice to Mortgagor from Mortgagee, and further provided that Mortgagee shall not be precluded during any such period from exercising such remedies as may be necessary if Mortgagee's security is otherwise about to be materially jeopardized;

(viii) the occurrence during any period of lapse in the insurance coverage required hereunder of any casualty or other event which would be a covered loss under such required insurance, and the failure of Mortgagor to make arrangements satisfactory to Mortgagee for the coverage of such loss within thirty (30) days following such occurrence;

(ix) the dissolution of Mortgagor or the entry of a decree or order for relief by a court having jurisdiction with respect to Mortgagor in an involuntary case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency or other similar law, or appointing a receiver, liquidator, assignee, custodian, trustee or sequestrator (or other similar official) of Mortgagor or for the Mortgaged Property, or for any substantial part of the property of Mortgagor, or ordering the winding-up or liquidation of the affairs of Mortgagor and the continuance of any such decree or order unstayed and in effect for a period of thirty (30) consecutive days;

(x) the commencement by Mortgagor of a voluntary case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency or other similar law, or the consent by Mortgagor to the appointment of, or taking possession by, a receiver, liquidator, assignee, trustee,

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custodian or sequestrator (or other similar official) of Mortgagor or the Mortgaged Property, or of any substantial part of the property of Mortgagor, or of any royalties, revenues, rents, issues or profits therefrom, or the making by Mortgagor of any assignment for the benefit of creditors, or the failure of Mortgagor generally to pay its debts as such debts become due, or the taking of action by Mortgagor in furtherance of any of the foregoing;

(xi) a final judgment for the payment of money in excess of \$100,000 shall be rendered by a court of record against Mortgagor, and Mortgagor shall not discharge the same or provide for its discharge in accordance with its terms, or procure a stay of execution thereof, within sixty (60) days from the date of entry thereof, or such longer period during which execution of such judgment shall have been stayed;

(xii) other than Permitted Encumbrances and except as otherwise permitted by the Loan Documents and the Regulatory and Operating Agreement, Mortgagor's sale, partial sale, transfer, refinancing, conveyance, mortgage, pledge, grant of security interest, assignment, syndication or other disposition of all or any portion of the Mortgaged Property, to the extent subject to the lien of this Mortgage, or any interest therein without the prior written consent of Mortgagee, which consent shall not be unreasonably withheld or delayed, whether by operation of law, voluntarily or otherwise or if Mortgagor shall enter into a contract to do any of the foregoing without the prior written consent of Mortgagee, or any other violation of Section 8 hereof;

(xiii) any event of default under any of the other Loan Documents which has not been cured within any applicable grace period; and

(xiv) failure to complete construction and achieve Placement in Service of the Development in accordance with applicable deadlines for low income housing tax credits under the Internal Revenue Code.

Notwithstanding anything to the contrary contained herein, Mortgagee hereby agrees that any cure of any default made by one or more of Mortgagor's members shall be deemed to be a cure by Mortgagor and shall be accepted or rejected on the same basis as if made by Mortgagor.

11. **Acceleration, Etc.** Upon the occurrence of an Event of Default hereunder, and the expiration of any notice and cure or grace period specifically provided herein, Mortgagee may elect to accelerate the maturity of the Note causing the full principal balance of and accrued interest, if any, on such Note, together with all other amounts then due and owing by Mortgagor to Mortgagee under any of the Loan Documents, to become immediately due and payable at the place of payment as aforesaid, and Mortgagee may proceed to foreclose this Mortgage and to exercise any rights and remedies available to Mortgagee under this Mortgage or any of the other Loan Documents, and to exercise any other rights and remedies against Mortgagor, or with respect to the Note, which Mortgagee may have at law, in equity or otherwise. Mortgagee may also elect to commence an action to enforce specifically any of the provisions contained in any of the Loan Documents.

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12. **Remedies.** Mortgagee's remedies as provided in this Mortgage or the other Loan Documents shall be cumulative and concurrent, and may be pursued singularly, successively or together, at the sole discretion of Mortgagee, and may be exercised as often as occasion therefor shall arise, and shall not be exclusive but shall be in addition to every other remedy now or hereafter existing at law, in equity or by statute. Failure of Mortgagee, for any period of time or on more than one occasion, to exercise any such remedy shall not constitute a waiver of the right to exercise the same at any time thereafter or in the event of any subsequent Event of Default. No act of omission or commission of Mortgagee, including specifically any failure to exercise any right or remedy, shall be deemed to be a waiver or release of the same; any such waiver or release is to be effected only through a written document executed by Mortgagee and then only to the extent specifically recited therein. A waiver or release with reference to any one event shall not be construed as a waiver or release of any subsequent event or as a bar to any subsequent exercise of Mortgagee's rights or remedies hereunder. Except as otherwise specifically required herein, notice of the exercise of any right or remedy granted to Mortgagee by the Loan Documents is not required to be given.

13. **Additional Indebtedness.** In the event that: (a) the Note is placed in the hands of an attorney for collection or enforcement, or is collected or enforced through any legal proceeding; (b) an attorney is retained to represent Mortgagee in any bankruptcy, reorganization, receivership or other proceedings affecting creditors' rights and involving a claim under any of the Loan Documents; (c) an attorney is retained to protect or enforce the lien of this Mortgage, or the liens or security interests of any of the other Loan Documents; or (d) an attorney is retained to represent Mortgagee in any other proceedings whatsoever in connection with the Loan Documents, or any property subject thereto, then Mortgagee shall pay to Mortgagee all reasonable attorneys' fees, and all costs and expenses incurred in connection therewith.

14. **Waiver.** Mortgagee's failure to require strict performance by Mortgagor of any provision of this Mortgage shall not waive, affect or diminish any right of Mortgagee thereafter to demand strict compliance and performance therewith, nor shall any waiver by Mortgagee of an Event of Default waive, suspend or affect any other Event of Default under this Mortgage, whether the same is prior or subsequent thereto, or of the same or a different type. Mortgagee's delay in instituting or prosecuting any action or proceeding or otherwise asserting its rights hereunder or under any of the other Loan Documents, shall not operate as a waiver of such rights or limit them in any way so long as an Event of Default shall be continuing.

15. **Right of Possession.** To the extent permitted by law, in any case in which, under the provisions of this Mortgage, Mortgagee has a right to institute foreclosure proceedings, whether before or after the institution of such proceedings or before or after sale thereunder, Mortgagor shall, at the option of Mortgagee, surrender to Mortgagee, and Mortgagee shall be entitled to take, actual possession of all or any portion of the Mortgaged Property, personally or by its agents or attorneys, and Mortgagee, in its sole discretion, may enter upon, take and maintain possession of all or any portion of the Mortgaged Property, to the extent subject to the lien of this Mortgage.

Upon taking possession of the Mortgaged Property, Mortgagee may make all necessary or proper repairs, decoration, renewals, replacements, alterations, additions, betterments and

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improvements in connection with the Mortgaged Property, to the extent subject to the lien of this Mortgage, as it may deem judicious to insure, protect and maintain the Mortgaged Property, against all risks incidental to Mortgagee's possession, operation and management thereof, and may receive all rents, issues and profits therefrom. Mortgagee shall have, in addition to any other power provided herein, all powers and duties as provided for in Sections 5/15-1701, 5/15-1702 and 5/15-1703 of the Act.

16. **Appointment of Receiver.** Upon or at any time after the filing of any complaint to foreclose the lien of this Mortgage, the court may, upon application, appoint a receiver of the Mortgaged Property. Such appointment may be made either before or after foreclosure sale, without notice, without regard to the solvency or insolvency, at the time of application for such receiver, of the person or persons, if any, liable for the payment of the indebtedness hereby secured, without regard to the value of the Mortgaged Property, at such time and whether or not the same is then occupied as a homestead, and without bond being required of the applicant. Mortgagee or any employee or agent thereof may be appointed as such receiver. The receiver shall have the power to take possession, control and care of the Mortgaged Property, and to collect all rents and profits therefrom during the pendency of such foreclosure suit, and all powers and duties provided for in Section 5/15-1704 of the Act, and such other powers as the court may direct.

17. **Foreclosure Sale.** The Mortgaged Property, or any interest or estate therein, sold pursuant to any court order or decree obtained under this Mortgage shall be sold in one parcel, as an entirety, or in such parcels and in such manner or order as Mortgagee, in its sole discretion, may elect, to the maximum extent permitted by Illinois law. At any such sale, Mortgagee may bid for and acquire, as purchaser, all or any portion of the Mortgaged Property, and, in lieu of paying cash therefor, may make settlement for the purchase price by crediting upon the indebtedness due the amount of Mortgagee's bid.

18. **Adjudication of Proceeds from Foreclosure Sale.** Proceeds of any foreclosure sale of the Mortgaged Property shall be distributed and applied in the following order of priority: (i) on account of all costs and expenses incident to the foreclosure proceedings; (ii) all other items which, under the terms hereof, constitute secured indebtedness additional to that evidenced by the Note, with interest thereon; (iii) all principal and interest, if any, remaining unpaid on the Note; and (iv) any surplus or remaining funds to Mortgagor, its successors or assigns, as their rights may appear.

19. **Insurance Upon Foreclosure.** Wherever provision is made in this Mortgage for insurance policies to bear mortgage clauses or other loss-payable clauses or endorsements in favor of Mortgagee, or to confer authority upon Mortgagee to settle or participate in the settlement of losses under policies of insurance, or to hold and disburse or otherwise control use of insurance proceeds, from and after the entry of judgment of foreclosure all such rights and powers of Mortgagee shall continue in Mortgagee as judgment creditor or mortgagee until confirmation of sale. Upon confirmation of sale, Mortgagee shall be empowered to assign all policies of insurance to the purchaser at the sale. In case of an insured loss after foreclosure proceedings have been instituted, the proceeds of any insurance policy or policies, if not applied in restoring the Mortgaged Property, shall be used to pay the amount due in accordance with any

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foreclosure decree that may be entered in any such proceedings, and the balance, if any, shall be paid as the court may direct.

20. **Waiver of Statutory Rights.** To the extent permitted by law, Mortgagor shall not apply for or avail itself of any appraisal, valuation, redemption, reinstatement, stay, extension or exemption laws or any so-called "Moratorium Laws" now existing or hereafter enacted, in order to prevent or hinder the enforcement of foreclosure of this Mortgage, and hereby waives the benefit of such laws. Mortgagor, for itself and all who may claim through or under it, waives any and all right to have the property and estates comprising the Mortgaged Property, marshalled upon any foreclosure of the lien hereof, and agrees that any court having jurisdiction to foreclose such lien may order the Mortgaged Property, sold as an entirety. To the extent permitted by law, Mortgagor hereby expressly waives any and all rights of redemption and reinstatement, on its own behalf and on behalf of each and every person having a beneficial interest in Mortgagor, it being the intent hereof that any and all such rights of redemption or reinstatement of Mortgagor and of all other persons are and shall be deemed to be hereby waived. Mortgagor acknowledges that the Mortgaged Property does not constitute agricultural real estate, as said term is defined in Section 5/15-1201 of the Mortgage Act or residential real estate as defined in Section 5/15-(21) of the Mortgage Act.

21. **Partial Payments.** Acceptance by Mortgagee of any payment which is less than payment in full of all amounts due and payable at the time of such payment shall not constitute a waiver of Mortgagee's right to exercise its option to declare the whole of the principal sum then remaining unpaid, together with all accrued interest, if any, thereon, immediately due and payable without notice, or any other rights of Mortgagee at that time or any subsequent time, without its express written consent, except and to the extent otherwise provided by law.

22. **Rescission of Election.** Acceleration of maturity, once made by Mortgagee, may at the option of Mortgagee be rescinded, and any proceedings brought to enforce any rights or remedies hereunder may, at Mortgagee's option, be discontinued or dismissed. In either of such events, Mortgagor and Mortgagee shall be restored to their former positions, and the rights, remedies and powers of Mortgagee shall continue as if such acceleration had not been made or such proceedings had not been commenced, as the case may be.

23. **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.

If to Mortgagee:	Chicago Housing Authority 60 East Van Buren, 12 th Floor Chicago, Illinois 60605 Attention: Chief Executive Officer
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With copies to: Chicago Housing Authority
60 East Van Buren, 12th Floor
Office of the General Counsel
Chicago, Illinois 60605
Attention: Chief Legal Officer

If to the Owner: New Sterling Park LLC
c/o Mercy Housing Lakefront
120 South LaSalle Street, Suite 1850
Chicago, Illinois 60603
Attn: Mark Angelini

With copies to:

Sterling Park Development, L.L.C.
900 West Jackson Boulevard, 8th Floor
Chicago, Illinois 60607
Attention: Mordecai Tessler and David Tessler

Applegate & Thorne-Thomsen, P.C.
626 W. Jackson Blvd., Suite 400
Chicago, Illinois 60661
Attention: Ben Applegate

Faegre Baker Daniels LLP
311 South Wacker Drive, Suite 4300
Chicago, Illinois 60606
Attention: Barry R. Nekritz

RBC Tax Credit Equity, LLC
600 Superior Avenue, Suite 2300
Cleveland, Ohio 44114
Attention: President and General Counsel

And to:

Nixon Peabody LLP
100 Summer Street
Boston, Massachusetts 02110
Attention: Roger W. Holmes

Such addresses may be changed by notice to the other parties given in the same manner as above provided. 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

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and, if sent pursuant to clause (d) above, shall be deemed received two (2) Business Days following deposit in the mail.

24. **Time.** Time is of the essence with respect to the Loan Documents.

25. **Modifications.** This Mortgage may not be altered, amended, modified, cancelled, changed or discharged, except by written instrument signed by Mortgagor and Mortgagee (or their respective successors and assigns).

26. **Headings.** The headings of articles, sections, paragraphs and subparagraphs in this Mortgage are for convenience of reference only, and shall not be construed in any way to limit or define the content, scope or intent of the provisions hereof.

27. **Construction of Mortgage.** This Mortgage shall be construed and enforced according to the internal laws of the State of Illinois without regard to its conflict of laws principles.

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

29. **Grammar.** As used in this Mortgage, the singular shall include the plural, and masculine, feminine and neuter pronouns shall be fully interchangeable, where the context so requires.

30. **Successors and Assigns.** This Mortgage and each and every covenant, agreement and other provision hereof shall be binding upon Mortgagor and its successors and assigns (including, without limitation, each and every record owner of the Mortgaged Property), and shall inure to the benefit of Mortgagee and its successors and assigns. Whenever Mortgagee is referred to herein, such reference shall also include the registered owner of the Note, whether so expressed or not.

31. **Further Assurances.** Mortgagor will perform, execute, acknowledge and deliver every act, deed, conveyance, transfer and assurance deemed reasonably necessary or proper, in the sole judgment of Mortgagee, for assuring, conveying, mortgaging, assigning and confirming to Mortgagee all property mortgaged hereby or property intended so to be, whether now owned or hereafter acquired by Mortgagor, and for creating, maintaining and preserving the lien and security interest created hereby on the Mortgaged Property. Upon any failure by Mortgagor to do so, Mortgagee may make, execute and record any and all such documents for and in the name of Mortgagor, and Mortgagor hereby irrevocably appoints Mortgagee and its agents as attorney-in-fact for that purpose. Mortgagor will reimburse Mortgagee for any sums expended by Mortgagee in making, executing and recording such documents including attorneys' fees and court costs.

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32. **Indemnification.** Subject to Section 8.06 of the Loan Agreement, in addition to all other indemnities in favor of Mortgagee specifically provided in this Mortgage, and except as provided below, Borrower indemnifies Mortgagee and saves Mortgagee harmless from and against any and all loss, cost, damage, claim, liability or expenses ("Loss") incurred by Mortgagee in connection with any and all claims, demands, actions, proceedings ("Claim") in connection with the Loan, excluding, however, (1) any loss arising out of Mortgagee's gross negligence or willful misconduct in connection with the Loan; and (2) any loss arising after Mortgagee's acquisition of title to or control of the Mortgaged Property. Indemnification of Mortgagee by Borrower with respect to environmental matters shall be governed exclusively by the terms and provisions of the Environmental Indemnification Agreement between Borrower and Mortgagee.

33. **Security Agreement.** This Mortgage shall be construed as a "security agreement" within the meaning of and shall create a security interest under the Uniform Commercial Code as adopted by the State of Illinois with respect to any part of the Mortgaged Property, which constitutes fixtures or personal property. Mortgagee shall have all the rights with respect to such fixtures or personal property afforded to it by said Uniform Commercial Code in addition to, but not in limitation of, the other rights afforded Mortgagee by this Mortgage or any other agreement. Upon the recording hereof, this Mortgage shall constitute a financing statement under the Uniform Commercial Code.

34. **No Merger.** It being the desire and intention of the parties hereto that this Mortgage and the lien thereof do not merge in fee simple title, it is hereby understood and agreed that should Mortgagee acquire any additional or other interests in or to the Mortgaged Property, or the ownership thereof, then, unless a contrary interest is manifested by Mortgagee, as evidenced by an appropriate document duly recorded, this Mortgage and the lien thereof shall not merge in the fee simple title, toward the end that this Mortgage may be foreclosed as if owned by a stranger to the fee simple title.

35. **Protective Advances; Maximum Amount of Indebtedness.** All advances, disbursements and expenditures made by Mortgagee before and during a foreclosure, and before and after judgment of foreclosure, and at any time prior to sale, and, where applicable, after sale and during the pendency of any related proceedings, for the following purposes in addition to those otherwise authorized by this Mortgage or by the Mortgage Act (collectively, "Protective Advances"), shall have the benefit of all applicable provisions of the Act, including those provisions of the Mortgage Act herein below referred to:

(a) all advances by Mortgagee in accordance with the terms of this Mortgage to: (i) preserve or maintain, repair, restore or rebuild the improvements upon the Mortgaged Property, to the extent subject to the lien of this Mortgage; (ii) preserve the lien of this Mortgage or the priority thereof; or (iii) enforce this Mortgage, as referred to in Subsection (b)(5) of Section 5/15-1302 of the Act;

(b) payments by Mortgagee of: (i) when due, installments of principal, interest or other obligations in accordance with the terms of any prior lien or encumbrance; (ii) when due, installments of real estate taxes and assessments, general and special and all other taxes and assessments of any kind or nature whatsoever which are assessed or imposed upon the

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Mortgaged Property, or any part thereof; (iii) other obligations authorized by this Mortgage; or (iv) with court approval, any other amounts in connection with other liens, encumbrances or interests reasonably necessary to preserve the status of title, as referred to in Section 5/15-1505 of the Act;

(c) advances by Mortgagee in settlement or compromise of any claims asserted by claimants under or any other prior liens;

(d) reasonable attorneys' fees and other costs incurred: (i) in connection with the foreclosure of this Mortgage as referred to in Sections 5/15-1504(d)(2) and 5/15-1510 of the Act; (ii) in connection with any action, suit or proceeding brought by or against Mortgagee for the enforcement of this Mortgage or arising from the interest of Mortgagee hereunder; or (iii) in the preparation for the commencement or defense of any such foreclosure or other action;

(e) Mortgagee's fees and costs, including reasonable attorneys' fees, arising between the entry of judgment of foreclosure and the confirmation hearing as referred to in Subsection (b)(1) of Section 5/15-1508 of the Act;

(f) advances of any amount required to make up a deficiency in deposits for installments of taxes and assessments and insurance premiums as may be authorized by this Mortgage;

(g) expenses deductible from proceeds of sale as referred to in Subsections (a) and (b) of Section 5/15-1512 of the Act; and

(h) expenses incurred and expenditures made by Mortgagee for any one or more of the following: (i) if the Mortgaged Property, or any portion thereof constitutes one or more units under a condominium declaration, assessments imposed upon the unit owner thereof; (ii) if any interest in the Mortgaged Property is a leasehold estate under a lease or sublease, rentals or other payments required to be made by the lessee under the terms of the lease or sublease; (iii) premiums for casualty and liability insurance paid by Mortgagee whether or not Mortgagee or a receiver is in possession, if reasonably required, in reasonable amounts, and all renewals thereof, without regard to the limitation to maintaining of existing insurance in effect at the time any receiver or mortgagee takes possession of the Mortgaged Property, imposed by Subsection (c)(1) of Section 5/15-1704 of the Act; (iv) repair or restoration of damage or destruction in excess of available insurance proceeds or condemnation awards; (v) payments required or deemed by Mortgagee to be for the benefit of the Mortgaged Property or required to be made by the owner of the Mortgaged Property, under any grant or declaration of easement, easement agreement, agreement with any adjoining land owners or instruments creating covenants or restrictions for the benefit of or affecting the Mortgaged Property; (vi) shared or common expense assessments payable to any association or corporation in which the owner of the Mortgaged Property, is a member in any way affecting the Mortgaged Property, to the extent subject to the lien of this Mortgage; and (vii) pursuant to any lease or other agreement for occupancy of the Mortgaged Property.

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All Protective Advances with respect to the Mortgaged Property shall be so much additional indebtedness secured by this Mortgage, and shall become payable as provided under the terms of the Note.

This Mortgage shall be a lien for all Protective Advances as to subsequent purchasers and judgment creditors from the time this Mortgage is recorded pursuant to Subsection (b)(1) of Section 5/15-1302 of the Act.

All Protective Advances shall, except to the extent, if any, that any of the same is clearly contrary to or inconsistent with the provisions of the Act, apply to and be included in:

(1) the determination of the amount of indebtedness secured by this Mortgage at any time;

(2) the indebtedness found due and owing to Mortgagee in the judgment of foreclosure and any subsequent supplemental judgments, orders, adjudications or findings by the court of any additional indebtedness becoming due after such entry of judgment, it being agreed that in any foreclosure judgment, the court may reserve jurisdiction for such purpose;

(3) if the right of redemption has not been waived by this Mortgage, computation of amount required to redeem, pursuant to Subsections (d)(2) and (e) of Section 5/15-1603 of the Act;

(4) the determination of amounts deductible from sale proceeds pursuant to Section 5/15-1512 of the Act;

(5) the application of income in the hands of any receiver or mortgagee in possession; and

(6) the computation of any deficiency judgment pursuant to Subsections (b)(2) and (e) of Sections 5/15-1508 and Section 5/15-1511 of the Act, subject to the terms provided in Section 36 hereof.

Notwithstanding anything contained herein to the contrary, in no event shall the indebtedness secured by this Mortgage exceed an amount equal to \$39,383,808, provided, however, in no event shall the Lender be obligated to advance funds in excess of the face amount of the Note.

All obligations of the Mortgagor shall terminate upon the discharge of all indebtedness secured by this Mortgage. Upon that discharge Mortgagee shall execute, record and deliver to Mortgagor in favor of Mortgagee a release of this Mortgage in recordable form

36. **Limited Obligations.** The obligations of Mortgagor under this Mortgage are limited obligations payable solely from revenues, receipts, money and investments of Mortgagor with respect to the Mortgaged Property and not from any other property, revenues, receipts, money or investments. The obligations of Mortgagor under this Mortgage are not obligations of any partner of Mortgagor, and no partner of Mortgagor shall have any obligation to make or

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fulfill any obligation to make any capital contribution or loan to Mortgagor for the purpose of making any payment pursuant to this Mortgage.

37. **Subordination.** This Mortgage is subject and subordinate to the "Senior Encumbrances" designated on the list of Permitted Encumbrances described in Exhibit B, attached to and made a part of this Mortgage.

38. **Definitions.** Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Loan Agreement. Terms used in Sections 6, 7 or 8 of this Mortgage which are not defined herein or in the Loan Agreement shall have the meanings ascribed to such terms in the Regulatory and Operating Agreement.

39. **Disclaimer of Third-Party Beneficiaries.** Mortgagor hereby acknowledges that any loan or transfer of public housing funds by Mortgagee shall not be or be deemed to be an assignment of such funds, and Mortgagor shall not succeed to any rights or benefits of Mortgagee under applicable grant or funding agreements between Mortgagee and HUD, or attain any privileges, authorities, interests, or rights in or under applicable grant or funding agreements between Mortgagee and HUD. Nothing contained in this Mortgage, nor any act of HUD or Mortgagee, shall be deemed or construed to create any relationship of third-party beneficiary, principal and agent, limited or general partnership, joint venture, or any association or relationship involving HUD, except between HUD and Mortgagee as provided by the terms of applicable grant agreements. In addition, there are otherwise no third-party beneficiaries of this Mortgage, and no third party shall have any rights under this Mortgage.

40. **Subordination Agreement.** This Mortgage is subject to each of the terms and conditions contained in that certain Subordination Agreement of even date herewith by and among Senior Lender, Mortgagor and Mortgagee as the same may be amended or replaced, including any replacement thereof in connection with a Permitted Refinancing.

[Signature Appears on Following Page]

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IN WITNESS WHEREOF, Mortgagor has executed and delivered this Mortgage as of the date first written above.

MORTGAGOR:

NEW STERLING PARK LLC,
an Illinois limited liability company

By: New Sterling Park MM LLC,
an Illinois limited liability company
Its managing member

By: Mercy Sterling NFP, an Illinois not for profit
corporation, its managing member

By: 
Name: Mack A. Angelini
Title: President

Property of Cook County Clerk's Office

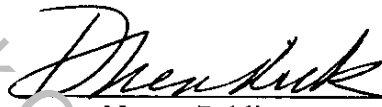
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STATE OF ILLINOIS)
) ss
COUNTY OF ~~COOK~~)
WILL

I, the undersigned, a Notary Public in and for the county and State aforesaid, do hereby certify that Mark A. Angelini, personally known to me to be the Resident of Mercy Sterling NFP, an Illinois not for profit corporation, the managing member of New Sterling Park MM LLC, an Illinois limited liability company (the "Managing Member"), the managing member of New Sterling Park LLC, an Illinois limited liability company (the "Company"), and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that as such officer, he signed and delivered the said instrument, on behalf of the managing member of the Managing Member, as the free and voluntary act of such person, and as the free and voluntary act and deed of the Managing Member and the Company, for the uses and purposes therein set forth.

Given under my hand and official seal this 29th day of June, 2015.

(SEAL) 


Notary Public

Notary Public, Cook County Clerk's Office

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EXHIBIT A

PREMISES LEGAL DESCRIPTION

PARCEL 1: (MDL BUILDING PARCEL)

THAT PART OF LOTS 7, 8 AND 9 IN BLOCK 1 IN HENRY E. VANCE'S RE-SUBDIVISION, ACCORDING TO THE PLAT THEREOF RECORDED DECEMBER 21ST, 1904 AS DOCUMENT NO. 3635041, IN THE SOUTH EAST QUARTER OF SECTION 14, TOWNSHIP 39 NORTH, RANGE 13, EAST OF THE 3RD PRINCIPAL MERIDIAN, DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHWEST CORNER OF SAID BLOCK 1, ALSO BEING THE INTERSECTION OF THE EAST RIGHT-OF-WAY LINE OF SOUTH HUMAN AVENUE AND THE SOUTH RIGHT-OF-WAY LINE OF WEST ARTHINGTON STREET; THENCE SOUTH 89 DEGREES 14 MINUTES 04 SECONDS EAST ALONG THE NORTH LINE OF SAID BLOCK 1, ALSO BEING SAID SOUTH RIGHT-OF-WAY LINE OF WEST ARTHINGTON STREET, A DISTANCE OF 489.02 FEET TO THE POINT OF BEGINNING; THENCE CONTINUING SOUTH 89 DEGREES 14 MINUTES 04 SECONDS EAST ALONG SAID NORTH LINE OF BLOCK 1, ALSO BEING SAID SOUTH RIGHT-OF-WAY LINE OF WEST ARTHINGTON STREET, A DISTANCE OF 108.77 FEET TO THE NORTHEAST CORNER OF LOT 7, ALSO BEING THE INTERSECTION OF SAID SOUTH RIGHT-OF-WAY LINE OF WEST ARTHINGTON STREET AND THE WEST RIGHT-OF-WAY LINE OF VACATED SOUTH SPAULDING AVENUE; THENCE SOUTH 00 DEGREES 26 MINUTES 04 SECONDS WEST ALONG THE EAST LINE OF SAID LOT 7, ALSO BEING SAID WEST RIGHT-OF-WAY LINE OF VACATED SOUTH SPAULDING AVENUE, A DISTANCE OF 337.62 FEET TO THE SOUTHEAST CORNER OF SAID LOT 7 ALSO BEING THE NORTH LINE OF THE B. & O. C.T. RAILROAD (FORMERLY THE CHICAGO AND GREAT WESTERN RAILROAD); THENCE NORTH 89 DEGREES 13 MINUTES 55 SECONDS WEST ALONG SAID SOUTH LINE OF BLOCK 1, ALSO BEING SAID NORTH RIGHT-OF-WAY LINE OF THE B. & O. C.T. RAILROAD, A DISTANCE OF 289.32 FEET; THENCE NORTH 00 DEGREES 40 MINUTES 38 SECONDS EAST, A DISTANCE OF 157.20 FEET TO A POINT ON THE SOUTHERLY FACE OF A ONE STORY BRICK BUILDING AS SAID BRICK BUILDING EXISTED ON SEPTEMBER 15, 1997; THENCE SOUTH 89 DEGREES 40 MINUTES 36 SECONDS EAST ALONG SAID SOUTHERLY BUILDING FACE AND THE EASTERLY EXTENSION THEREOF, A DISTANCE OF 179.12 FEET; THENCE NORTH 00 DEGREES 40 MINUTES 38 SECONDS EAST, A DISTANCE OF 179.02 FEET TO SAID POINT OF BEGINNING; ALL IN COOK COUNTY, ILLINOIS.

PARCEL 2:

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ALL THAT PART OF SPAULDING AVENUE VACATED PER DOCUMENT NUMBER 0803703000 RECORDED FEBRUARY 6, 2008 AND LYING EAST OF AND ADJOINING PARCEL 2 AFORESAID, LYING SOUTH OF THE SOUTH LINE OF ARTHINGTON STREET AND NORTH OF THE B. & O. C.T. RAILROAD (FORMERLY THE CHICAGO AND GREAT WESTERN RAILROAD), LOCATED IN THE EAST 1/2 OF THE SOUTHEAST 1/4 OF SECTION 14, TOWNSHIP 39 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 3:

PERPETUAL NON-EXCLUSIVE EASEMENTS FOR THE BENEFIT OF PARCELS 1 AND 2 AS CREATED BY THE AMENDED AND RESTATED CROSS-EASEMENT AGREEMENT RECORDED DECEMBER 19, 2008 AS DOCUMENT 0835422062, FOR RIGHT OF WAY AND RIGHT TO USE AND UTILIZE ALL PRIVATE ROADS, DRIVEWAYS, ALLEYS OR OTHER PAVED OR CONCRETE PATHWAYS FOR VEHICULAR AND PEDESTRIAL INGRESS AND EGRESS TO AND FROM SOUTH HOMAN AVENUE AND WEST ARTHINGTON STREET; CERTAIN WATER EASEMENTS; ACCESS TO SUB-BASEMENT OF THE POWER PLANT BUILDING; MAINTENANCE AND RESTORATION EASEMENTS; AND ELECTRICAL EASEMENTS; OVER AND UPON PORTIONS OF THE LAND MORE PARTICULARLY DESCRIBED ON EXHIBIT 'A' AND AS DEPICTED ON OTHER EXHIBITS ATTACHED THERETO.

Property Address: 3301 West Arthington Street, Chicago, Illinois 60624

PIN: 16-14-417-009-0000 and 16-14-417-011-0000

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EXHIBIT B

PERMITTED ENCUMBRANCES

Senior Encumbrances

1. Real Estate Taxes not yet due and payable
2. Declaration of Restrictive covenants by and between Chicago Housing Authority and New Sterling Park LLC.
3. Regulatory and Operating Agreement between Chicago Housing Authority and New Sterling Park LLC.
4. Right of First Refusal Agreement by and among New Sterling Park LLC, New Sterling Park MM LLC and Chicago Housing Authority.
5. Easement Agreement between Sterling Park Development L.L.C. and New Sterling Park LLC.
6. Regulatory Agreement between New Sterling Park LLC and the City of Chicago.
7. Tax Regulatory Agreement by and among New Sterling Park LLC, the Chicago Housing Authority and U.S. Bank National Association.
8. Multifamily Mortgage, Assignment of Rents, Security Agreement and Fixture Filing made by New Sterling Park LLC to the Chicago Housing Authority.
9. Assignment of Mortgage made by the Chicago Housing Authority to Citibank, N.A.
10. Access and Tunnel Agreement in favor of Commonwealth Edison Company recorded as Document No. 14536234.
11. Urban Renewal Ordinance recorded as Document No. 20490451.
12. Amended and Restated Operating Agreement recorded as Document No. 0429516161.
13. Cross Easement Agreement recorded as Document 0429516160.
14. Amended and Restated Cross Easement Agreement recorded as Document No. 0835422062.
15. Grant of Easement recorded as Document No. 0612439090.
16. Vacation Ordinance recorded as Document No. 0803703000.

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SUBORDINATE ENCUMBRANCES

1. Junior Mortgage, Security Agreement and Fixture Filing made by New Sterling Park LLC to Mercy Housing Lakefront. [DCEO Loan].
2. Junior Mortgage, Assignment of Rents and Security Agreement made by New Sterling Park LLC to Mercy Housing Lakefront [AHP Loan].
3. Junior Mortgage, Assignment of Rents and Security Agreement made by New Sterling Park LLC to Sterling Park Development, L.L.C. [Seller Loan].
4. Subordinate Multifamily Mortgage, Assignment of Rents, Security Agreement and Fixture Filing made by New Sterling Park LLC to Citibank, N.A. [Citibank Subordinate Loan].
5. Regulatory and Use Agreement between Citibank, N.A. and New Sterling Park LLC.
6. Subordination Agreement (CHA) by and among Citibank, N.A., Chicago Housing Authority and New Sterling Park LLC.
7. Subordination and Intercreditor Agreement (DCEO and AHP Funds) by and among Citibank, N.A., Mercy Housing Lakefront and New Sterling Park LLC.
8. Subordination Agreement among Citibank, N.A., Sterling Park Development, L.L.C., and New Sterling Park LLC.
9. Subordination Agreement by and among New Sterling Park LLC, Mercy Housing Lakefront, and the Chicago Housing Authority.
10. Subordination Agreement by and among Sterling Park Development, L.L.C., New Sterling Park LLC and Chicago Housing Authority.
11. Subordination Agreement by and among New Sterling Park LLC, Citibank, N.A., and Chicago Housing Authority.
12. Right of First Refusal Agreement between New Sterling Park LLC, as grantor, Mercy Housing Lakefront and New Sterling Park MM LLC, as grantee.
13. Retention / Recapture Agreement for Rental Projects Using Low Income Housing Tax Credits (LIHTCs) dated as of May 1, 2015 by and among First Eagle Bank, Mercy Housing Lakefront, and New Sterling Park LLC AHP Loan.

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EXHIBIT C

INSURANCE REQUIREMENTS

Mortgagor shall procure and maintain, directly or through the General Contractor at all times the types of insurance specified below in order to protect the Mortgagee, its Commissioners, Board, officers, agents and employees, (collectively, the "Authority") from the acts, omissions and negligence of the Developer, Mortgagee General Contractor, its officers, officials, subcontractors, joint venture partners, agents or employees with regard to the Development. The insurance carriers used must be authorized to conduct business in the State of Illinois and shall have a BEST Rating of not less than an "A" except where noted. The insurance provided shall cover all operations under the Agreement, whether performed by the Developer, Mortgagee, General Contractor or by any subcontractor. The term "Developer" shall mean any affiliate of the Borrower which undertakes any action in connection with the Development, and the term "Development" shall have the meaning ascribed to such term in the Loan Agreement.

A. Required Insurance Coverages for Developer and/or Mortgagor:

1. **Builder's Risk.** The Developer and/or Mortgagor shall provide directly, on behalf of the Contractor and Subcontractors, for the Development and All Risk Builder's Risk Insurance policy in accordance with HUD's 5370 form (paragraph 36b) covering new construction, improvements, betterments, and/or repairs, at replacement cost, for all materials, supplies, equipment, machinery and fixtures that are or will be part of the permanent project. The Authority shall be named as loss payee.
2. **General Liability Insurance.** General Liability Insurance provided shall have a limit of not less than One Million Dollars (\$1,000,000) per occurrence with a aggregate of not less than Two Million Dollars (\$2,000,000) (i.e., \$1,000,000/\$2,000,000). In addition to the stipulations outlined above, the insurance policy is to include coverage for Contractual Liability, Products-Completed Operations, Personal & Advertising and will also cover injury to Developer's and/or Mortgagor and General Contractor's respective officers, employees, agents, subcontractors, invitees and guests and their personal property. The Authority is to be endorsed as additional insured on the policy and such insurance will be endorsed as primary and non-contributory with any other insurance available to the Authority.
3. **Excess Liability.** The Developer and/or Mortgagor shall secure Excess Liability insurance in the amount of not less than Ten Million Dollars (\$10,000,000). This coverage will be excess of the General Liability, Auto Liability and Employer's Liability

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coverage. The Developer's and/or Mortgagor's coverage will follow-form for all primary, liability and employers' liability coverages.

4. **Automobile Liability Insurance.** When any motor vehicle (owned, non-owned and/or hired) is used in connection with the construction to be performed for such Development, Comprehensive Automobile Liability Insurance with limits of not less than One Million Dollars (\$1,000,000) per occurrence CSL, for bodily injury and property damage shall be provided. The Authority is to be endorsed as additional insureds on the policy and such insurance will be endorsed as primary and non-contributory with any other insurance available to the Authority.
5. **Workers Compensation and Occupational Disease Insurance.** Workers Compensation and Occupational Disease Insurance shall be in accordance with the laws of the State of Illinois (Statutory) Coverage A, and Employer's Liability, Coverage B, in an amount of not less than \$500,000/\$500,000/\$500,000.
6. **Professional Liability (Errors & Omissions).** The Developer and/or Mortgagor shall require any architects and engineers of record, construction manager, property manager, security companies and/or professional consultants who perform work in connection with the Development to provide Professional Liability Insurance. Such insurance covering acts, errors or omissions shall be maintained with limits of not less than Two Million (\$2,000,000) per occurrence. When policies are renewed or replaced, the policy retroactive date must coincide with, or precede, start of Services under this Agreement. A Claims-made policy which is not renewed or replaced must have an extended reporting period of two (2) years.

B. Required Insurance Coverage for General Contractor:

1. **General Liability Insurance.** Liability Insurance provided shall have a limit of not less than One Million Dollars (\$1,000,000) per occurrence with a Per Project aggregate of not less than Two Million Dollars (\$2,000,000) (i.e. \$1,000,000/\$2,000,000). Included without limitation, the following coverages Premises/Operations, including deletion of explosion, collapse and underground (XCU) exclusions; Independent Contractors' Protective Liability; Broad Form Contractual Liability; Broad Form Contractual Liability, specifically referring to the Indemnity obligations under and pursuant to this Agreement, subject to the standard obligations under and pursuant to this Agreement, subject to the standard industry terms, conditions and exclusions of the policy; Broad Form Property Damage, including Products/Completed Operations; Personal Injury Liability, with employee and contractual exclusions deleted. In addition to the stipulations outlined above, the insurance policy is to include coverage for Contractual Liability, Products-Completed Operations, Personal & Advertising Injury. The Authority and Developer and/or Mortgagor ("Additional Insureds"), are to be endorsed as additional insureds on the policy and such insurance will be endorsed

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as primary and non-contributory with any other insurance available to the Additional Insureds.

Products-Completed Operations. General Contractor and subcontractors shall procure and maintain (and require subcontractor's subcontractors of any tier to procure and maintain) until expiration of the Parkside IIA Rental Project's warranty period and, with regard to Products/Completed Operations coverage for two (2) years after final completion of the Work.

It is further agreed that the coverage afforded to the Additional Insureds shall exclude indemnification of the architect for claims arising out of (1) the preparation of approval of maps, drawings, opinions, reports, surveys, change orders, design or specifications, or (2) the giving of or the failure to give directions or instructions by the architects, his agents or employees provided such giving or failure to give is the primary cause of the injury or damage.

2. **Excess Liability***. The General Contractor shall secure Excess Liability insurance in the amount of not less than Ten Million Dollars (\$10,000,000) Per Occurrence. This coverage will be excess of the General Liability, Auto Liability and Employers Liability coverages. The General Contractor's insurance coverage will be excess of all subcontractors with which it contracts to provide services for this development. The Authority and the Developer and/or Mortgagor are to be endorsed as additional insureds on the General Contractor's Excess Liability policy. Subcontractor's excess limits will be determined by the General Contractor as they deem appropriate.
3. **Automobile Liability Insurance.** When any motor vehicle (owned, non-owned and/or hired) is used in connection with the construction to be performed for the Development, Comprehensive Automobile Liability Insurance with limits of not less than One Million Dollars (\$1,000,000) per occurrence CSL, for bodily injury and property damage shall be provided. The Authority and Receiver, Developer and/or Mortgagor, are to be endorsed as additional insureds on the policy and such insurance will be endorsed as primary and non-contributory with any other available insurance available to the Additional Insureds.
4. **Workers Compensation and Occupational Disease Insurance.** Workers Compensation and Occupational Disease Insurance shall be in accordance with the laws of the State of Illinois (Statutory) Coverage A, and Employer's Liability, Coverage B, in an amount of not less than \$500,000/\$500,000/\$500,000.
5. **Lead/Asbestos Abatement Liability.** When any lead and/or asbestos abatement liability work is performed in connection with the contract, Lead/Asbestos Abatement Liability Insurance shall be provided with limits of not less than Five Million Dollars (\$5,000,000) per occurrence insuring bodily injury, property damage and environmental clean-up. The Authority, Developer and/or Mortgagor, are to be endorsed as additional insured on the policy and such

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insurance will be endorsed as primary and non-contributory with any other insurance available to the Authority. When claims made policies are renewed or replaced, the policy retroactive date must coincide with, or precede, start of Services under this Agreement. A Claims-made policy which is not renewed or replaced must have an extended reporting period of two (2) years.

6. **Contractor's Pollution Liability.** The General Contractor shall require a separate Contractor's Pollution Liability insurance policy, covering any bodily injury, liability, and property damage liability, arising out of pollutants including hazardous materials such as asbestos, lead, etc. or contaminated soil, including while in transit to a permanent disposal facility which may arise from activities under or incidental to the contract, whether such activities be by the General Contractor or by any of his subcontractors or by anyone directly or indirectly employed or otherwise contracted by any of them. This policy shall be maintained with limits of not less than Three Million Dollars (\$3,000,000) per occurrence. The Authority is to be endorsed as an additional insureds on the policy and such insurance will be endorsed as primary and non-contributory with any other insurance available to the Authority.
7. **Railroad Protective Liability Insurance.** When, in connection with a Development, any work is to be done adjacent to or on property owned by a railroad or public transit entity, the General Contractor shall procure and maintain, or cause to be procured and maintained, with respect to the operations that contractor or any subcontractor shall perform, railroad protective liability insurance in the name of such railroad or public transit entity. The policy shall have limits of not less than Two Million Dollars (\$2,000,000) per occurrence, combined single limits, and Six Million Dollars (\$6,000,000) in the aggregate for losses arising out of injuries to or death of all persons, and for damage to or destruction of property, including the loss of use thereof.
- C. **Evidence of Insurance.** Within five days of initial construction closing disbursement and prior to the commencement of construction activities, the Developer and/or Mortgagor directly or through the General Contractor shall furnish the Authority, for record keeping purposes only, with satisfactory evidence that the Developer and/or Mortgagor, General Contractor and subcontractors have the insurance coverages set forth above. The Developer, Mortgagor, and/or General Contractor shall be required to ensure that all subcontractors comply with the Authority's minimum coverage requirements. It is the responsibility of the Developer, Mortgagor, and/or General Contractor to secure and maintain proof of coverage for all entities that it contracts with that provide services to this Development. At closing, final draft certificates of insurance records previously approved by the Authority must be delivered. Post closing, certificates must be made available for review by the Authority within twenty-four (24) hours of being requested. Said coverages shall not be modified, canceled, non-renewed, or permitted to lapse until final completion and approval of the performance of the General Contractor's contract and the policies shall contain a provision that the coverages will not be modified, canceled, non-renewed or permitted to lapse until not less than 30 days after the

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Authority has received written notice, by certified or registered mail, that the modification, cancellation, non-renewal or lapse of such coverages is contemplated.

ALL REQUIRED DOCUMENTATION MUST BE RECEIVED FOR APPROVAL PRIOR TO DEVELOPER AND/OR MORTGAGOR COMMENCING WORK UNDER THE LOAN.

- D.** Developer and/or Mortgagor shall advise, and cause each General Contractor for the Development to advise, all insurers of the contract provisions regarding insurance. The failure of the Developer, Mortgagor, or any General Contractor to notify insurers of the contract provisions shall not relieve Developer and/or Mortgagor from its insurance obligations under this contract or any Authority Closing Document and such insurance obligations shall survive the term of this Mortgage. Nonfulfillment of the insurance provisions stated herein shall survive this Mortgage, and shall constitute a default under the other Authority Closing Documents and may be a breach of the General Contractor's contract. The Authority retains the right to stop work until proper evidence of insurance is provided.
- E.** Renewal Certificates of Insurance, requested endorsements, or such similar evidence is to be received by the Authority's Risk Management Department, with a copy to the Authority's designated representative, prior to expiration of insurance coverage. At the Authority's option, non-compliance may result in one or more of the following actions, in addition to any rights or remedies in the Closing Documents: (1) The Authority will purchase insurance on behalf of Developer and/or Mortgagor and will charge back all costs to Developer and/or Owner Entity; (2) Developer or Mortgagor shall cause the General Contractor and any subcontractors to be immediately removed from the property; (3) an Event of Default may be declared under this Mortgage; or (4) all payments due Developer and/or Mortgagor and General Contractor will be held until Developer and/or Mortgagor has complied with the contract. The receipt of any certificate by the Authority does not constitute agreement by the Authority that the insurance requirements in the Agreement have been fully met or that the insurance policies indicated on the certificate are in compliance with the requirements of this Mortgage. Developer, Mortgagor, and/or General Contractor shall be required to ensure that all subcontractors comply with the Authority's minimum coverage requirements. It is the responsibility of the Developer, Mortgagor, and/or General Contractor to secure and maintain proof of coverage for all entities that it contracts with that provides services to this Development. Proof of insurance records must be available for review by the Authority within twenty-four (24) hours of being requested.
- F.** If any of the required insurance is underwritten on a claims made basis, the retroactive date shall be prior to or coincident with the date of the General Contractor's contract, and the Certificate of Insurance shall state the coverage is "claims made" and also the Retroactive Date. A Claims-Made policy which is not renewed or replaced must have an

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extended reporting period (tail coverage) of two (2) years. Any extended reporting period premium (tail coverage) shall be paid by Developer and/or Mortgagor, directly or through the General Contractor for the Development. It is further agreed that all insurance policies required hereunder shall provide the Authority with not less than a thirty (30) days notice in the event of the occurrence of any of the following conditions: aggregate erosion in advance of the Retroactive Date, cancellation and/or non renewal.

- G. Developer and/or Mortgagor shall provide to the Authority, prior to commencement of construction and upon each renewal or replacement of a builder risk policy required hereunder, and in any event not less than annually, a certified copy of the insurance policies required hereunder and all endorsements.
- H. Developer and/or Mortgagor shall require, directly or through the General Contractor for the Development, that all subcontractors performing work for the Development carry insurance required herein or the Developer, Mortgagor or General Contractor may provide the coverages for any or all of its subcontractors, and if so, the evidence of insurance submitted shall so stipulate and adhere to the same requirements and conditions as outlined in Section "B" above. Evidence of such coverage must be submitted to the Authority for record keeping purposes only.

III. OPERATIONS PERIOD INSURANCE REQUIREMENTS

The Mortgagor must procure and maintain at all times during the operation of the Development the types of insurance specified below in order to protect the Authority from the acts, omissions and negligence of the selected respondent, its officers, officials, subcontractors, joint venture, partners, agents or employees. The insurance carriers used by the Mortgagor must be authorized to conduct business in the State of Illinois and shall have a BEST Rating of not less than an "A". The insurance provided shall cover all operations under the Agreement, whether performed by the Mortgagor or by its subcontractors.

A. Required Insurance Coverages:

1. **All-Risk Property Damage:** The Mortgagor shall obtain an all-risk property policy in the amount of the full replacement value, including improvements and betterments, covering damage to or loss of the Premises. The insurance shall include the following extensions: business interruption/loss of rents, and boiler and machinery, if applicable. The policy shall list the Authority as loss payee.
2. **General Liability Insurance.** General Liability Insurance provided shall have a limit of not less than One Million Dollars (\$1,000,000) per occurrence with a Per Project aggregate of not less than Two Million Dollars (\$2,000,000) (i.e. \$1,000,000/\$2,000,000). In addition to the stipulations outlined above, the

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insurance policy is to include coverage for Contractual Liability, Products-Completed Operations, Personal & Advertising Injury and will also cover injury to the Mortgagor's officers, employees, agents, subcontractors, invitees and guests and their personal property. The Authority is to be endorsed as an additional insured on the policy and such insurance will be endorsed as primary and non-contributory with any other insurance available to the Authority.

3. **Automobile Liability Insurance.** When any motor vehicles (owned, non-owned and hired) are used in connection with the Services to be performed, the Mortgagor shall provide Comprehensive Automobile Liability Insurance with limits of not less than One Million Dollars (\$1,000,000) per occurrence CSL, for bodily injury and property damage. The Authority shall be endorsed as additional insured on the Mortgagor's policy and such insurance will be endorsed as primary and non-contributory with any other insurance available to the Authority.
4. **Workers Compensation and Occupational Disease Insurance.** Workers Compensation and Occupational Disease Insurance shall be in accordance with the laws of the State of Illinois (Statutory) Coverage A, and Employer's Liability, Coverage B, in an amount of not less than \$500,000/\$500,000/\$500,000.
5. **Blanket Crime.** The Mortgagor shall provide Blanket Crime coverage in a form reasonably acceptable to the Authority, against loss by dishonesty, robbery, burglary, theft, destruction or disappearance, computer fraud, credit card forgery and other related crime risks. The policy limit shall be written to cover losses in the amount of the maximum monies collected, received and/or in the Mortgagor's care at any given time, but shall in no event be less than the aggregate amount of two months operating subsidy.
6. **Professional Liability.** When any architects (of record), engineers (of record), construction managers, property managers or other professional consultants perform work in connection with this contract, Professional Liability insurance covering acts, errors or omissions shall be maintained with limits of not less than Five Million Dollars (\$5,000,000) per occurrence. Coverage extensions shall include Blanket Contractual Liability. When policies are renewed or replaced, the policy retroactive date must coincide with, or precede, start of Services under this Agreement. A Claims-made policy which is not renewed or replaced must have an extended reporting period of two (2) years.

B. **Related Requirements**

1. The Mortgagor shall advise all insurers of the contract provisions regarding insurance. The failure of the Mortgagor to notify insurers of the contract provisions shall not relieve the Mortgagor from its insurance obligations herein. Nonfulfillment of the insurance provisions shall constitute a default under the Authority Closing Documents. The Authority retains the right to stop work until proper evidence of insurance is provided.

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2. The Mortgagor shall furnish the Chicago Housing Authority, Risk Management Department, 60 E. Van Buren Street., 11th Floor, Chicago, Illinois 60605 original Certificates of Insurance evidencing the required coverages to be in force on the Effective Date of this Agreement. In addition, copies of the endorsement(s) adding the CHA to the policies as additional insured are required.
3. Renewal Certificates of Insurance, requested endorsements, or such similar evidence is to be received by the Risk Management Department, with a copy to the Authority's Designated Representative prior to expiration of insurance coverage. At the Authority's option, non-compliance may result in one or more of the following actions, in addition to any rights or remedies in any Closing Documents: (1) The Authority will purchase insurance on behalf of the Mortgagor and will charge back all costs to the Mortgagor; (2) an Event of Default may be declared under this Mortgage ; (3) all payments due the Mortgagor will be held until the Mortgagor has complied with this Mortgage; or (4) the Mortgagor will be assessed Five Hundred Dollars (\$500) for every day of non-compliance. The receipt of any certificate does not constitute agreement by the Authority that the insurance requirements in the Agreement have been fully met or that the insurance policies indicated on the certificate are in compliance with the requirements of the Agreement. The insurance policies shall provide for thirty (30) days written notice to be given to the Authority in the event coverage is substantially changed, canceled or non-renewed.
4. If any of the required insurance is underwritten on a claims made basis, the retroactive date shall be prior to or coincident with the date of this Mortgage and the Certificate of Insurance shall state the coverage is "claims made" and also the Retroactive Date. The Mortgagor shall maintain coverage for the duration of this Mortgage. A Claims-Made policy which is not renewed or replaced must have an extended reporting period (tail coverage) of two (2) years. Any extended reporting period premium (tail coverage) shall be paid by the Mortgagor. The Mortgagor shall provide to the Authority, annually, a certified copy of the insurance policies obtained pursuant hereto. It is further agreed that the Mortgagor shall provide the Authority a thirty (30) days notice in the event of the occurrence of any of the following conditions: aggregate erosion in advance of the Retroactive Date, cancellation and/or non renewal.
5. The Mortgagor shall require all subcontractors to carry the insurance required herein or the Mortgagor may provide the coverage for any or all of its subcontractors, and if so, the evidence of insurance submitted shall so stipulate and adhere to the same requirements and conditions as outlined in Section "A" above.

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* Excess Liability can be satisfied by \$10,000,000 each of Developer and General Contractor, \$20,000,000 in Excess Liability coverage by either the Developer or General Contractor or any combination equal to \$20,000,000 in total Excess Liability coverage.

The Mortgagor agrees to procure and maintain at all times during the term of the financing document the types of insurance specified below in order to protect the Mortgagee from the acts, omissions and negligence of the selected respondent, its officers, officials, subcontractors, joint venture partners, agents or employees. The insurance carriers used by Mortgagor must be authorized to conduct business in the State of Illinois and shall have a BEST Rating of not less than an "A". The insurance provided shall cover all operations under the Agreement, whether performed by the Developer and/or Mortgagor or by its subcontractors.

A. Required Insurance Coverages:

1. **All Risk Property Damage.** Mortgagor shall obtain an all risk property policy in the amount of full replacement value, including improvements and betterments, covering damage to or loss of the Premises. The insurance shall include the following extensions: business interruption/loss of rents, and boiler and machinery, if applicable. The policy shall list Mortgagee as loss payee.
2. **General Liability Insurance.** General Liability Insurance provided shall have a limit of not less than One Million Dollars (\$1,000,000) per occurrence with a Per Project aggregate of not less than Two Million Dollars (\$2,000,000) (i.e. \$1,000,000/\$2,000,000). In addition to the stipulations outlined above, the insurance policy is to include coverage for Contractual Liability, Products-Completed Operations, Personal & Advertising Injury and will also cover injury to Developer and/or Mortgagor's officers, employees, agents, subcontractors, invitees and guests and their personal property. The Mortgagee is to be endorsed as additional insured on the policy and such insurance will be endorsed as primary and non-contributory with any other insurance available to Mortgagee.
3. **Blanket Crime.** The Developer and/or Mortgagor shall provide Blanket Crime coverage in a form reasonably acceptable to Mortgagee, against loss by dishonesty, robbery, burglary, theft, destruction or disappearance, computer fraud, credit card forgery and other related crime risks. The policy limit shall be written to cover losses in the amount of the maximum monies collected, received and/or in the Developer and/or Mortgagor's care at any given time, but shall in no event be less than the aggregate amount of two months of operating subsidy and projected tenant rents.
4. **Workers Compensation and Occupational Disease Insurance.** Workers compensation and occupational disease insurance, in accordance with the laws of the State of Illinois covering all employees who are to provide a service in connection with the Premises, to the extent subject to the lien of this Mortgage

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and employer's liability coverage with limits of not less than \$500,000/\$500,000/\$500,000.

5. **Automobile Liability Insurance (Primary and Umbrella)**. When any motor vehicle (owned, non-owned and hired) are used in connection with the Premises, to the extent subject to the lien of this Mortgage, Mortgagor shall provide comprehensive automobile, liability insurance with the limits of not less than \$1,000,000 per occurrence, combined single limit, bodily injury and property damage. Mortgagee shall be named as an additional insured on a primary, non-contributory basis.
6. **All Risk Builders Insurance**. When Mortgagor or any contractor or any subcontractor undertakes construction, including improvements, betterments and/or repairs to the Premises, to the extent subject to the lien of this Mortgage, all risk builder's insurance shall be procured and maintained to cover materials, supplies, equipment, machinery and fixtures that are or will be part of the Premises. Mortgagee shall be named as loss-payee as its interest may appear.

B. Related Requirements

1. The Mortgagor shall advise all insurers of the contract provisions regarding insurance. The failure of the Mortgagor to notify insurers of the contract provisions shall not relieve Mortgage contract. The failure of Mortgagee to obtain certificates or other insurance evidence from Mortgagor shall not be deemed to be a waiver by Mortgagee. Nonfulfillment of the insurance provisions shall constitute a breach of the Mortgage.
2. The Mortgagor shall furnish the Chicago Housing Authority, Risk Management Department, 60 E. Van Buren Street, 11th Floor, Chicago, Illinois 60605, original Certificates of Insurance evidencing the required coverages to be in force on the Effective Date of this Agreement. In addition, copies of the endorsement(s) adding the Mortgagee to your policy as additional insured are required.
3. Renewal Certificates of Insurance requested endorsements, or such similar evidence is to be received by the Risk Management Department, with a copy to the Office of Development Management prior to expiration of insurance coverage. The receipt of any certificate by Mortgagee or Receiver does not constitute agreement by the Mortgagee that the insurance requirements have been fully met or that the insurance policies indicated on the certificate are in compliance with the requirements. The insurance policies shall provide for thirty (30) days prior written notice to be given to the Mortgagee in the event coverage is substantially changed, canceled or non-renewed.
4. If any of the required insurance is underwritten on a claims made basis, the retroactive date shall be prior to or coincident with the date of the Development Agreement, and the Certificate of Insurance shall state the coverage is "claims made" and also the Retroactive Date. The Developer and/or Mortgagor shall

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maintain coverage for the duration of this Agreement. A claims made policy which is not renewed or replaced must have an extended reporting period (tail coverage) of two (2) years. Any extended reporting period premium (tail coverage) shall be paid by Mortgagor. The Mortgagor shall provide to the Mortgagee, annually, a certified copy of the insurance policies obtained pursuant hereto. It is further agreed that the Mortgagor shall provide the Mortgagee a thirty (30) day prior written notice in the event of the occurrence of any of the following conditions: aggregate erosion in advance of the Retroactive Date, cancellation and/or non-renewal.

The Developer and/or Mortgagor shall require all subcontractors to carry the insurance required herein, or the Developer and/or Mortgagor may provide the coverage for any and all of its subcontractors, and if so, the evidence of insurance submitted shall so stipulate and adhere to the same requirements and conditions as outlined in Section "A" above.

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