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Illinois Anti-Predatory Lending Database Program

Certificate of Exemption



Doc#: 1530618046 Fee: \$208.00
RHSP Fee: \$9.00 RPRF Fee: \$1.00
Karen A. Yarbrough
Cook County Recorder of Deeds
Date: 11/02/2015 11:53 AM Pg: 1 of 86

Report Mortgage Fraud
800-532-8785

The property identified as: PIN: 19-11-121-025-0000

Address:

Street: 3640 West 51st Street

Street line 2:

City: Chicago

State: IL

ZIP Code: 60632

Lender: City of Chicago

Borrower: PP Family, LLC

Loan / Mortgage Amount: \$6,689,009.00

This property is located within the program area and the transaction is exempt from the requirements of 765 ILCS 77/70 et seq. because the application was taken by an exempt entity.

617 40017240 (15)

Certificate number: 9C49EC81-6118-497A-A7AD-9017B63EDC92

Execution date: 10/30/2015

CCRD REVIEWER

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Property of Cook County Clerk's Office

GIT 40017240 (15)

This instrument prepared by
and when recorded return to:
Michael L. Gaynor
Senior Counsel
City of Chicago
Office of Corporation Counsel
Room 600
121 North LaSalle Street
Chicago, Illinois 60602

JUNIOR MORTGAGE, SECURITY AGREEMENT AND FINANCING STATEMENT

THIS JUNIOR MORTGAGE, SECURITY AGREEMENT AND FINANCING STATEMENT ("Mortgage") is made as of this 30th day of Oct, 2015, by PP Family, LLC, an Illinois limited liability company ("Mortgagor"), to the City of Chicago, Illinois together with its successors and assigns, having its principal office at 121 North LaSalle Street, Chicago, Illinois 60602 ("Mortgagee").

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All capitalized terms, unless defined herein, shall have the same meanings as are set forth in that certain Housing Loan Agreement dated of even date herewith between Mortgagor and Mortgagee (herein as the same may be amended, supplemented or restated from time to time called the "Loan Agreement").

W I T N E S S E T H:

WHEREAS, Mortgagor has concurrently herewith executed and delivered a promissory note bearing even date herewith, in the principal sum as described on Exhibit B attached hereto and hereby made a part hereof, and made payable to Mortgagee (herein such note together with 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") in which Mortgagor promises to pay said principal sum, plus interest, if any, thereon at the rate specified on Exhibit B hereto, and the maturity of which note is described on Exhibit B hereto; and

WHEREAS, Mortgagee desires to secure repayment of the indebtedness evidenced by the Note, together with interest, if any, thereon, in accordance with the terms of the Loan Documents and any additional indebtedness or obligations incurred by Mortgagor on account of any future payments, advances or expenditures made by Mortgagee pursuant to the Loan Documents;

NOW, THEREFORE, in order to secure payment of principal and interest, if any, under the Note and of all other payments due to Mortgagee by Mortgagor under any of the Loan Documents and 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 real estate, as more particularly described on Exhibit A attached hereto and hereby made a part hereof, together with all easements, water rights, hereditaments, mineral rights and other rights and interests appurtenant thereto (the "Real Property");

(B) all buildings, structures and other improvements of every kind and description now or hereafter erected, situated or placed upon the Real Property, 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 Real Property, 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, the Improvements, the Equipment (as hereinafter defined) or any of the property described in clauses (D), (F), (G), (H) or (I) hereof;

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(D) all of Mortgagor's interest and rights as lessor in and to all leases, subleases and agreements, written or oral, now or hereafter entered into, affecting the Real Property, the Improvements, the Equipment or any part thereof, 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);

(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 or the Improvements, 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 or the Improvements, or used or useful in connection with any present or future operation of the Real Property or the Improvements, 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, the Improvements or the Equipment, and (ii) any and all awards, claims for damages, judgments, settlements and other compensation made for or consequent upon the taking by condemnation, eminent domain or any like proceeding of all or any portion of the Real Property, the Improvements or the Equipment;

(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, the Equipment or the Improvements 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, the Improvements or the Equipment; 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 (A) through (I) shall be called, collectively, the "Premises."

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 Premises and be covered by this Mortgage.

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

If Mortgagor hereunder is described as a trustee under a trust agreement, said trust arrangement constitutes a "land trust" as said term is defined in Section 5/15-1205 of the Illinois Mortgage Foreclosure Law, 735 ILCS 5/15-1101 et seq., as amended, supplemented and restated from time to time (the "Act").

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

(1) Principal and Interest. 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 and shall perform and observe all of the covenants, agreements and provisions contained herein and in the other Loan Documents.

Mortgagor shall pay promptly when due any sums due under the Senior Loan Documents, if any, and the Junior Loan Documents, if any, and shall perform promptly and fully any acts required under the Senior Loan Documents, if any, or the Junior Loan Documents, if any. Mortgagor will not, without prior written consent of Mortgagee, modify, extend or amend the Senior Loan Documents, if any, or the Junior Loan Documents, if any, increase the amount of the indebtedness secured thereby or change the repayment terms of such indebtedness, if any. Mortgagor shall promptly give Mortgagee a copy of any notice received by Mortgagor from Senior Lender, if any, or Junior Lender, if any, or given by Mortgagor to Senior Lender, if any, or Junior Lender, if any, pursuant to any of the Senior Loan Documents, if any, or the Junior Loan Documents, if any.

(2) Preservation, Restoration and Use of Premises. Mortgagor shall:

(a) promptly repair, restore, replace or rebuild any portion of the Premises which 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 (including but not limited to those listed on Exhibit C hereto);

(b) keep and maintain the Premises in good condition and repair, without waste, and free from mechanics' liens, materialmen's liens or other liens and claims except Permitted Encumbrances;

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

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(d) comply 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 Premises;

(e) upon completion of the Project, make no material alterations in the Premises (except those required by law) without Mortgagee's prior written consent;

(f) upon completion of the Project, suffer or permit no change in the general nature of the occupancy or use of the Premises without Mortgagee's prior written consent;

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

(h) not initiate or acquiesce in any zoning reclassification with respect to the Premises, without Mortgagee's prior written consent;

(i) not abandon the Premises, nor do anything whatsoever to depreciate or impair the value of the Premises or the security of this Mortgage;

(j) 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;

(k) not permit any unlawful use or nuisance to exist upon the Premises; and

(l) comply with all instruments and documents of record or otherwise affecting the use or occupancy of all or any portion of the Premises.

(3) Taxes and 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 Premises or upon any of the Loan Documents, the Junior Loan Documents, if any, or the Senior Loan Documents, if any, or become due and payable, and which create, may create or appear to create a lien upon the Premises or any part thereof or upon any of the Loan Documents, the Junior Loan Documents, if any, or the Senior Loan Documents, if any; 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. ("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 Premises, Borrower's Liabilities, Mortgagor and/or Managing Member, or any of the Loan Documents, the Junior Loan Documents, if any, or the Senior Loan Documents, if any.)

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Mortgagor shall furnish Mortgagee within 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 Premises 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 Premises or any part thereof as satisfaction of such Charge prior to final determination of such proceedings, and (ii) Mortgagor shall furnish to Mortgagee or Senior Lender, if any, (and if to Senior Lender, notice thereof 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 Premises 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 procure and maintain, or cause to be maintained, at all times, at Mortgagor's own expense, until final repayment of the indebtedness secured hereby, the types of insurance specified below, with insurance companies authorized to do business in the State of Illinois covering all operations contemplated in connection with the Project, whether performed by Mortgagor, the General Contractor, any Subcontractor or others.

The kinds and amounts of insurance required are as follows:

(a) Workers Compensation and Occupational Disease Insurance

Workers compensation and occupational disease insurance, in accordance with the laws of the State of Illinois, or any other applicable jurisdiction, covering all employees who are to provide a service in connection with the Project and employer's liability coverage with limits of not less than \$100,000 per each accident or illness.

(b) Commercial Liability Insurance (Primary and Umbrella)

Commercial liability insurance or equivalent with limits of not less than \$1,000,000 per occurrence, combined single limit, for bodily injury, personal injury and/or property damage liability. Coverage extensions shall include the

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following: all premises and operations, products/completed operation, independent contractors, cross liability and contractual liability coverages (with no limitation endorsement). Mortgagee, its employees, elected officials, agents and representatives shall be named as an additional insured on a primary, non-contributory basis for any liability arising directly or indirectly from the Project.

(c) Automobile Liability Insurance (Primary and Umbrella)

When any motor vehicles (owned, non-owned and hired) are used in connection with the Project, Mortgagor shall provide comprehensive automobile liability insurance with limits of not less than \$1,000,000 per occurrence, combined single limit, for bodily injury and property damage. Mortgagee shall be named as an additional insured on a primary, non-contributory basis.

(d) 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 as their interest may appear.

(e) All Risk Builders Risk Insurance

When Mortgagor, the General Contractor or any Subcontractor undertakes any construction, including improvements, betterments and/or repairs, to the Premises, all risk builder's risk 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 their interest may appear.

(f) Railroad Protective Liability Insurance

When, in connection with the Project, any work is to be done adjacent to or on property owned by a railroad or public transit entity, Mortgagor shall procure and maintain, or cause to be procured and maintained, with respect to the operations that Mortgagor, the General 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 \$2,000,000 per occurrence, combined single limit, and \$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.

(g) Contractors' Pollution Liability Insurance

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When any environmental remediation work is undertaken by Mortgagor, the General Contractor or any Subcontractor in connection with the Project, contractors' pollution liability insurance shall be procured with limits of not less than \$1,000,000 covering all construction and related work undertaken in connection with the Project. Mortgagee is to be named as an additional insured on a primary, non-contributory basis. Mortgagor, the General Contractor and any Subcontractor shall comply with any additional insurance requirements that are stipulated by the Interstate Commerce Commission's regulations, Title 49 of the Code of Federal Regulations, Department of Transportation; Title 40 of the Code of Federal Regulations, Protection of the Environment and any other federal, state or local regulations concerning the removal and transportation of Hazardous Materials.

Mortgagor shall furnish the City of Chicago, Department of Planning and Development, 121 North LaSalle Street, Room 1000, Chicago, Illinois 60602, original certificates of insurance evidencing the required coverages to be in force on the date hereof, and renewal certificates of insurance, or such similar evidence, if the coverages have an expiration or renewal date occurring during the term hereof.

The receipt of any certificate does not constitute agreement by Mortgagee that the insurance requirements of this Section have been fully met or that the insurance policies indicated on the certificate are in compliance with all requirements. The failure of Mortgagee to obtain certificates or other insurance evidence from Mortgagor shall not be deemed to be a waiver by Mortgagee. Mortgagor shall advise all insurers of the provisions of this Section regarding insurance. Non-conforming insurance shall not relieve Mortgagor of its obligation to provide insurance as specified herein. Nonfulfillment of the insurance conditions of this Section may constitute an Event of Default, and Mortgagee retains the right to suspend disbursement of Loan proceeds until proper evidence of insurance is provided.

All insurance policies shall provide that Mortgagee shall be given 30 days' prior written notice of any modification, nonrenewal or cancellation.

If Mortgagor fails to obtain or maintain any of the insurance policies required under this Mortgage or to pay any premium in whole or in part when due, Mortgagee may (without waiving or releasing any obligation or Event of Default by Mortgagor hereunder) obtain and maintain such insurance policies and take any other action which Mortgagee deems advisable to protect its interest in the Premises, including acceleration of the Note. All sums so disbursed by Mortgagee, including attorneys' fees, court costs and expenses, shall be reimbursed by Mortgagor upon demand by Mortgagee.

Mortgagor shall require the General Contractor and all Subcontractors to carry the insurance required herein, or Mortgagor may provide the coverage for any or all of the General Contractor and Subcontractors, and, if so, the evidence of insurance submitted shall so stipulate.

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Any and all deductibles or self-insured retention on the insurance coverages required herein shall be borne by Mortgagor, the General Contractor or the appropriate Subcontractor, as applicable.

Mortgagor expressly understands and agrees that any insurance coverages and limits furnished by Mortgagor shall in no way limit Mortgagor's liabilities and responsibilities specified under any of the Loan Documents or by law.

Mortgagor agrees and shall cause the General Contractor to agree that all insurers shall waive their rights of subrogation against Mortgagee, its employees, elected officials, agents or representatives.

Mortgagor expressly understands and agrees that any insurance or self-insurance programs maintained with respect to the Premises by Mortgagee shall apply in excess of and not contribute with insurance provided by Mortgagor, the General Contractor or any Subcontractor under this Section.

The insurance required hereunder to be carried shall not be limited by any limitations expressed in the indemnification language herein or any limitation placed on the indemnity therein given as a matter of law.

If Mortgagor, the General Contractor or any Subcontractor desires additional coverage, higher limits of liability, or other modifications for its own protection, Mortgagor, the General Contractor or such Subcontractor, as appropriate, shall be responsible for the acquisition and cost of such additional protection.

Mortgagee maintains the right to modify, delete, alter or change these requirements.

(5) Inspection of Premises and of Books and Records. Mortgagor shall permit Mortgagee, the United States Department of Housing and Urban Development and/or their agents to inspect the Premises at all reasonable times, and access thereto shall be permitted for that purpose. Mortgagor shall keep and maintain full and correct records at Mortgagor's office showing in detail the income and expenses of the Premises 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, HUD and their respective agents, successors and assigns until the fifth anniversary of the date of repayment of the Loan in full.

(6) Insurance Proceeds. In the event of any damage to, or destruction of the Premises, Mortgagor will give written notice to Mortgagee of such damage or destruction within five Business Days thereafter and, subject to the rights granted to Senior Lender, if any, under the Senior Mortgage, if any, 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

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consent of Mortgagor, or (ii) allow 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 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 Mortgagor upon demand.

(b) In the event of any insured damage to, or destruction of, the Premises or any part thereof, Mortgagee shall apply the proceeds of insurance to reimburse or, at the option of Mortgagee, pay directly Mortgagor for the cost of restoring, repairing, replacing or rebuilding the Premises if (i) an Event of Default hereunder or an event of default under any of the other Loan Documents, the Junior Loan Documents, if any, or the Senior Loan Documents, if any, shall not have occurred and be continuing; (ii) such insurance proceeds shall be in an amount sufficient to restore the Premises to at least the same value and substantially the same character as the Premises had immediately prior to such damage or destruction (and subject to no liens or encumbrances other than Permitted Encumbrances), or if such proceeds are not so sufficient, Mortgagor shall promptly deposit with Mortgagee funds equal to the amount of such deficiency; (iii) 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 no 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 the Premises, 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 approved by Mortgagee, and to expend all such proceeds and any funds deposited by Mortgagor pursuant to Section 6(b)(ii) hereof prior to the further disbursement of any Loan proceeds. If the amount of such insurance 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 Premises, such amount shall be applied to the indebtedness secured hereby.

(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 Premises or affecting any easement thereon or appurtenance thereto and shall deliver to Mortgagee copies of any and all papers

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served in connection with any such proceedings, and Mortgagor hereby assigns and transfers to Mortgagee, subject to the rights granted to Senior Lender, if any, under the Senior Mortgage, if any, 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, but subject to any rights granted to Senior Lender, if any, under the Senior Mortgage, if any, Mortgagee may, in its sole discretion, (i) apply the proceeds of all awards resulting from such Taking to the indebtedness secured hereby in such order or manner as Mortgagee may elect, or (ii) apply such proceeds to reimburse or, at the option of Mortgagee, pay directly Mortgagor for the cost of restoring, repairing, replacing or rebuilding the Premises. In the event that such proceeds, if any, shall be made available to Mortgagor for the restoration, repair, replacement or rebuilding of the Premises, 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.

(8) Transfer and Encumbrance of Premises. Mortgagor shall not create, effect, contract for, commit to, consent to, suffer or permit any conveyance, sale, assignment, transfer, lien, pledge, mortgage, security interest or other encumbrance or alienation (or any agreement to do any of the foregoing, other than a contract for sale or financing to pay in full the Note and all other amounts due and owing by Mortgagor to Mortgagee under the Loan Documents, provided that any such contract shall be expressly contingent upon the receipt of prior written consent to such sale or financing by Mortgagee, which consent shall not be unreasonably withheld by Mortgagee with respect to any contract providing for payment in full of the Note and all other amounts due and owing by Mortgagor to Mortgagee under the Loan Documents), directly or indirectly, by willful act, by operation of law or otherwise, of all or any portion of the Premises or any interest therein, other than Permitted Encumbrances, or (other than a collateral assignment to Senior Lender) any interest in Mortgagor or any member thereof (each of the foregoing being referred to herein as a "Prohibited Transfer"), without Mortgagee's prior written consent. If Mortgagor shall do or allow any of the foregoing Prohibited Transfers without Mortgagee's prior written consent, Mortgagee at its option, has the right to accelerate the maturity of the Note causing the full principal balance thereof and accrued interest, if any, thereon to be immediately due and payable without notice to Mortgagor. Any waiver by Mortgagee of the provisions of this paragraph shall not be deemed to be a waiver of the right of Mortgagee to insist upon strict compliance with the provisions of this paragraph in the future.

Notwithstanding the foregoing, Mortgagee shall not unreasonably withhold its consent to the replacement and/or addition of a managing member of Mortgagor pursuant to the terms of Mortgagor's Operating Agreement and to the extent Mortgagee so consents, it shall not be considered a Prohibited Transfer hereunder. Further, no consent by Mortgagee shall be required for the withdrawal, replacement and/or addition of any of Mortgagor's non-managing members or of any other ownership interests in and to said non-managing members, and the same shall not constitute a Prohibited Transfer hereunder.

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(9) Mortgagee's Options; Subrogation. (a) 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 Premises from any tax sale or forfeiture affecting the Premises 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 attorneys' fees, and any other monies advanced by Mortgagee to protect the Premises and the lien hereof, shall be deemed additional indebtedness secured hereby, and shall become immediately due and payable, with interest thereon at a rate of the lesser of 15% per annum or the maximum amount permitted by law. 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.

(b) To the extent that Mortgagee, on or after the date hereof, pays any sum under any provision of law or any instrument or document creating any lien or other interest prior or superior to the lien of this Mortgage, or Mortgagor or any other person or entity pays any such sum with the proceeds of the indebtedness secured hereby, Mortgagee shall have and be entitled to a lien or other interest on the Premises equal in priority to the lien or other interest discharged and Mortgagee shall be subrogated to, and receive and enjoy all rights and liens possessed, held or enjoyed by, the holder of such lien, which shall remain in existence and benefit Mortgagee in securing the indebtedness secured hereby.

(10) Events of Default. The following shall constitute an "Event of Default" under this Mortgage (provided, however, that any cure offered by Mortgagor's non-managing member under the Loan Documents shall be accepted or rejected as if offered by Mortgagor):

- (i) Mortgagor's failure to pay, when due, any installment of principal or interest, if any, on the Note, or to pay when due (including any applicable notice and/or cure periods) any other sums required to be paid by Mortgagor under the Loan Documents;
- (ii) subject to Section 33 hereof, 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 10) contained herein or in the other Loan Documents, which remains unremedied for 30 days after 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

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delivered during said 60-day period, said 60-day period shall be extended to 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) the occurrence of a default or an event of default under any of the Senior Loan Documents, if any, or the Junior Loan Documents, if any, which default or event of default is not timely cured pursuant to any applicable cure period as set forth in the Senior Loan Documents, if any, or the Junior Loan Documents, if any, whichever is applicable;
- (iv) a writ of execution, attachment or any similar process shall be issued or levied against all or any portion of the Premises or any interest therein, or any judgment involving monetary damages shall be entered against Mortgagor which shall become a lien on all or any portion of the Premises or any interest therein and such execution, attachment or similar process or judgment is not released, bonded, satisfied, vacated or stayed within 30 days after its entry or levy;
- (v) any warranty, representation or statement made or furnished to Mortgagee by or on behalf of Mortgagor proving to have been false in any material respect when made or furnished;
- (vi) prepayment of principal of any Senior Loan, if any, or the Junior Loan, if any, without a pro rata concurrent prepayment of principal of the Note (provided that the Mortgagor's scheduled or required partial payment and final payment of the Senior Loan or Junior Loan shall not be an Event of Default);
- (vii) the abandonment by Mortgagor of all or any portion of the Premises;
- (viii) the occurrence of any event of default with respect to the payment of any monies due and payable to Mortgagee by Mortgagor other than in connection with the Loan, or the occurrence of a default in the performance or observance of any material obligation, provision or condition by Mortgagor under any agreement or other instrument other than in connection with the Loan, the Junior Loan, if any, or the Senior Loan, if any, to which Mortgagor is now or hereafter a party, or the occurrence of any other event under any such agreement or instrument upon which

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any holder of indebtedness outstanding thereunder may declare the same due and payable, and in each such case the continuation of such default beyond any applicable cure periods;

- (ix) Mortgagor's failure to discharge any Charge in accordance with the terms hereof or a failure to procure or maintain any insurance required hereunder;
- (x) 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 Premises 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 30 consecutive days;
- (xi) 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, custodian or sequestrator (or other similar official) of Mortgagor or the Premises 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;
- (xii) 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 60 days from the date of entry thereof, or such longer period during which execution of such judgment shall have been stayed;
- (xiii) 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 Premises or any interest therein without the prior written

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consent of Mortgagee, 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 (except as may be expressly permitted in Section 8 hereof or except a contract for sale or financing to pay in full the Note and all other amounts when due and owing by Mortgagor to Mortgagee under the Loan Documents, provided that any such contract shall be expressly contingent upon the receipt of prior written consent to such sale or financing by Mortgagee, which consent shall not be unreasonably withheld by Mortgagee with respect to any contract providing for payment in full of the Note and all other amounts due and owing by Mortgagor to Mortgagee under the Loan Documents);

- (xiv) the sale or other transfer by Managing Member, if any, of all or a controlling interest in the ownership of Managing Member without the prior written consent of Mortgagee;
- (xv) any event of default under any of the other Loan Documents which has not been cured within any applicable grace period;
- (xvi) failure by Mortgagor to submit or cause to be submitted, on a timely basis, documentation required under Section 11.01 of the Loan Agreement, or a determination by Mortgagee, upon analysis of the documentation submitted by or on behalf of Mortgagor pursuant to said Section 11.01, that Mortgagor is not complying with its obligations under said Section 11.01, and the delivery by Mortgagee to Mortgagor of notice of such failure or such determination;
- (xvii) any transfer of funds from the Escrow Account without the prior written consent of Mortgagee;
- (xviii) the execution of any amendment or modification to or restatement of the Construction Contract without the prior written consent of Mortgagee;
- (xix) commencement of the Project without the prior written consent of Mortgagee; or
- (xx) the occurrence of a violation of Section 2-156-030(b) of the Municipal Code of Chicago by any elected official, or any person acting at the direction of such official, with respect to the Loan Documents or the transactions contemplated thereby.

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(11) Acceleration, Etc. Upon the occurrence of an Event of Default hereunder, Mortgagee may elect to accelerate the maturity of the Note causing the full principal balance of and accrued interest, if any, on the 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, the Assignment of Rents 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; provided, however, that upon the occurrence of an Event of Default under Section 10(x) or (xi) hereof, the entire unpaid principal of and interest, if any, on the Note shall, without any declaration, notice or other action on the part of Mortgagee, be immediately due and payable, anything herein or in the other Loan Documents to the contrary notwithstanding. Mortgagee may also elect to commence an action to enforce specifically any of the provisions contained in any of the Loan Documents.

Upon the occurrence of an event of default under any of the Senior Loan Documents, if any, or the Junior Loan Documents, if any, Mortgagee may at its option proceed to cure, if possible, such event of default; subject to Section 9(b) hereof, all amounts so expended by Mortgagee in the course of such action shall be reimbursed by Mortgagor to Mortgagee upon demand and shall be additional indebtedness of Mortgagor secured by this Mortgage, the Assignment of Rents and the other Loan Documents.

(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

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represent Mortgagee in any other proceedings whatsoever in connection with the Loan Documents, or any property subject thereto, then Mortgagor shall pay to Mortgagee all 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 Premises 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 Premises.

Upon taking possession of the Premises, Mortgagee may make all necessary or proper repairs, decoration, renewals, replacements, alterations, additions, betterments and improvements in connection with the Premises as it may deem judicious to insure, protect and maintain the Premises 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 Premises. 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 Premises 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 Premises and to collect all rents and profits thereof 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 Premises 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

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acquire, as purchaser, all or any portion of the Premises 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) Application of Proceeds from Foreclosure Sale. Proceeds of any foreclosure sale of the Premises 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 Premises, shall be used to pay the amount due in accordance with any 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 Premises marshalled upon any foreclosure of the lien hereof and agrees that any court having jurisdiction to foreclose such lien may order the Premises sold as an entirety. To the extent permitted by law, Mortgagor hereby expressly waives any and all rights of redemption and rein-statement, 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 rein-statement of Mortgagor and of all other persons are and shall be deemed to be hereby waived. Mortgagor acknowledges that the Premises do not constitute agricultural real estate, as said term is defined in Section 5/15-1201 of the Act or residential real estate as defined in Section 5/15-1219 of the 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.

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(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: Department of Planning and Development
City of Chicago
121 North LaSalle Street, Room 1000
Chicago, Illinois 60602
Attention: Commissioner

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

Department of Finance
City of Chicago
121 North LaSalle Street, Suite 700
Chicago, Illinois 60602
Attention: Comptroller

IF TO MORTGAGOR: As specified on Exhibit B.

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

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

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(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 thereof, 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 Premises or any other person having an interest therein), 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 Holder 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 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 Premises. 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.

(32) Indemnification. In addition to all other indemnities in favor of Mortgagee specifically provided in this Mortgage, Mortgagor shall indemnify Mortgagee and save Mortgagee harmless from and against any and all Losses incurred by Mortgagee in any Claim brought by reason of any such Loss, excluding, however, any Loss arising out of Mortgagee's gross negligence or willful misconduct following Mortgagee's acquisition of title to or control of

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the Premises, unless such act is taken in response to (i) any willful misconduct or negligent act or omission of Mortgagor, Managing Member or Owner, if any, or (ii) any breach (other than failure to repay the Loan) by Mortgagor, Managing Member or Owner, if any, of any provisions of the instruments executed by Mortgagor, Managing Member or Owner, if any, in connection with the Loan.

(33) Junior Mortgage. This is a junior mortgage on the Premises and is subject and subordinate in each and every respect to any and all rights of any kind created by:

That certain Construction Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing dated contemporaneously herewith (the "Senior Mortgage") from Mortgagor to Bank of America, N.A. ("Senior Lender") and recorded prior hereto in the Office of the Cook County Recorder of Deeds, securing a note of even date therewith in the principal amount of \$14,292,287 in favor of Senior Lender.

So long as the Senior Mortgage is in effect, in the event of any conflict between the provisions of this Mortgage and the Senior Mortgage, the provisions of the Senior Mortgage shall prevail. Any waiver or forbearance by the Senior Lender under the Senior Loan Documents shall not impair the priority of its lien under the Senior Loan Documents. Notwithstanding any other provision herein to the contrary, the failure by Mortgagor to provide to Mortgagee any dollar amounts or any documents as may be required herein because such amounts or documents are required to be deposited with Senior Lender pursuant to the provisions of the Senior Mortgage shall not be deemed an "Event of Default" hereunder; provided, however, that Mortgagor shall promptly provide to Mortgagee written notice of the deposit of such amounts or documents with Senior Lender (together with copies of such documents). Notwithstanding any other provision herein to the contrary, the failure by Mortgagor to comply with any provision hereof (other than the payment of amounts or the provision of documents to Mortgagee) due to conflict between the provisions of the Senior Mortgage and the provisions hereof shall not be deemed an "Event of Default" hereunder; provided, however, that Mortgagor shall promptly provide to Mortgagee written notice of such conflict and of the actions taken by Mortgagor pursuant to the Senior Mortgage. Notwithstanding anything herein to the contrary contained, Mortgagee expressly agrees and acknowledges that the proposed permanent loan (the "IFF Permanent Loan") in the amount of \$750,000 to be made by IFF, an Illinois not-for-profit corporation, to the Mortgagor pursuant to, and upon the satisfaction of the conditions set forth in, that certain commitment letter issued by IFF on September 29, 2015 and accepted by the Mortgagor (a copy of which is attached hereto as Exhibit D) is consented to under Section 10(xiii) hereof and Mortgagee hereby agrees that this Mortgage shall be subject and subordinate in all respects to the mortgage securing the IFF Permanent Loan (the "IFF Permanent Loan Mortgage") from and after the recordation thereof in the Office of the Recorder of Cook County, Illinois and shall be deemed to be a "subordinate mortgage" under this Section; provided, however, that such consent and subordination on the part of Mortgagee is contingent upon: (1) the terms of the IFF Permanent Loan comporting with both (a) the aforesaid commitment letter and (b) the description of the IFF Permanent Loan contained in Exhibit A (under the heading "Additional Financing") to that certain ordinance adopted by the City Council of Mortgagee on March 18, 2015 and published in

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the Journal of Proceedings of the City Council of the City of Chicago for said date at pages 103050 through 103054; and (2) the IFF Permanent Loan Mortgage being substantially in the form attached hereto as Exhibit E.

(34) 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 Premises 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. This Mortgage is a "construction mortgage" as that term is defined in Section 9-334(h) of said Uniform Commercial Code.

(35) 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 Premises 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.

(36) 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 Act (collectively "Protective Advances"), shall have the benefit of all applicable provisions of the Act, including those provisions of the Act hereinbelow 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 Premises; (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 the Senior Mortgage, if any, or other 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 Premises 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;

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

(d) 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 attorneys' fees, arising between the entry of judgment of foreclosure and the confirmation hearing as referred to in Subsection (b)(1) of Section 5/15-1509 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;

(h) expenses incurred and expenditures made by Mortgagee for any one or more of the following: (i) if the Premises 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 Premises 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 Premises 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 Premises or required to be made by the owner of the Premises 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 Premises; (vi) shared or common expense assessments payable to any association or corporation in which the owner of the Premises is a member in any way affecting the Premises; (vii) if the loan secured hereby is a construction loan, costs incurred by Mortgagee for demolition, preparation for and completion of construction, as may be authorized by the applicable commitment or loan agreement; (viii) pursuant to any lease or other agreement for occupancy of the Premises; and (ix) if this Mortgage is insured, payments of FHA or private mortgage insurance.

All Protective Advances shall be so much additional indebtedness secured by this Mortgage, and shall become immediately due and payable without notice and with interest thereon from the date of the advance until paid at the rate of interest payable after default under the terms of the Note.

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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.

The maximum amount of indebtedness secured by this Mortgage shall be \$13,378,018 plus interest, plus any disbursements for the payment of taxes and insurance on the Premises, plus interest thereon, and any other sums advanced in accordance with the terms hereof or any of the other Loan Documents to protect the security of this Mortgage or any of the other Loan Documents plus interest thereon.

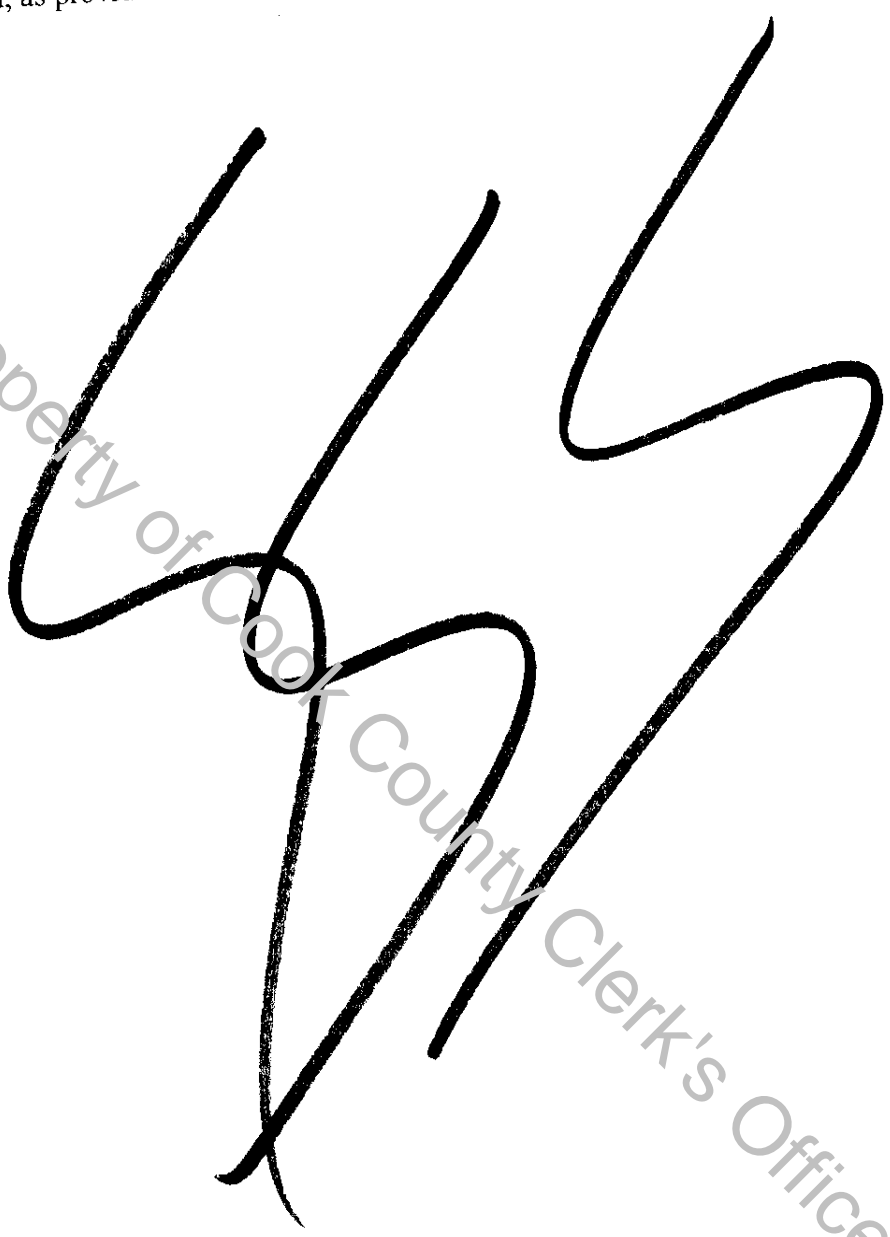
(37) Non-Recourse Loan. Subject to the terms of Section 6 of Exhibit B here to and notwithstanding any provision herein to the contrary, the indebtedness secured hereunder shall be non-recourse and in the event of default hereunder, Mortgagee's sole source of satisfaction of repayment of the amounts due to Mortgagee hereunder or under any of the Loan Documents shall be limited to Mortgagee's rights with respect to the collateral pledged and assigned hereunder or under the Assignment of Rents, the Assignment of Contracts or any of the other Loan Documents.

(38) Advances. The Loan Agreement is referred to herein as the "Commitment". Mortgagee has bound itself and does hereby bind itself to make advances pursuant to and subject

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to the terms of the Commitment, and the parties hereby acknowledge and intend that all such advances, including future advances whenever hereafter made, shall be a lien from the time this Mortgage is recorded, as provided in Section 15-1302(b)(1) of the Act.

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A large, bold, black handwritten signature or scribble is written over the diagonal watermark. The signature is highly stylized and illegible, consisting of several thick, sweeping strokes.

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IN WITNESS WHEREOF, Mortgagor has caused these presents to be signed and attested to on the day and year first above written.

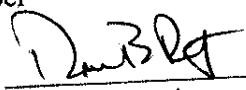
PP Family, LLC,
an Illinois limited liability company

By: PP Family Manager, LLC,
an Illinois limited liability company,
its Managing Member

By: Brinshore Holding, LLC,
an Illinois limited liability company,
its managing member

By: Brinshore Development, L.L.C.,
an Illinois limited liability
company, its sole member

By: Brint Development, Inc.,
an Illinois corporation, a
member

By: 
Name: David B. Brint
Title: President

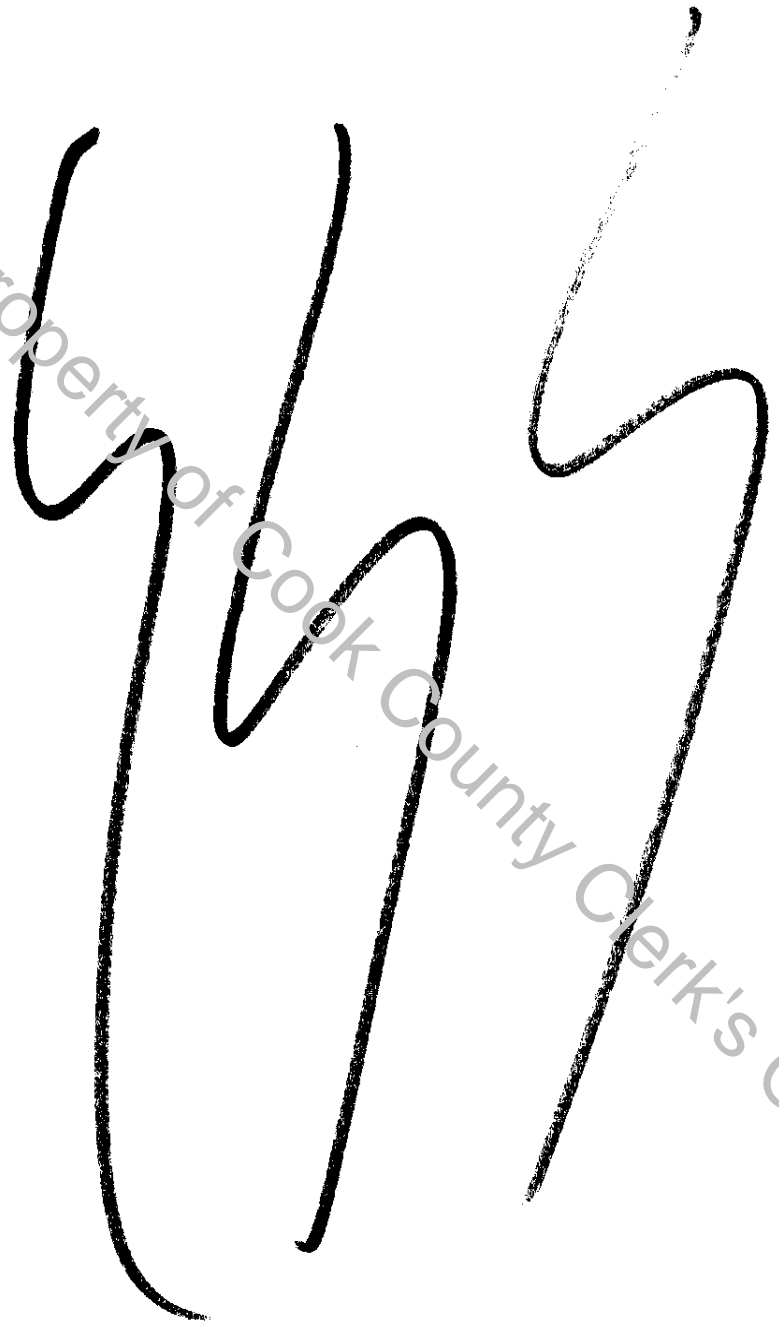
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EXHIBIT A

LEGAL DESCRIPTION

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A large, thick, black handwritten scribble that completely obscures the text 'Property of Cook County Clerk's Office'. The scribble consists of several overlapping, wavy lines that form a complex, abstract shape.

UNOFFICIAL COPYPARCEL 1:

LOTS 1, 2, 3 AND 4 IN PARK PLACE RESUBDIVISION, BEING A RESUBDIVISION OF LOTS 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, S. CENTRAL PARK AVENUE, S. MILLARD AVENUE, W. 50TH STREET, AND THE 16 FOOT ALLEY LYING BETWEEN SAID LOTS 64 AND 65 IN PARK PLACE UNIT 1, BEING A SUBDIVISION IN THE SOUTH HALF OF THE EAST HALF OF THE NORTHWEST QUARTER OF SECTION 11, TOWNSHIP 38 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PROPERTY ADDRESSES:

LOT 1: 4951-57 S. LAWNDALE, CHICAGO, IL 60632; 3642-3650 WEST 50TH, CHICAGO, IL AND 4958 S. MILLARD, CHICAGO, IL, 60632
 TAX NUMBERS: 19-11-124-001, 19-11-124-002 AND 19-11-124-003
 LOT 2: 4940 S MILLARD, CHICAGO, IL 60632; 3618-3630 W 49TH PLACE, CHICAGO, IL, 60632
 TAX NUMBERS: 19-11-124-003, 19-11-124-004, 19-11-124-005, 19-11-124-006, 19-11-124-007 AND 19-11-124-009
 LOT 3: 3617-3629 W 49TH PLACE, CHICAGO, IL 60632
 TAX NUMBERS: 19-11-124-009 AND 19-11-124-010
 LOT 4: 4957 S MILLARD, CHICAGO, IL 60632; 3616-3624 W 50TH, CHICAGO, IL 60632
 TAX NUMBER: 19-11-124-011

PARCEL 2:

LOTS 25 AND 26 IN PARK PLACE UNIT 1, BEING A SUBDIVISION OF PART OF THE SOUTH 1/2 OF THE EAST 1/4 OF THE NORTHWEST 1/4 OF SECTION 11, TOWNSHIP 38 NORTH, RANGE 13, EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED DECEMBER 6, 2007 AS DOCUMENT NO. 0734003180, IN COOK COUNTY, ILLINOIS.

Property address: 3640 West 51st Street, Chicago, IL 60632
 Tax Numbers: 19-11-121-025 and 19-11-121-026

PARCEL 3:

EASEMENT FOR THE BENEFIT OF PARCEL 1 FOR THE INSTALLATION, CONSTRUCTION AND MAINTENANCE OF AN UNDERGROUND DRAINAGE PIPES AND TO DRAIN STORM WATER THROUGH SAID PIPES, AS CREATED AND DEFINED IN THE DRAINAGE AND DETENTION EASEMENT AGREEMENT DATED OCTOBER 30, 2015 AND RECORDED OCTOBER 30, 2015 AS DOCUMENT NO. 1530618039, UNDER, OVER, ACROSS, ALONG, UPON AND THROUGH THE DRAINAGE AND DETENTION EASEMENT AREA LEGALLY DESCRIBED IN EXHIBIT C THEREOF, BEING PARTS OF LOT 69 IN PARK PLACE UNIT 1, BEING A SUBDIVISION IN THE SOUTH HALF OF THE EAST HALF OF THE NORTHWEST QUARTER OF SECTION 11, TOWNSHIP 38 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN.

PARCEL 4:

EASEMENT FOR THE BENEFIT OF PARCELS 1 AND 2 FOR REMOVING AND STORING SOIL FOR USE ON SAID PARCELS 1 AND 2, AS CREATED AND DEFINED IN THE ACCESS AND SITE ACTIVITIES EASEMENT DATED AS OF OCTOBER 30, 2015 AND RECORDED OCTOBER 30, 2015 AS DOCUMENT NO. 1530618040, OVER, UPON, BELOW AND WITHIN LOTS 67 AND 68 IN PARK PLACE UNIT 1, BEING A SUBDIVISION IN THE SOUTH HALF OF THE EAST HALF OF THE NORTHWEST QUARTER OF SECTION 11, TOWNSHIP 38 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN.

UNOFFICIAL COPY**EXHIBIT B**

1. Address of Mortgagor: PP Family, LLC
666 Dundee Road, Suite 1102
Northbrook, Illinois 60622
Attention: David Brint

With Copies to: Applegate & Thorne-Thomsen, P.C.
626 West Jackson Boulevard, #400
Chicago, Illinois 60661
Attention: Bennett P. Applegate

and U.S. Bancorp Community Development Corporation
1307 Washington Avenue, Suite 300
Mail Code: SL MO RMCD
St. Louis, Missouri 63103
Phone: (313) 335-2600

and Katak Rock LLP
1650 Farnam Street
Omaha, Nebraska 68102
Attn: Jill H. Goldstein, Esq.
Phone: (402) 346-6000

2. Interest Rate on Note: Zero percent per annum
3. Initial Payment Date: Maturity Date.
4. Principal Amount of Note: \$6,689,009
5. Repayment Terms and Maturity Date of the Loan:

The entire principal balance outstanding, together with any other sums due under any of the Loan Documents, due and payable in full on the earliest (the "Maturity Date") of (i) the date on which all outstanding principal of and accrued and unpaid interest on the Senior Loan shall be due and payable in full following acceleration for any reason of the Senior Loan (provided, however, that the Maturity Date shall not occur on any date that the Senior Loan is due and payable without acceleration), (ii) the date, if any, on which all outstanding principal of and accrued and unpaid interest, if any, on the Junior Loan shall be due and payable in full, or (iii) 10/29, 2045; provided, however, that the term "Maturity Date" shall also mean such earlier date as of which the principal of and interest on the Loan may become due and payable because of acceleration or prepayment as provided in any of the Loan Documents.

6. Non-Recourse Provisions:

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(a) Notwithstanding Section 37 of the Mortgage, nothing herein or in any of the Loan Documents shall limit the rights of Mortgagee, following any of the events hereinafter described, to take any action as may be necessary or desirable to pursue Mortgagor, Managing Member, if any, and/or Owner, if any, for any and all Losses incurred by Mortgagee arising from: (i) a material misrepresentation, fraud made in writing or misappropriation of funds by Mortgagor, Managing Member, if any, and/or Owner, if any; (ii) intentional or material waste to the Premises; (iii) use of proceeds of the indebtedness evidenced by the Note for costs other than Eligible Costs; (iv) the occurrence of a Prohibited Transfer without Mortgagee's prior written consent, to the extent such Prohibited Transfer results from the intentional, willful, voluntary and/or negligent acts or omissions of Mortgagor, Managing Member, if any, and/or Owner, if any; (v) any breach of Mortgagor's representations, warranties or covenants regarding Hazardous Materials or Environmental Laws contained in any of the Loan Documents; (vi) the occurrence of any uninsured casualty to the Premises or other collateral or security provided under any of the Loan Documents for which there has been a failure to maintain insurance coverage as required by the terms and provisions of the Loan Documents; (vii) the misappropriation or misapplication of insurance proceeds or condemnation awards relating to the Premises or other collateral or security provided under any of the Loan Documents; or (viii) any inaccuracy in the statements in the Affidavits.

(b) Notwithstanding Section 37 of the Mortgage, nothing herein or in any of the Loan Documents shall limit the right of Mortgagee to assert liability against Mortgagor, Managing Member, if any, and/or Owner, if any, for the repayment of the Loan in the amount described in Section 3.07(d) of the Loan Agreement, in the event of a breach by Mortgagor of the requirements set forth in Sections 2.4, 2.5, 2.7, 2.8, 2.10, or 2.13 of the Regulatory Agreement as modified by Section 2.7 and 2.9 of the Regulatory Agreement, but only to the extent that such breach results in a demand by HUD on Mortgagee for repayment of the Loan in whole or in part, and only to the extent that as a result of such demand, Mortgagee is legally obligated to make such payment to HUD. Such payment may be made either by a direct payment from Mortgagee to HUD or by a deduction by HUD from other monies allocated or to be allocated to Mortgagee by HUD. If Mortgagee so chooses, Mortgagee shall pursue a diligent contest of any such demand by HUD through the administrative procedures outlined in 24 C.F.R. Section 92.552, as amended, supplemented and restated from time to time, but shall not be required to pursue the matter any further than reasonably prudent, as determined by Mortgagee. Mortgagor agrees to pay, as a recourse obligation of Mortgagor, all attorneys', experts' and consulting fees and disbursements and expenses incurred in connection with any such contest.

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

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EXHIBIT C

PERMITTED ENCUMBRANCES

- 1) Those matters set forth as Schedule B title exceptions in Mortgagee's title insurance policy issued by Greater Illinois Title Company as of the closing of the Loan evidenced by the Loan Documents.
- 2) Residential leases entered into in the ordinary course of the Mortgagor's business in connection with the operation of the Premises.
- 3) That certain Amended and Restated Operating Agreement of PP Family, LLC of even date herewith among the Managing Member, David B. Brint, an individual, and U.S. Bancorp Community Development Corporation, a Minnesota corporation, that contains certain provisions regarding a possible future conveyance of ownership of the Premises at or after the end of the initial fifteen year tax credit compliance period (such provisions being hereafter referred to as the "Option Provisions"), which such Option Provisions shall not be recorded. The City shall not be deemed, by this or any reference to the Option Provisions, to have agreed to the exercise of any right or option contained in the Option Provisions, and neither Mortgagor, nor the Managing Member nor the Owner shall exercise any rights under the Option Provisions without the City's prior written consent in accordance with Section 8 of this Mortgage, which consent the City may grant or deny in its sole discretion.

County Clerk's Office

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One North LaSalle Street
Suite 700
Chicago, IL 60602
312 629 0060

3011 West Grand Boulevard
Suite 1715
Detroit, MI 48202
313 309 7820

202 East Market Street
The Platform
Indianapolis, IN 46204
317 454 8530

911 Washington Avenue
Suite 202
St. Louis, MO 63101
314 588 8840

215 North Water Street
Suite 225
Milwaukee, WI 53202
414 563 1100

September 29, 2015

PP Family, LLC
C/o Brinshore Development
666 Dundee Road
Northbrook, IL 60062
Attn: Dawni Freeman

RE:

PP Family, LLC/ \$750,000 Permanent Mortgage
Financing for a 78 unit Low-Income Housing Tax Credit
development to be located at Lawndale Avenue and 50th
Street, Chicago, Illinois (the "Project")

Dear Dawni:

IFF ("Lender") is pleased to issue this commitment letter ("Commitment") to advise you of its approval of a loan ("Loan") to PP Family, LLC, an Illinois limited liability company ("Borrower") in the maximum principal amount of \$750,000. The proceeds of the Loan will be applied to refinance a portion of the approximate \$14,000,000 construction loan (the "Senior Construction Loan") to be made by Bank of America N.A. ("Senior Construction Lender") to finance in part the construction of the Project. The Loan is to be secured by a first mortgage encumbering the Project. The purpose of this letter is to delineate the terms, provisions, and conditions upon which the Loan will be made. The listed items are not required before executing this commitment letter. They are required prior to closing the Loan or as requirements after the Loan is closed. If you have any questions or concerns about any of the items, please do not hesitate to call your loan officer.

1. Borrower: The Borrower's managing member is or shall be at closing PP Family Manager, LLC (in its capacity as managing member, the "managing member"), and the investor member of Borrower shall be US Bank CDC, or its affiliate (the "investor member").
2. Purpose of the Loan: The proceeds of the Loan shall be used for no other purpose than to refinance \$750,000 of the Senior Construction Loan.
3. Closing Date: The Loan shall be closed on or before September 30, 2017 (the "Closing Date"), provided that Borrower has satisfied all conditions contained herein and in the documents evidencing and securing the Loan, including, without limitation, this commitment letter (collectively, the "Loan Documents"). The Closing Date shall be extended for a term of six months provided that Borrower pays Lender an extension fee equal to one quarter of one percent (.25%) of the Loan amount and the term of the Senior Construction Loan has also been extended. Said fee shall be paid to Lender at the time this Commitment is extended.
4. Disbursement Date: The Loan shall be fully disbursed at closing, provided that Borrower has satisfied all conditions contained herein and in the Loan Documents.

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the communities they serve

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5. Term of Loan: The unpaid principal balance and all accrued and unpaid interest on the Loan shall be due and payable in full 216 months from the first day of the first full month after the Closing Date (the "Maturity Date").
6. Amortization of Loan: The Loan shall be amortized over a period of 360 months.
7. Interest: The interest rate on the Loan shall be a fixed rate of six and six tenths percent (6.60%) per annum. Monthly payments of principal and interest, in arrears, in substantially equal installments based upon a 360-month amortization period shall be due and payable throughout the term of the Loan on the first day of each month. Interest shall be calculated on the actual number of days principal is outstanding on the basis of a year of 360 days. A balloon payment of the entire outstanding principal balance of the Loan, together with accrued and unpaid interest shall be due and payable on the Maturity Date.
8. Prepayment: The Loan may be prepaid at any time, in whole or in part, but shall be subject to a prepayment premium of 1% of the amount of principal being prepaid. Notwithstanding the foregoing, proceeds applied in connection with a casualty or condemnation shall not trigger said prepayment premium.
9. Evidence of Indebtedness and Security: The Loan shall be evidenced by (i) a promissory note (the "Note") executed by the Borrower to the order of Lender in the principal amount of Seven Hundred Fifty Thousand and No/100 Dollars (\$750,000). The Loan shall be secured by the following security documents (the "Security Documents"): (i) a first mortgage ("Mortgage") on the Project, subject only to those exceptions to title as Lender shall approve in writing, which will include the existing subordinate financing (to the extent the same will continue) and the regulatory agreements associated with such financing (to the extent such regulatory agreements contain standard provisions concerning termination upon foreclosure) (the "Permitted Exceptions"); (ii) a first priority, perfected security interest in and to all personal property and fixtures located in or about the Project and all hazard insurance proceeds and condemnation awards; (iii) a first priority general assignment of rents and leases relating to the Project, subject only to the Permitted Exceptions; (iv) an Environmental Indemnity executed by Borrower in favor of Lender; (v) a collateral assignment of the property manager's agreement; and (vi) any additional documents as Lender determines in its sole discretion are necessary to secure the Loan. The loans listed on Exhibit A are approved as subordinate financing for the Project.
10. Initial Documentation: Within sixty (60) days following the date of this Commitment, Borrower shall deliver to Lender true and complete copies of the following documentation and information, together with such other documentation as Lender may reasonably require:
- (i) Detailed plans and specifications for the Project submitted to receive building permits.
 - (ii) The detailed complete budget for the Project delineating all soft costs and hard costs necessary to complete the construction of the Project, together with a breakdown of sources and uses of funds.
 - (iii) The documents evidencing and securing any other project financing, including the Senior Construction Loan and the draft Amended and Restated Operating

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PP Family, LLC
September 29, 2015
Page 3 of 14

Agreement of the Borrower with respect to the equity investment of at least \$17,054,114 by the Investor Member.

11. Closing Documentation: On or before the Closing Date, Borrower shall deliver to Lender true and complete originals of the following documentation and information, together with such other documentation and information relating to the Loan, the Borrower or the Project as Lender may reasonably require (collectively, the "Closing Documents"), all in form and content satisfactory to Lender and its legal counsel, including (where applicable), but not limited to:

- (i) The Note, the Mortgage and the Security Documents.
- (ii) If any party has been granted a purchase option and/or right of first refusal to the Project, a subordination agreement executed by the holder of said purchase option and/or right of first refusal in favor of Lender, subordinating the purchase option and/or right of first refusal to the lien of the Mortgage, unless by its terms such purchase option and/or right of first refusal is subordinate to the lien of Lender's Mortgage, and the Title Policy (hereinafter defined) confirms such subordination.
- (iii) Pro forma ALTA or equivalent form of Mortgagee's Policy of Title Insurance (the "Title Policy") in the amount of the Loan, issued by a title insurance company approved by Lender, insuring Lender that the Mortgage constitutes a valid first mortgage encumbering the Project, subject only to the Permitted Exceptions. The Title Policy shall insure Lender, as mortgagee, and shall include the following endorsements (as applicable and available in the state in which the Project is located): 3.1 zoning (including parking), location, survey, environmental protection lien, separate tax parcel (subject to any pending tax division petitions), access, usury, comprehensive and any other required by Lender and available in the state where the Project is situated. Borrower shall deliver the commitment for said Title Policy to Lender no more than thirty (30) days prior to the Closing Date.
- (iv) A survey by a land surveyor licensed in state where the Project is situated showing the fully dimensioned boundaries of the land (the "Land") upon which the Project is situated, the area of the Land in square feet, building locations, set-back lines, encroachments, rights of way, easements, and other matters of interest to Lender. The survey shall reflect that all improvements comprising the completed Project lay wholly within the boundaries and building restriction lines of the Land, except for encroachments that are insured against by the Title Policy, and no improvements on adjoining properties materially encroach upon the Land so as to materially and adversely affect the value of such Project. The survey shall contain a legal description of the Land upon which the Project is situated and a statement that the Land is in an area designated Zone X (area of minimal flooding) according to applicable Federal Emergency Management Agency Flood Insurance Rate Maps and which is acceptable to Lender. Building lines, encroachments, rights of way, and any other conditions affecting the Land must be acceptable to Lender. The survey shall be certified to Lender as being in compliance with most current detail standards of the American Land Title Association with such Table A requirements as are then standard for permanent financing.
- (v) Evidence satisfactory to Lender that the Project is in compliance with all applicable zoning and other laws and regulations and that it may be lawfully occupied and used for the purposes for which the same has been constructed.
- (vi) UCC, judgment, litigation and federal tax lien searches for Borrower and Managing Member.

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PP Family, LLC
September 29, 2015
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(vii) An environmental audit of the Project prepared by an environmental consulting engineer acceptable to Lender. The scope of such Environmental Report shall, at a minimum, comprise what is commonly referred to as "Phase I" inspection and is intended to identify potential environmental problems. If such Environmental Report discloses environmental conditions not acceptable to Lender, Lender may, in its sole discretion, terminate this Commitment or require further testing and/or clean-up of said environmental conditions before the Loan contemplated by this Commitment is made. Lender agrees that the Environmental Report provided as of the date hereof is of form and substance acceptable to Lender, and provided no material adverse change occurs at the Project, Lender shall not require Borrower to provide an additional Environmental Report.

(viii) An appraisal report prepared by an MAI appraiser setting forth the fair market value of the completed Project (valued in a rent restricted basis) of not less than an amount which would result in a loan-to-value ratio of less than 80%.

(ix) A report satisfactory to Lender prepared by the Independent Consultant (as hereinafter defined) or other party deemed satisfactory to Lender relating to the physical condition of the Project following completion thereof. The cost for said inspection report shall be paid for by Borrower.

(x) Policies of insurance written by such insurance companies rated A or better by A.M. Best's insurance rating service and with such coverages and mortgagee clauses and upon such forms as Lender shall hereafter require or approve. All risk property coverage for the improvements with agreed amount endorsement and replacement cost endorsement shall be required. The minimum amount of building coverage shall be the full insurable value on a replacement cost basis for the building. If the Project is income producing, twelve months rent loss and business interruption coverage will be required. In all cases, general liability insurance with single limit coverage and flood hazard insurance, if the Project is in a flood hazard area, shall be required. The minimum coverage amounts for general liability insurance shall be \$1,000,000 for each occurrence and \$2,000,000 in the aggregate. The minimum deductible for all insurance shall be not more than \$10,000.00. Lender must be named as first mortgagee and loss payee (as to property insurance) and as an additional insured party (as to liability insurance) on all insurance coverages.

(xi) Opinion of counsel for Borrower indicating (i) that the Borrower and the Managing Member are duly organized, validly existing and in good standing under the laws of the State of Illinois; (ii) that the Loan is not usurious or otherwise illegal under applicable laws; and (iii) that the documents evidencing and securing the Loan are validly executed, fully authorized and binding and enforceable in accordance with their terms. Such opinion letter shall also contain opinions relating to such other matters as Lender may reasonably require.

(xii) Corporate resolutions, certificates of incumbency, certificates of limited partnership, certificates of existence, articles of incorporation, articles of organization, certificates of good standing, by-laws, member/shareholder consents and such other like documentation as Lender shall require predicated upon the business form of the Borrower and the Managing Member.

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PP Family, LLC
 September 29, 2015
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(xiii) True and correct copies of all existing leases, as requested by Lender, of residential and commercial space in the Project (if applicable) which shall be subject to Lender's approval and, at Lender's election, shall be superior or subordinate to the Mortgage.

(xiv) The form of apartment lease and business and/or commercial lease, if applicable, to be used in connection with the Project and a schedule of rents to be charged, which schedule (and any subsequent changes thereto) shall be submitted to Lender for review. The form of lease shall be deemed acceptable to Lender unless Lender disapproves of same in a written notice to Borrower within thirty (30) days after Lender's receipt of said lease.

(xv) Copy of a management agreement for the Project executed between the Borrower and a management company acceptable to Lender.

(xvi) ACH form authorizing direct withdrawal of monthly principal and interest payments.

(xvii) Then current annual financial statements of the Borrower and Managing Member will be provided to Lender at least fifteen (15) days prior to the Loan Closing Date and annual financial statements shall be provided thereafter within ninety (90) days after the end of each subsequent fiscal year of Borrower and Managing Member. The Borrower shall also furnish to Lender with quarterly operating statements for the Project in such detail as the Lender shall require.

(xviii) Evidence of all other financing and forms of the subordination agreements executed by Subordinate Lenders in favor of Lender prior to the closing of the Loan which will subordinate the mortgages securing the Subordinate Loans to the Mortgage in both right of lien and payment and which is acceptable in form and substance to Lender in its sole discretion.

(xix) Evidence that the Investor Member has contributed at least \$17,054,114 of capital to the Borrower (or at least such amount will have been contributed on the Closing Date).

12. Conditions: Provided Borrower makes all deliveries required pursuant to Section 11 hereof and all of the following conditions (the "Closing Conditions") and other conditions of this letter shall have been satisfied on or before the Closing Date, unless expressly waived in writing by the Lender, Lender shall fund the Loan on the Closing Date:

(i) Borrower has provided to Lender prior to the date hereof all of the Loan Documents and other items required to be delivered to Lender pursuant to Paragraph 11 of this Commitment and any other items requested by Lender in connection with the Loan.

(ii) Borrower has provided to Lender digital photographs of the Project taken after completion of construction.

(iii) The Project shall be free and clear of, or adequate insurance and/or bonding shall have been provided for, any and all mechanics' and materialmen's liens or any other encumbrances other than the Permitted Exceptions.

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(iv) Borrower shall possess all material licenses, permits and franchises required by applicable law for the ownership and operation of the Project.

(v) Borrower shall establish with a financial institution acceptable to Lender an operating reserve account ("Operating Reserve") and deposit \$293,459 in the Operating Reserve. Funds in the Operating Reserve shall only be disbursed upon Lender's written approval, (not to be unreasonably withheld) and are intended to be paid (i) to cover any operating deficit (i.e. insufficient cash flow from the Project to cover normal operating expenses and maintenance, which normal operating expenses and maintenance shall not include any items which are to be paid from any other reserves or accounts maintained pursuant to the terms of the documents evidencing and securing the Loan) and (ii) to Lender to pay the monthly payments of principal and interest due under the Note to the extent that cash flow in respect of the Project is insufficient to pay monthly payments of principal and interest due under the Note.

(vi) Borrower shall establish with a financial institution acceptable to Lender (U.S. Bank National Association is acceptable to Lender for all reserve accounts) an Initial Lease-Up Reserve of \$50,000. Funds in this reserve shall only be disbursed upon Lender's written approval, (not to be unreasonably withheld) and are intended to be paid to cover any deficits that occur during the rent-up phase of the development.

(vii) Borrower shall establish with a financial institution acceptable to Lender an Insurance Escrow of \$90,000 and a Real Estate Tax Escrow of \$30,000. Funds in these reserves shall be disbursed upon Lender's approval, and are intended to pay for insurance and real estate taxes.

(viii) Borrower shall establish with a financial institution acceptable to Lender a Replacement Reserve of \$27,300 ("Replacement Reserve"). Funds in this reserve shall only be disbursed upon Lender's and Investor's written approval and are intended to be paid to cover costs to repair units as tenants leave units and repairs are necessary and for capital repairs and replacements for the Project (but not routine maintenance).

(ix) No default shall exist under the documents evidencing or securing the Subordinate Loans.

(x) Borrower has provided to Lender prior to the Closing Date all of the following documents which documents are in material compliance with the Loan Documents and in form and substance satisfactory to Lender:

(1) True and correct copies of an unconditional certificate of occupancy from the appropriate governmental authority empowered to exercise jurisdiction over the Project;

(2) Evidence that all public utilities necessary for operation of the Project are connected and available for use;

(3) Certificate of Borrower's architect (which may be the AIA form of Certificate of Substantial Completion) regarding completion of the Project and certifying that the improvements comprising the Project have been completed (i) in a good and workmanlike manner and substantially in accordance with the approved plans and specifications, and (ii) in

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PP Family, LLC
September 29, 2015
Page 7 of 14

compliance with all applicable requirements of all governmental authorities having jurisdiction over the Project.

(viii) Borrower has provided Lender with a certified rent roll for each of the three (3) consecutive, full calendar months immediately preceding the month of the Closing Date (the "Stabilization Period"), each certified by Borrower as true, correct and complete, demonstrating that during each month of the Stabilization Period, the actual physical and economic occupancy of the residential units at the Project under Acceptable Leases (as defined below) was no less than ninety percent (90%) (The rent rolls for the second and third months of the Stabilization Period must be dated 30 days and 60 days, respectively, from the date of the rent roll for the first month of the Stabilization Period).

(ix) The Project has produced an average monthly Net Operating Income (as defined below) during the three (3) months of the Stabilization Period (provided that the actual Net Operating Income for the last calendar month of the Stabilization Period shall not be lower than the average Net Operating Income during the Stabilization Period) which produces a Debt Service Coverage Ratio equal to or higher than the Minimum Debt Coverage Ratio.

"Acceptable Leases" means written lease agreements on a customary residential lease form approved by Lender, with tenants other than employees of Borrower or any property manager for the Project or any affiliate of the Borrower or such property manager, providing for initial lease terms of not less than six (6) months nor more than two (2) years, complying with all applicable laws.

"Adjusted Operating Expenses" means the Operating Expenses, as determined and adjusted by the Lender, including, without limitation, adjustment to (i) correspond to assumptions made by the Lender in underwriting the Loan to the extent such assumptions are more conservative than actually realized, and (ii) any periodic or seasonal changes in Operating Expenses (including not yet incurred and re-leasing expenses) occurring outside of the Stabilization Period.

"Adjusted Operating Revenues" means the Operating Revenues, as determined and adjusted by the Lender, including, without limitation, the following adjustments: (i) adjustments to correspond to assumptions made by Lender in underwriting the Loan to the extent such assumptions were more conservative than revenues actually realized, (ii) adjustment to include any periodic or seasonal changes in Operating Revenues occurring outside the Stabilization Period, and (iii) adjustments to Operating Revenues to exclude amounts attributable to occupancy in excess of the economic vacancy assumption for the Project determined by Lender. Rents used in calculating Adjusted Operating Revenues will include only rents attributable to Acceptable Leases.

"Debt Service Coverage Ratio" means the ratio of Net Operating Income to debt service payable on the Loan for the same period.

"Minimum Debt Coverage Ratio" is a Debt Service Coverage Ratio of not less than 1.15 to 1.00.

"Net Operating Income" is the excess of the Adjusted Operating Revenue over Adjusted Operating Expenses.

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PP Family, LLC
September 29, 2015
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"Operating Expenses" are all reasonable and necessary expenses of operating the Project in the ordinary course of business which are actually incurred by Borrower (appropriately pro-rated for any expenses that, although actually incurred in a particular period, also relate to other periods) and which are directly associated with and fairly allocable to the Project for the applicable period, including, without limitation, ad valorem real estate taxes and assessments, insurance premiums and regularly scheduled tax and insurance impounds paid with respect to the Loan (without taking any such payment or expense into account more than once), deposits to replacement reserves, maintenance costs, management fees determined by Lender (not including out-of-pocket cost reimbursements required under the applicable management agreement in such limitation), accounting, legal, and other professional fees, wages, salaries, and personal expenses, but excluding payments of principal and interest on the Note, capital expenditures any of the foregoing expenses which are paid from deposits to cash reserves previously included as Operating Expenses, and any payment or expense for which Borrower was or is to be reimbursed from proceeds of the Loan or insurance or by any third party. Operating Expenses shall not include federal, state or local income taxes, corporate overhead or fees or legal and other professional fees unrelated to the operation of the Project.

"Operating Revenues" means all cash receipts of Borrower from operation of the Project or otherwise arising in respect of the Project, plus earned but unpaid rental subsidy payments from HUD or the Chicago Housing Authority which are not more than sixty (60) days past due, which are properly allocable to the Project for the applicable period, including receipts from leases and parking agreements, concession fees and charges and other miscellaneous operating revenues, proceeds from rental or business interruption insurance, withdrawals from cash reserves (except to the extent any operating expenses paid therewith are excluded from Operating Expenses), but excluding security deposits and earnest money deposits until they are forfeited by the depositor, advance rentals until they are earned, and proceeds from a sale or other disposition.

(x) Borrower has furnished evidence that the Senior Construction Loan has been repaid in full, or will be concurrent with the closing of the Loan.

(xi) After the Closing, the Borrower will make deposits into the Replacement Reserve at the rate of \$300 per unit per year, with deposits made in equal monthly installments.

13. Requirements after Closing: Borrower will furnish to Lender the following items after Closing and within the time periods stated below:

- (i) Audited annual financial statements of Borrower within 60 days of fiscal year end, commencing with the 2017 fiscal year;
- (ii) Following completion of Construction, certified rent roll and operating statement for the Project as of June 31 and December 31 of each year for the life of the Loan.
- (iii) Certified copies of Borrower's property and liability insurance policies and evidence of renewal of insurance coverage which indicates that Borrower's insurance coverage is in compliance with the insurance requirements stipulated by the Note, the Mortgage, or any other instruments or documents executed by Borrower in connection with the Loan and which

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- names Lender as mortgagee, sole loss payee, or additional insured, as appropriate, within the time limits stipulated in the Loan Documents;
- (iv) Prompt written notice of any material changes in the Borrower, particularly with key management, existing or new programs, and the goals and missions of the Borrower;
 - (v) Prompt written notice of any action or event of which Borrower has knowledge that may materially or adversely affect Borrower's ability to make payments under, or perform the obligations set forth in the Loan Documents; and
 - (vi) Any other relevant information that Lender or Lender's counsel reasonably requests throughout the term of the Loan at such time as Lender or Lender's counsel reasonably requires.

14. **Representations and Warranties:** Borrower hereby represents, warrants and covenants to Lender and its successors and assigns, as of the date hereof that: (i) Borrower has no knowledge of any material and adverse environmental condition or circumstance affecting the Project which is not disclosed in the Environmental Reports, and (ii) no action has been taken by Borrower, or to its knowledge, any other person, that would subject the Project to liability pursuant to applicable environmental laws, rules, or regulations and Borrower has not received any notice from any governmental authority or other person of any failure under any applicable environmental laws, rules or regulations with respect to the Project.

15. **Loan Amount:** In the event that the Debt Service Coverage Ratio is adequate only to support a loan amount less than \$750,000, Lender will consider lending a lesser loan amount provided that the Borrower can produce sufficient funds to refinance the remaining portion of the Senior Construction Loan, and can address any shortfalls in Project funding arising from such reduction (including by deferring more developer fee).

16. **Cooperation:** Borrower shall provide Lender, or cause to be provided to Lender, all documents relating to the Project and/or the Borrower as may be reasonably requested by Lender.

17. **Breach:** It is hereby acknowledged that if there is a breach of any of the representations and warranties made in this Commitment, such breach shall constitute an Event of Default under the Mortgage (subject to any applicable cure periods in the Mortgage).

18. **Independent Consultant:** Lender may retain an "Independent Consultant" at Borrower's expense to inspect the completed Project, its structural, mechanical, electrical, plumbing, HVAC and roof systems.

19. **Continued Association with Project:** Borrower shall own and control the Project until the Loan made by Lender is repaid in full. Should Borrower cease to own or control the Project for any reason before the Loan is repaid in full, the Loan shall, at Lender's option, become due and payable in full.

20. **Other Encumbrances:** The documents evidencing and securing the Loan shall provide that no mortgage lien or other lien, inferior or superior to the lien of the documents

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securing the Loan, other than the Permitted Exceptions, shall voluntarily or involuntarily be created, permitted or filed against the Project, without Lender's approval, except general real estate taxes not yet due and payable.

21. **Costs and Expenses:** Borrower shall pay for all survey costs, title charges and premiums, escrow expenses, recording and filing fees and taxes, certification costs, appraisal fees, and attorney's fees incurred by Lender relating to the preparation of any Loan Documents or relating to the disbursement of the Loan and any other incidental expenses, including environmental audit fees and inspection fees. Payment to Lender for such fees shall be due at Closing.

22. **Failure of Loan to Close:** If, without the fault of Lender, the closing of the Loan has not occurred on or prior to the Closing Date, as same may be extended in writing from time to time in Lender's sole discretion, then at the option of Lender and without notice to Borrower, Lender's obligations hereunder shall cease and terminate, without any obligation upon Lender to reimburse any loan fees previously paid. Borrower shall reimburse Lender for all out-of-pocket expenses, including, without limitation, the costs and expenses described in Paragraph 21 above, incurred by Lender. Payment to Lender for such fees shall be due within 30 days of Borrower's receipt of bill from Lender (due date of fee payment may be determined at Lender's discretion). The foregoing shall in no way limit any other remedies which Lender may have against Borrower for damages incurred by Lender.

23. **Waivers of Borrower's Performance by Lender:** Any waiver by Lender of any default on the part of Borrower shall not waive or affect any other default, whether prior or subsequent thereto, or a repetition of the same default subsequent thereto. To be effective, a waiver must be in writing signed by an officer of Lender and directed to Borrower.

24. **Representations and Warranties:** All representations and warranties which have been made by Borrower to Lender in this Commitment shall remain true at the time of closing of the Loan and in the event of any material breach or any material misrepresentation, Lender may terminate this Commitment.

25. **Prohibition against Disposition of Security:** The documents evidencing and securing the Loan shall provide that, until the Loan shall have been repaid in full, Borrower may not, without the prior written approval of Lender, sell, lease, transfer or in any way encumber or dispose of the Project. Leases entered into in the ordinary course of business on lease forms previously approved by Lender in writing and at rental rates approved by Lender, or those rental rates that are at or above the Borrower's approved pro-forma rental rates, and disposal of obsolete or damaged personal property in the normal course of operations shall be exceptions to the operation of this provision.

26. **Insolvency and Other Events of Default or Termination:** Notwithstanding anything herein contained to the contrary, Lender may cancel all of its obligations under this Commitment without liability in the event of any of the following:

(i) The occurrence before the Closing Date of: (i) the filing by or against Borrower, any member of Borrower or any guarantor of the Senior Construction Loan, of any proceedings for any relief pursuant to the bankruptcy or insolvency laws of the United States or of any State; or (ii) the filing by Borrower, any member of Borrower or any guarantor of the Senior Construction Loan, if any, of any answer admitting insolvency or inability to pay debt; or (iii) the failure to

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obtain a dismissal of such proceedings or a stay thereof within sixty (60) days after filing of the same and in any event prior to the Closing Date; or (iv) a material adverse change in the financial condition of Borrower or any member of Borrower, which would materially adversely affect the Borrower's, or any member of the Borrower's, ability to perform its obligations under the Note or Security Documents; or (v) a material adverse change in the value of the Project.

(ii) The attachment, seizure, levy upon or taking of possession by any receiver, custodian or assignee for the benefit of creditors of a substantial part of any property of Borrower.

(iii) The assignment or attempted assignment, voluntary or by operation of law, of this Commitment, without Lender's prior written consent.

(iv) Failure to timely deliver to Lender any of the documents required by Paragraphs 11 or 12 of this Commitment.

(v) Borrower is unable to secure funding commitments for the balance of the Project costs.

(vi) Default by Borrower under any other financing for the Project beyond any applicable cure period, or failure to comply with any of the Closing Conditions.

(vii) The occurrence of any event which results in any document or report delivered to Lender pursuant to Sections 11 or 12 of this Commitment being materially inaccurate.

(viii) Failure of Borrower to fulfill any covenant or obligation in this Commitment as of the Closing Date.

(ix) The identity of the Managing Member of the Borrower has changed from the Managing Member approved by Lender (without Lender's consent).

27. **Non-Recourse:** The Loan is a non-recourse obligation of Borrower. Neither Borrower nor any of its members, nor any other person or entity shall have any personal liability for repayment of the Loan. The sole recourse of Lender under the Loan documents for repayment of the Loan shall be the exercise of its rights against the property and related security thereunder (except for certain exceptions to non-recourse which will be set forth in the Loan Documents).

28. **Approvals:** Mere receipt by Lender of any instrument or document shall not be deemed to be approval thereof; any approvals required hereunder are to be in writing only, signed by Lender and directed to Borrower. In each instance in this Commitment where Lender's approval or satisfaction is required, should the Lender, acting reasonably, fail to be satisfied or fail to give its approval, Lender may declare this Commitment to be terminated and of no further force or effect, except that Borrower shall reimburse Lender for all out-of-pocket expenses incurred by Lender prior to said termination which Borrower is required to pay pursuant to Paragraph 21 hereof.

29. **Indemnification against Brokerage:** Borrower shall indemnify and save Lender harmless from any and all claims for brokerage commission or finder's fees, and attorneys' fees and court costs associated therewith asserted against Lender in connection with the Loan and

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based upon any engagement of said broker by Borrower. The relationship between Lender and Borrower shall be only that of creditor-debtor and no relationship of agency, partner or joint or co-venture shall be created by or inferred from this Commitment and the Loan. Borrower shall indemnify and save Lender harmless from any and all claims asserted against Lender as being the agent, partner or joint-venture of Borrower, including, without limitation, any attorneys' fees and court costs associated therewith.

30. **Final Agreement and Survival:** The terms and conditions of this Commitment are the final written expression of the parties, all prior discussions, negotiations and agreements being merged herein, and can be modified only in writing duly executed by both parties. The terms, conditions and agreements of this Commitment shall terminate upon the full disbursement of the Loan.

31. **Severability:** Should any provision of this Commitment be adjudged to be unenforceable, it shall, at Lender's election, be deemed to be automatically reformed to the extent possible to render it enforceable and, in any event, the invalidity or unenforceability of any provision of this Commitment shall not affect or impair the validity or enforceability of any of the remaining provisions of this Commitment. Paragraph headings are for convenience only and do not bear on the construction or interpretation of the content of this Commitment.

32. **Choice of Law:** This Commitment shall be governed by and construed in accordance with Illinois law and the documents which shall evidence and secure the Loan shall be governed and construed in accordance with the law of the state within which the Project is located.

33. **Time of Essence:** Time is of the essence of this Commitment. All times herein specified are in each case firm and shall not be extended without Lender's written approval. Borrower shall not be entitled to any extension by reason of delays caused by act of God or public authorities, whether or not beyond Borrower's control, without Lender's approval.

34. **Supersession:** This Commitment supersedes and replaces any commitment, letter or agreement previously made or entered into by Lender and Borrower in connection with the Loan.

35. **Assignment:** This Commitment (or any interest herein) may not be assigned or transferred by Borrower. Any such assignment or transfer shall be null and void.

36. **Acceptance:** Acceptance of this Commitment, which constitutes Borrower's agreement to borrow the Loan from Lender, shall be made by executing and returning to Lender the enclosed duplicate hereof, signed and initialed by Borrower where indicated, not later than September 30, 2015 otherwise this Commitment shall, without notice, become null and void.

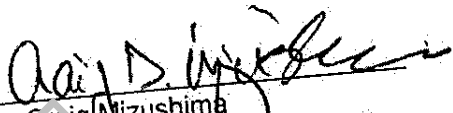
37. **Commitment Fee:** Borrower shall pay Lender a loan commitment fee in the amount of \$7,500. Said fee shall be paid to Lender at the time of the Senior Construction Loan closing.

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Very truly yours,

IFF

By: 
Name: Craig Mizushima
Title: Vice-President of Capital Solutions
Dated: September __, 2015:

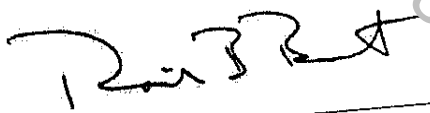
PP Family, LLC,
an Illinois limited liability company

By: PP Family Manager, LLC,
an Illinois limited liability company,
its Managing Member

By: Brinshore Holding, LLC,
An Illinois limited liability company,
its managing member

By: Brinshore Development, L.L.C.
an Illinois limited liability company,
its sole member

By: Brint Development, Inc.,
an Illinois corporation, a member

By: 
Name: David B. Brint
Title: President

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EXHIBIT A APPROVED SUBORDINATE FINANCING

Lender	Expected Loan Amount	Mortgage Lien Priority
City of Chicago	\$6,689,009	2 nd
Back of the Yards Neighborhood Council (or its affiliate)	\$870,716	3 rd
Bank of America, N.A.	\$1,250,000	4 th

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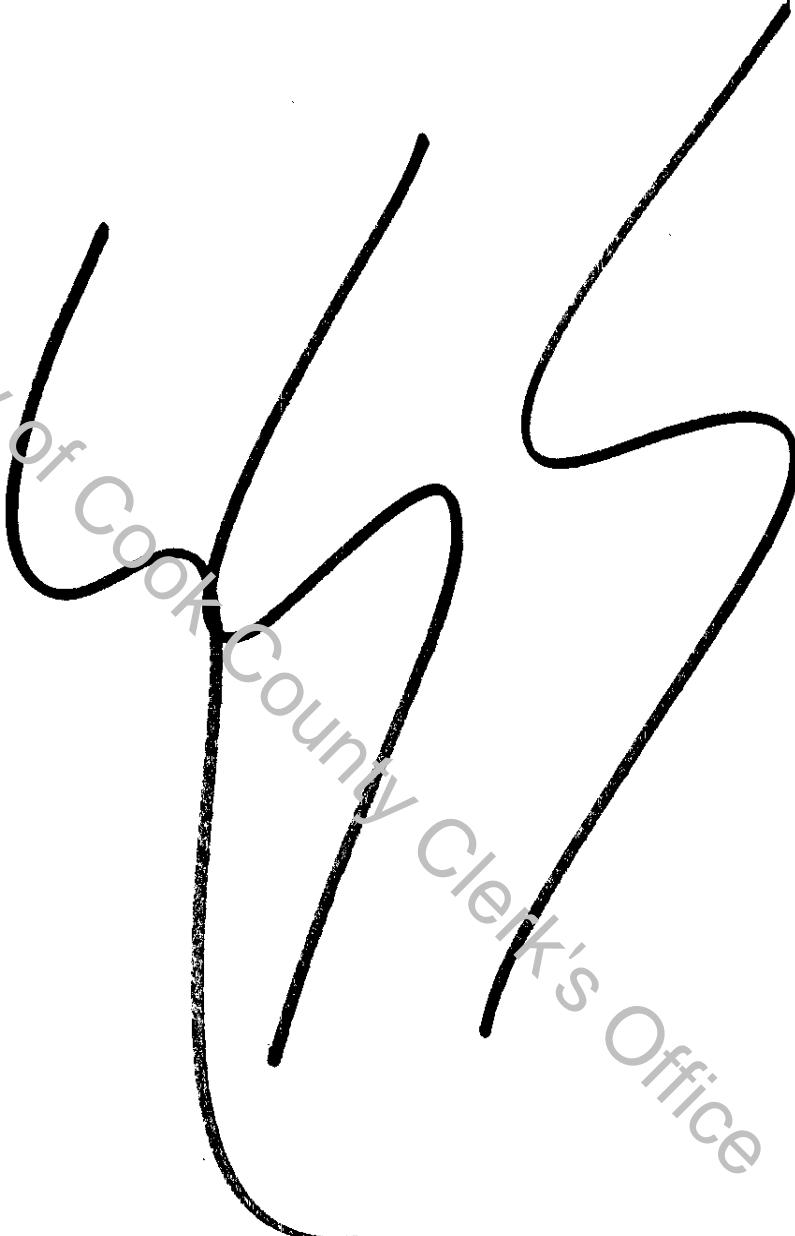
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EXHIBIT E

IFF PERMANENT LOAN MORTGAGE

(see attached)

Property of Cook County Clerk's Office

A large, bold, black handwritten signature or scribble is present in the center of the page. It consists of several thick, sweeping lines that form a complex, abstract shape, possibly representing a name or initials. The lines are very dark and have a slightly grainy texture, suggesting they were made with a marker or a thick pen.

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Prepared By
And When Recorded Mail To:

Albert, Whitehead, P.C.
10 North Dearborn Street
Suite 600
Chicago, Illinois 60602
Attn.: Gregory C. Whitehead

Space Above For Recorder's Use

MORTGAGE
with Assignment of Rents, Security Agreement
and Fixture Filing

GRANTOR'S ORGANIZATIONAL IDENTIFICATION NUMBER IS 05002893.

The parties to this Mortgage with Assignment of Rents, Security Agreement, and Fixture Filing (this "Security Instrument"), dated for reference purposes as of _____, are **PP FAMILY, LLC**, an Illinois limited liability company, whose mailing address is 666 Dundee Road, Suite 1102, Northbrook, Illinois 60622, as grantor (the "Grantor"), and **IFF**, an Illinois not for profit corporation, whose mailing address is at 333 South Wabash Avenue, Suite 2800, Chicago, Illinois 60604 (the "Grantee").

Capitalized terms shall have the meanings given them in the Uniform Commercial Code, as enacted in the State of Illinois or under the Uniform Commercial Code of any other state to the extent the same may be deemed applicable law (collectively, as in effect from time to time, the "UCC".) (If a term is defined differently in Article 9 of the UCC than in another Article, Article 9 shall control.)

1. Grant and Secured Obligations.

1.1 Grant. In consideration and for the purpose of securing payment and performance of the Secured Obligations (as defined below), Grantor hereby irrevocably and unconditionally mortgages, warrants, grants, bargains, conveys, sells, transfers, and assigns to Grantee, with mortgage covenants and right of entry and possession, all estate, right, title, and interest which Grantor now has or may later acquire in and to the following property (all or any part of such property, or any interest in all or any part of it, as the context may require, the "Property"):

(a) All of Grantor's right, title and interest in a fee simple estate in the real property located in Cook County, Illinois, as more fully described in Exhibit A attached hereto and made a part hereof (the "Land"), including without limitation all easements, rights of way,

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gores of real estate, streets, ways, alleys, passages, sewer rights, waters, water courses, water rights and powers, and all estates, rights, titles, interests, privileges, liberties, tenements, hereditaments and appurtenances whatsoever, in any way now or hereafter belonging, relating or appertaining to the Land and the reversions, remainders, rents, issues and profits thereof, and all the estate, right, title interest, property, possession, claim and demand whatsoever, at law as well as in equity, of Grantor of, in and to the same; together with

(b) All buildings, structures and improvements now located or later constructed on the Land (the "Improvements"); together with

(c) All articles of personal property (including those specified below) and any software embedded therein now owned or hereafter acquired by Grantor and attached to, placed upon for an indefinite term, or used in connection with the Land and/or Improvements, together with all goods and other property that are, or at any time become, so related to the Property that an interest in them arises under real estate law, or they are otherwise a "fixture" under applicable law (each a "Fixture," collectively "Fixtures"); together with

(d) All existing and future as-extracted collateral produced from or allocated to the Land, including all minerals, oil, gas, other hydrocarbons and associated substances, sulfur, nitrogen, carbon dioxide, helium and any other commercially valuable substances which may be in, under or produced from any part of the Land, and all products processed or obtained therefrom and the proceeds thereof; together with

(e) All existing and future leases, subleases, subtenancies, licenses, occupancy agreements, concessions, and other agreements of any kind relating to the use or occupancy of all or any portion of the Property whether now in effect or entered into in the future (each a "Lease," collectively, the "Leases") relating to the use and enjoyment of all or any part of the Land and Improvements, all amendments, extensions, renewals, or modifications thereof (subject to Grantee's right to approve same pursuant to the terms hereof), and any and all guaranties of, and security for, lessees' performance under any and all Leases, and all other agreements relating to or made in connection with any of such Leases; together with

(f) All rents (and payments in lieu of rents), royalties, issues, profits, income, proceeds, payments, and revenues of or from the Property, and/or at any time payable under any and all Leases, including all rent loss insurance proceeds, prepaid rents and any and all security deposits received or to be received by Grantor pursuant to any and all Leases, and all rights and benefits accrued, or to accrue, to Grantor under any and all Leases (some or all collectively, as the context may require, "Rents"); together with

(g) All rights to the name, signs, trade names, trademarks, trademark applications, service marks, licenses, software, and symbols used in connection with the Land and Improvements; together with

(h) All goods, materials, supplies, chattels, furniture, fixtures, machinery, apparatus, fittings, equipment, and articles of personal property of every kind and nature whatsoever, including consumable goods, now or hereafter located in or upon the Property or any part thereof, or to be attached to or placed in or on, or used or useable in connection with any present or future use, enjoyment, occupancy or operation of all or any part of the Land and Improvements, whether stored on the Land or elsewhere, including by way of description but without limiting the generality of the foregoing, all computer systems, telephone and telecommunication systems, televisions and television systems, pumps or pumping plants,

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tanks, motors, conduits, engines, pipes, ditches and flumes, and also all gas and electrical apparatus (including, but not limited to, all electrical transformers, switches, switch boxes, and equipment boxes), cooking, heating, cooling, air conditioning, sprinkler equipment, lighting, power equipment, ventilation, incineration, refrigeration and plumbing apparatus, fixtures and equipment, screens, storm doors and windows, stoves, wall beds, refrigerators, attached cabinets, partitions, ovens, ranges, disposals, dishwashers, carpeting, plants and shrubbery, ground maintenance equipment, ducts and compressors; together with all building materials, goods and personal property on or off the Property intended to be affixed to or incorporated in the Property but not yet affixed to or incorporated in the Property, all which shall be considered to the fullest extent of the law to be real property for purposes of this Security Instrument; together with

(i) Intentionally Omitted.

(j) All rights to the payment of money and all guaranties thereof and judgments therefor, accounts, accounts receivable, reserves, deferred payments, refunds of real property and personal property taxes and other refunds, cost savings, payments and deposits, whether now or later to be received from third parties (including all earnest money sales deposits) or deposited by Grantor with third parties (including all utility deposits), warranty rights, contract rights, management contracts, service contracts, construction and architectural contracts, contracts for the purchase and sale of the Property or any part thereof, end-loan or other financing commitments, development and use rights, governmental permits and licenses, applications, architectural and engineering plans, specifications and drawings, as-built drawings, chattel paper, instruments, documents, promissory notes, drafts, letters of credit (other than letters of credit in favor of Grantee), letter of credit rights (whether or not the letter of credit is evidenced by a writing), supporting obligations and general intangibles, including payment intangibles (whether any of the foregoing are tangible or electronic), which arise from or relate to construction on the Land or to any business now or later to be conducted on it, or to the Land and Improvements generally; together with

(k) All insurance policies (and the unearned premiums therefor) and bonds required hereunder and all proceeds thereof, and all proceeds (including all claims to and demands for them) of the voluntary or involuntary conversion of any of the Land, the Improvements, or the other property described above into cash or liquidated claims, including proceeds of all present and future fire, hazard or casualty insurance policies and all condemnation awards or payments now or later to be made by any public body or decree by any court of competent jurisdiction for any taking or in connection with any condemnation or eminent domain proceeding, and all causes of action and their proceeds for any damage or injury to, or defect in, the Land, the Improvements, or the other property described above or any part of them, or breach of warranty in connection with the construction of the Improvements, including causes of action arising in tort, contract, fraud, misrepresentation, or concealment of a material fact; together with

(l) All books, records and all recorded data of any kind or nature (regardless of the medium of recording) pertaining to any and all of the property described above, including records relating to tenants under any leases, and the qualification of such tenants, and all certificates, vouchers, and other documents in any way related thereto, and all records relating to the application and allocation of any federal, state, and local tax credits or benefits, including computer-readable memory and any computer hardware or software necessary to access and process such memory (collectively, the "Books and Records"); together with

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(m) To the extent assignable by Grantor, all commercial tort claims Grantor now or hereafter acquires relating to any of the property described above; together with

(n) All software embedded within or used in connection with any of the property described above; together with

(o) All products, accounts, and proceeds (cash or non-cash) of, additions, betterments, extensions, accessions and accretions to, substitutions, renewals and replacements for, and changes in any of the property described above, including all proceeds of any voluntary or involuntary disposition or claim respecting any such property (arising out of any judgment, condemnation or award, or otherwise arising) and all supporting obligations ancillary to or arising in connection therewith, general intangibles (including payment intangibles) arising in connection therewith, and all goods, accounts, instruments, documents, promissory notes, chattel paper, deposit accounts, supporting obligations, and general intangibles (including payment intangibles) (whether any of the foregoing are tangible or electronic), wherever located, acquired with cash proceeds of any of the foregoing or its proceeds.

Grantor shall and will warrant and forever defend the above-bargained Property in the quiet and peaceable possession of Grantee, its successors and assigns, against all and every person or persons lawfully claiming or to claim the whole or any part thereof, subject to the Permitted Title Exceptions. Grantor agrees that any greater title to the Property hereafter acquired by Grantor during the term hereof shall be subject hereto.

1.2 Secured Obligations.

(a) Grantor makes the grant, bargain, conveyance, sale, transfer, and assignment set forth above and grants the security interest set forth in **Section 3** below for the purpose of securing the following obligations (the "Secured Obligations") in such order of priority as Grantee may determine:

(i) Payment and performance of all obligations of Grantor under this Security Instrument; and

(ii) Payment and performance of all obligations at any time owing under that certain Promissory Note of even date herewith made by Grantor to the order of Grantee in the original principal amount of Seven Hundred Fifty Thousand and No/100 Dollars (\$750,000.00) which provides for an interest rate of six and six tenths percent (6.60%) and a maturity date of _____ (the "Note"); and

(iii) Payment and performance of all future advances and other obligations that Grantor, or any successor in interest to Grantor, and/or any other obligor (if different than Grantor), or any successor in ownership of all or part of the Property, may agree to pay and/or perform (whether as principal, surety, or guarantor) for the benefit of Grantee, when a writing evidences the parties' agreement that the advance or obligation be secured by this Security Instrument; and

(iv) Payment and performance of all modifications, amendments, extensions, and renewals, however evidenced, of any of the Secured Obligations, including any successor agreements or instruments which restate and supersede any agreements or instruments evidencing the Secured Obligations.

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(b) All persons who may have or acquire an interest in all or any part of the Property will be considered to have notice of, and will be bound by, the terms of the Secured Obligations and each other agreement or instrument made or entered into in connection with each of the Secured Obligations.

2. Assignment of Lessor's Interest in Leases and Assignment of Rents.

2.1 Absolute Assignment Effective upon the recordation of this Security Instrument, Grantor hereby irrevocably, absolutely, presently, and unconditionally assigns, transfers, and sets over to Grantee:

(a) All of Grantor's right, title, and interest in, to, and under any and all Leases, and any and all guaranties of, and security for, lessees' performance under any and all Leases, and all other agreements relating to or made in connection with any of such Leases; and

(b) All Rents.

In the event that anyone establishes and exercises any right to develop, bore for, or mine for any water, gas, oil, or mineral on or under the surface of the Property, any sums that may become due and payable to Grantor as bonus or royalty payments, and any damages or other compensation payable to Grantor in connection with the exercise of any such rights, shall also be considered Rents assigned under this Section.

THIS IS AN ABSOLUTE ASSIGNMENT, NOT AN ASSIGNMENT FOR SECURITY ONLY.

2.2 Grant of License Grantee hereby confers upon Grantor a license (the "License") to collect and retain the Rents as they become due and payable, so long as no Event of Default (as such term is defined below) shall exist. Upon the occurrence of an Event of Default, the License shall terminate (automatically and without notice or demand of any kind and without regard to the adequacy of Grantee's security under this Security Instrument.)

2.3 Collection and Application of Rents and Enforcement of Leases Subject to the License granted to Grantor above and the other provisions of this Section, Grantee has the right, power, and authority to collect any and all Rents and enforce the provisions of any Lease. In connection with the provisions of this Section, Grantor hereby constitutes and irrevocably appoints Grantee its attorney-in-fact, with full power of substitution, to perform any and all of the following acts, if and at the times when Grantee in its sole and absolute discretion may so choose:

- (a) Demand, receive, and enforce payment of any and all Rents and endorse all checks and other payment instruments related thereto;
- (b) Give receipts, releases, and satisfactions for any and all Rents;
- (c) Sue either in the name of Grantor or in the name of Grantee for any and all Rents,
- (d) Enforce the provisions of any and all Leases;
- (e) Enter into Leases; and/or

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(f) Perform and discharge any and all undertakings of Grantor or otherwise under any Lease.

The appointment granted in this Section shall be deemed to be a power coupled with an interest. Grantee's rights under this Section do not depend on whether or not Grantee takes possession of the Property as permitted under this Security Instrument. In Grantee's sole and absolute discretion, Grantee may choose to collect Rents or enforce any and all Leases either with or without taking possession of the Property and either in person or through a court-appointed receiver. Grantee's rights and powers under this Section are in addition to the other remedies herein provided for upon the occurrence of an Event of Default and may be exercised independently of or concurrently with any other such remedies.

2.4 Notice. All lessees under any and all Leases are hereby irrevocably authorized and notified by Grantor to rely upon and to comply with (and will be fully protected in so doing) any notice or demand by Grantee for the payment to Grantee of any rental or other sums which may at any time become due under the Leases, or for the performance of any of lessees' undertakings under the Leases, and lessees have no right or duty to inquire whether any Event of Default has actually occurred or is then existing hereunder or to obtain Grantor's consent.

2.5 Proceeds. Grantee has the right to apply all amounts received by it pursuant to this assignment to pay any of the following in the amounts and in the order Grantee deems appropriate: (a) any and all Secured Obligations, together with all costs and attorneys' fees; (b) all expenses of leasing, operating, maintaining, and managing the Property, including, without limitation, the salaries, fees, commissions and wages of a managing agent, and the other employees, agents, or independent contractors; (c) taxes, charges, claims, assessments, any other liens, and premiums for all insurance; and (d) the cost of all alterations, renovations, repairs or replacements, and all expenses incident to taking and retaining possession of the Property. In addition, Grantee may hold the same as security for the payment of the Secured Obligations. Grantee shall have no liability for any funds which it does not actually receive.

2.6 Grantee Not Responsible. Under no circumstances shall Grantee have any duty to produce Rents from the Property. Regardless of whether or not Grantee, in person or by agent, takes actual possession of the Land and the Improvements, Grantee is not and shall not be deemed to be:

- (a) A "mortgagee in possession" for any purpose; or
- (b) Responsible for performing any of the obligations of the Grantor as lessor under any lease; or
- (c) Responsible for any waste committed by lessees or any other parties, any dangerous or defective condition of the Property, or any negligence in the management, upkeep, repair or control of the Property; or
- (d) Except to the extent directly attributable to Grantee's gross negligence or willful misconduct, liable in any manner for the Property or the use, occupancy, enjoyment or operation of all or any part of it.

2.7 Leasing. Grantor shall not accept any deposit or prepayment of Rents for any rental period exceeding one (1) month without Grantee's express prior written consent. Grantor shall not lease the Property or any part of it except strictly in accordance with all applicable

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restrictions on the Land, including without limitation restrictions imposed pursuant to Grantor's qualification to receive low income housing tax credits pursuant to Section 42 of the Internal Revenue Code ("Tax Credits").

3. Grant of Security Interest.

3.1 Security Agreement. The parties intend for this Security Instrument to create a lien on the Property, and an absolute assignment of the Rents and Leases, all in favor of Grantee. The parties acknowledge that some of the Property and some of the Rents and Leases may be determined under applicable law to be personal property or fixtures. To the extent that any Property, Rents, or Leases may be or be determined to be personal property, Grantor, as debtor, hereby grants to Grantee, as secured party, a security interest in all such Property, Rents, and Leases, to secure payment and performance of the Secured Obligations. This Security Instrument constitutes a security agreement under the UCC covering all such Property, Rents, and Leases. To the extent such Property, Rents, or Leases are not real property encumbered by the lien granted above, and are not absolutely assigned by the assignment set forth above, it is the intention of the parties that such Property, Rents, and/or Leases shall constitute "proceeds, products, offspring, rents, or profits" (as defined in and for the purposes of Section 552(b) of the United States Bankruptcy Code, as such section may be modified or supplemented) of the Land and Improvements.

3.2 Financing Statements; Authorization to File; Power of Attorney. Grantor hereby authorizes Grantee, at any time and from time to time, to file any initial financing statements, amendments thereto and continuation statements with or without the signature of Grantor as authorized by applicable law, as applicable to the Property or any part thereof. Grantor shall pay all fees and costs that Grantee may incur in filing such documents in public offices and in obtaining such record searches as Grantee may reasonably require and all other reasonable fees and costs Grantee incurs in connection with perfection of its security interests. For purposes of such filings, Grantor agrees to promptly furnish any information requested by Grantee. Grantor also ratifies its authorization for Grantee to have filed any like initial financing statements, amendments thereto, or continuation statements if filed prior to the date of this Security Instrument. Grantor hereby irrevocably constitutes and appoints Grantee, with full power of substitution, as its true and lawful attorneys-in-fact with full irrevocable power and authority in the place and stead of Grantor to execute in Grantor's name any such documents and to otherwise carry out the purposes of this Section, to the extent that Grantor's authorization above is not sufficient. Such power is deemed to be coupled with an interest, and is therefore irrevocable. If any financing statement or other document is filed in the records normally pertaining to personal property, that filing shall never be construed as in any way derogating from or impairing this Security Instrument or the rights or obligations of the parties under it.

Everything used in connection with the Property and/or adapted for use therein and/or which is described or reflected in this Security Instrument is, and at all times and for all purposes and in all proceedings both legal or equitable shall be regarded as part of the real estate encumbered by this Security Instrument regardless of whether (i) any such item is physically attached to the Improvements, (ii) serial numbers are used for the better identification of certain equipment items capable of being thus identified in a recital contained herein or in any list filed with Grantee or (iii) any such item is referred to or reflected in any such financing statement so filed at any time. Similarly, the mention in any such financing statement of (1) rights in or to the proceeds of any fire and/or hazard insurance policy, or (2) any award in eminent domain proceedings for a taking or for lessening of value, or (3) Grantor's interest as lessor in any present or future lease or rights to income growing out of the use and/or

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occupancy of the property conveyed hereby, whether pursuant to lease or otherwise, shall never be construed as in any way altering any of the rights of Grantee as determined by this instrument or impugning the priority of Grantee's lien granted hereby or by any other recorded document. Such mention in the financing statement is declared to be solely for the protection of Grantee in the event any court or judge shall at any time hold, with respect to the matters set forth in the foregoing clauses (1), (2), and (3), that notice of Grantee's priority of interest is required in order to be effective against a particular class of persons, including but not limited to the federal government and any subdivisions or entity of the federal government, shall be filed in the UCC records.

4. Effective as a Financing Statement; Fixture Filing and Construction Mortgage.

This Security Instrument constitutes a financing statement filed as a fixture filing under the applicable section of the UCC covering any Property which now is or later may become fixtures attached to the Land or Improvements. This Security Instrument shall also be effective as a financing statement covering as-extracted collateral (including oil and gas), accounts, and general intangibles under the UCC, which will be financed at the wellhead or minehead of the wells or mines located on the Land and is to be filed of record in the real estate records of each county where any part of the Land is situated. This Security Instrument shall also be effective as a financing statement covering any other Property and may be filed in any other appropriate filing or recording office. The mailing address of Grantor is the address of Grantor set forth at the end of this Security Instrument, and the address of the Grantee from which information concerning the security interests hereunder may be obtained is the address of Grantee set forth at the end of this Security Instrument. A carbon, photographic or other reproduction of this Security Instrument or of any financing statement related to this Security Instrument shall be sufficient as a financing statement for any of the purposes referred to in this Section. This Security Instrument is also a "Construction Mortgage," as defined in the UCC to the extent it secures an obligation incurred for the construction of an improvement on the Land (including the acquisition cost of the Land), or the refinancing of an obligation incurred for the construction of an improvement on the Land (including the acquisition cost of the Land).

5. Rights and Duties of the Parties.

5.1 Representations and Warranties. Grantor represents and warrants that, except as previously disclosed to Grantee in writing:

(a) Grantor is indefeasibly seized of and lawfully possesses and holds good and marketable fee simple title to all of the Land and the Improvements, and Grantor and its successors and assigns warrant and shall forever defend title to the Property, subject only to such exceptions and conditions to title as set forth on Exhibit B attached hereto, or as otherwise approved in writing by Grantee in its sole and absolute discretion (the "Permitted Title Exceptions") (and any later such encumbrances approved by Grantee in writing), unto Grantee and Grantee's successors and assigns against the claims and demands of all persons claiming or to claim the same or any part thereof; and

(b) Grantor has the full and unlimited power, right and authority to encumber the Property and assign the Rents; and

(c) This Security Instrument creates a lien on the Property free and clear of all liens, encumbrances, and claims whatsoever, subject only to the Permitted Title Exceptions; and

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(d) The Property includes all property and rights which may be reasonably necessary or desirable to promote the present and any reasonable future beneficial use and enjoyment of the Land and the Improvements; and

(e) Grantor owns any Property which is personal property free and clear of all liens, encumbrances, and claims whatsoever, as well as any security agreements, reservations of title, or conditional sales contracts, and there is no presently effective financing statement affecting such personal property on file in any public office, except with respect to junior indebtedness, if any, approved and permitted by Grantee as a Permitted Title Exception; nor is any of such personal property subject to a security interest having priority over Grantee's priority to the same and Grantor has the right to convey and encumber such property and will warrant and defend such property against the claims of all persons and parties; and

(f) The Property has frontage on and direct access for ingress and egress to publicly dedicated streets; and

(g) Electricity (and gas, if available), water facilities, sewer facilities and any other necessary utilities are, and at all times hereafter shall be, available in sufficient capacity to service the Property satisfactorily and any easements necessary to the furnishing of such utilities are or will be granted and duly recorded; and

(h) Grantor's exact legal name and organizational identification number (if any assigned by Grantor's state of incorporation or organization) are correctly set forth in this Security Instrument. Grantor is an organization of the type and (if not an unregistered entity) is incorporated in or organized under the laws of the state specified in the introductory paragraph of this Security Instrument. If Grantor is an unregistered entity (including a general partnership), it is organized under the laws of the state specified in the introductory paragraph of this Security Instrument. Grantor's principal place of business and chief executive office and the place where it keeps its Books and Records has for the preceding four months (or, if less, the entire period of the existence of Grantor) been and will continue to be (unless Grantor notifies Grantee of any change in writing at least thirty (30) days prior to the date of such change) the address of Grantor set forth at the end of this Security Instrument.

5.2 Taxes and Assessments.

(a) Grantor shall pay prior to delinquency all taxes, levies, charges and assessments, including assessments on appurtenant water stock (individually and collectively, an "Imposition"), imposed by any public or quasi-public authority or utility company that are (or if not paid, may become) a lien on all or part of the Property or any interest in it, or that, if not paid, may cause any decrease in the value of the Property or any part of it. If any Imposition becomes delinquent, Grantee may require Grantor to present evidence that it has been paid in full, on ten (10) days written notice by Grantee to Grantor. Notwithstanding the foregoing provisions of this Section, Grantor may, at its expense, contest the validity or application of any Imposition by appropriate legal proceedings promptly initiated and conducted in good faith and with due diligence, provided that (i) Grantee is reasonably satisfied that neither the Property nor any part thereof or interest therein will be in danger of being sold, forfeited or lost as a result of such contest, and (ii) Grantor shall have posted a bond or furnished other security as may be reasonably required from time to time by Grantee; and provided further that if at any time payment of any obligation imposed upon Grantor by this Section becomes necessary to prevent a lien foreclosure sale or forfeiture or loss of the Property, or any part thereof, then Grantor,

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upon demand of Grantee, must pay the same in sufficient time to prevent such sale, forfeiture, or loss.

(b) If not already required by another lender with a mortgage lien on the Property, Grantor shall, upon demand of Grantee, pay monthly to Grantee an amount sufficient, as estimated by Grantee, to accumulate the sum required to pay thirty (30) days prior to the due date thereof the annual cost of any real property taxes and any assessments and the estimated next premiums for hazard and other required insurance on the Property. These funds will be held by Grantee (and may be commingled with other funds of Grantee) without interest and will be released to Grantor for payment of Impositions and insurance premiums, or directly applied to such costs by Grantee, as Grantee may elect.

5.3 Performance of Secured Obligations. Grantor shall promptly pay and perform each Secured Obligation in accordance with its terms.

5.4 Liens, Charges, and Encumbrances. Except for Permitted Title Exceptions, Grantor shall allow no other liens or encumbrance, either superior or inferior to the lien of this Security Instrument, to exist with respect to the Property. Grantor shall immediately discharge any lien on the Property that Grantee has not expressly consented to in writing. Grantor shall pay when due each obligation secured by or reducible to a lien, charge, or encumbrance which now does or later may encumber all or part of the Property or any interest in it, whether the lien, charge, or encumbrance is or would be senior or subordinate to this Security Instrument. Grantor shall pay, perform and observe all obligations under any Permitted Title Exception, and will not modify or permit modification of them without Grantee's prior written consent.

5.5 Damages and Insurance and Condemnation Proceeds.

(a) Grantor hereby absolutely and irrevocably assigns to Grantee, and authorizes the payor to pay to Grantee, the following claims, causes of action, awards, payments, and rights to payment (whether awarded or to be awarded or which may be awarded because of judicial action, private action, settlement, or compromise):

(i) All awards of damages and all other compensation payable directly or indirectly because of a condemnation, proposed condemnation or taking for public or private use which affects all or part of the Property or any interest in it; and

(ii) All other awards, claims, and causes of action, arising out of any warranty affecting all or any part of the Property, or for damage or injury to or decrease in value of all or part of the Property or any interest in it; and

(iii) All proceeds of any insurance policies payable because of loss sustained to all or part of the Property, whether or not such insurance policies are required by Grantee; and

(iv) All interest which may accrue on any of the foregoing.

(b) Grantor shall immediately notify Grantee in writing if:

(i) Any damage occurs or any injury or loss is sustained to all or any part of the Property, or any action or proceeding relating to any such damage, injury, or loss is commenced; or

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(ii) Any offer is made, or any action or proceeding is threatened or commenced, which relates to any actual or proposed condemnation or taking of all or part of the Property.

(c) If Grantee chooses to do so, Grantee may in its own name appear in or prosecute any action or proceeding to enforce any cause of action based on warranty, or for damage, injury, or loss to all or part of the Property, and Grantee may make any compromise or settlement of the action or proceeding with respect to its rights and interests. Grantee, if it so chooses, may participate in any action or proceeding relating to condemnation or taking of all or part of the Property, and may join Grantor in adjusting any loss covered by insurance, and in connection therewith, Grantee shall have the right to be represented by counsel of its choice.

(d) All proceeds of these assigned claims and all other property and rights which Grantor may receive or be entitled to shall be paid to Grantee. In each instance, Grantee shall apply such proceeds first toward reimbursement of all of Grantee's costs and expenses of recovering the proceeds, including reasonable attorneys' fees. If, in any instance, each and all of the following conditions are satisfied in Grantee's reasonable judgment, Grantee shall permit Grantor to use the balance of such proceeds (the "Net Claims Proceeds") to pay costs of repairing or reconstructing the Property:

- (i) the plans and specifications, project budget, construction contract, construction schedule, contractor and payment and performance bond (or irrevocable standby letter of credit in lieu thereof) for the work of repair or reconstruction must all be reasonably acceptable to Grantee; and
- (ii) Grantee must receive evidence satisfactory to it that after repair or reconstruction, the Property would be at least as valuable as it was immediately before the damage or condemnation occurred and in this regard and notwithstanding any other provisions of the Loan Documents, Grantee may order an appraisal from an appraiser acceptable to Grantee, the cost of which shall be borne by Grantor; and
- (iii) the Net Claims Proceeds (together with the net proceeds of any rental interruption insurance and reasonably projected rental receipts during the repair or reconstruction period) must be sufficient in Grantee's reasonable determination to pay for the total cost of repair or reconstruction, including all associated development costs and interest projected to be payable on amounts owed by Grantor pursuant to the Loan Documents until the repair or reconstruction is complete; or Grantor must deposit, into an account (the "Net Claims Proceeds Account"), Grantor's own funds in an amount equal to the difference between the Net Claims Proceeds and a reasonable estimate, made by Grantor and found acceptable by Grantee, of the total cost of repair or reconstruction; and
- (iv) Unless otherwise agreed to by Grantee, Grantee shall receive evidence satisfactory to it that, after the repair or reconstruction is complete, (1) all non-residential leases acceptable to Grantee will continue (or a replacement therefore reasonably satisfactory to Grantee immediately commences); and (2) the Property will continue to operate in substantially the same manner, and will, following restoration, generate the same debt service coverage as immediately before the damage or condemnation occurred; and

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- (v) no Event of Default shall remain uncured and no event shall have occurred which, with the giving of notice or the passage of time or both, would constitute an Event of Default, and Grantee shall have received a certificate to that effect from Grantor.

If Grantee finds that such conditions have been satisfied, Grantee shall hold the Net Claims Proceeds, and any funds which Grantor is required to provide, in the Net Claims Proceeds Account and shall disburse them to Grantor to pay costs of repair or reconstruction upon presentation of evidence reasonably satisfactory to Grantee that repair or reconstruction has been completed satisfactorily and lien-free, including partial progress payments of Net Claims Proceeds from time to time, in accordance with a cost breakdown approved by Grantee and subject to such disbursement procedures as Grantee normally utilizes with construction loans. However, if Grantee finds that one or more of such conditions have not been satisfied, Grantee may apply the Net Claims Proceeds to pay or prepay some or all of the Secured Obligations in such order and proportions as Grantee may determine, all without affecting the lien and security interest created by this Security Instrument.

(e) Notwithstanding the preceding, in the event any governmental agency or authority shall require or commence any proceedings for the demolition of any buildings or structures comprising a substantial part of the Property, or shall commence any proceedings to condemn or otherwise take pursuant to the powers of eminent domain a material portion of the Property, Grantee may, at its option, declare the Secured Obligations to be immediately due and payable and apply any condemnation awards or proceeds to the Secured Obligations.

(f) Grantor hereby specifically, unconditionally and irrevocably waives all rights of a property owner granted under any applicable law which provides for allocation of condemnation proceeds between a property owner and a lienholder, and any other law or successor statute of similar import.

5.6 Surety Bond Proceeds.

(a) Grantor hereby absolutely and irrevocably assigns to Grantee, and authorizes the payor to pay to Grantee, all payments, rights to payment, and all other compensation payable, directly or indirectly, under any payment, performance, or other bond (each a "Surety Bond") related to, or issued in connection with, the construction of any improvements or the performance of any acts, related to the Property or any interest in it, whether or not such Surety Bonds are required by Grantee.

(b) Grantor shall immediately notify Grantee in writing of:

- (i) Any threatened or actual default or breach of any obligation under any Surety Bond; or
- (ii) Any action or inaction, including a breach by any contractor under their contract (if applicable), which would give rise to the obligation of the payor/surety to pay any sums or perform any acts pursuant to the terms of any Surety Bond.

(c) If Grantee chooses to do so, Grantee may in its own name appear in or prosecute any action or proceeding to enforce any cause of action based on any claim under a Surety Bond, and Grantee may make any compromise or settlement of any such action or proceeding.

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(d) All proceeds of these assigned payments, rights to payment, and compensation payable, directly or indirectly, under any Surety Bond which Grantor may receive or be entitled to, shall be paid to Grantee. In each instance, Grantee shall apply such proceeds first toward reimbursement of all of Grantee's costs and expenses of recovering the proceeds, including reasonable attorneys' fees. If Grantor desires to use the balance of such proceeds (the "Net Bond Proceeds") to pay the costs of completing all or a part of the construction of certain of the Improvements, and each and all of the following conditions are satisfied in Grantee's reasonable judgment, Grantee shall permit Grantor to pay such costs of construction, in the manner described below:

(i) The plans and specifications, cost breakdown, construction contract (including any replacement contract), construction schedule (including all revisions thereto), contractor (including any replacement contractor), and, if required by Grantee, any replacement payment and performance bond for the construction work, shall all be acceptable to Grantee; and

(ii) To the extent allowed pursuant to the terms of the Surety Bond, Grantee shall have approved any replacement contractor(s); and

(iii) Grantee shall receive evidence satisfactory to it that after the construction is complete, the Property would be at least as valuable as it would have been if completed pursuant to the original construction contract, and in this regard and notwithstanding any other provisions of the Loan Documents, Grantee may order an appraisal from an appraiser acceptable to Grantee the cost of which shall be borne by Grantor; and

(iv) The Net Bond Proceeds shall be sufficient in Grantee's determination to pay for the total cost of the applicable construction, including all associated development costs and interest and other sums projected to be payable on the Secured Obligations until the applicable construction is complete; or Grantor shall provide its own funds in an amount equal to the difference between the Net Bond Proceeds and a reasonable estimate, made by Grantor and found acceptable by Grantee, of the total cost of such construction; and

(v) Grantee shall be satisfied that the repair or reconstruction can be completed prior to the Final Maturity Date; and

(vi) No default or Event of Default shall have occurred under this Security Instrument or any other Loan Document.

If Grantee finds that such conditions have been satisfied, Grantee shall hold the Net Bond Proceeds, and any funds which Grantor is required to provide, in a non-interest-bearing account and shall disburse them to Grantor to pay costs of construction upon presentation of evidence reasonably satisfactory to Grantee that the construction has been completed satisfactorily and lien-free, including partial progress payments of Net Bond Proceeds from time to time, in accordance with a cost breakdown approved by Grantee and the same procedures and subject to the same conditions, as are normally imposed by Grantor for construction loan disbursements. However, if Grantee finds that one or more of such conditions have not been satisfied, Grantee may apply the Net Bond Proceeds to pay or prepay some or all of the Secured Obligations in such order and proportions as Grantee may choose, all without affecting the lien and security interest created by this Security Instrument.

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(e) Notwithstanding anything herein to the contrary, to the extent that any of the terms of this Section conflict with the terms of any Surety Bond which has been approved in writing by Grantee, the terms of such Surety Bond shall control.

5.7 Maintenance and Preservation of Property.

(a) Grantor shall insure the Property as required herein and keep the Property in good condition and repair.

(b) Grantor shall not remove or demolish the Property or any part of it, or alter, restore or add to the Property, or initiate or allow any change in any zoning or other land use classification which affects the Property or any part of it, except as permitted or required by the Loan Documents or with Grantee's express prior written consent in each instance.

(c) If all or part of the Property becomes damaged or destroyed, Grantor shall promptly and completely repair and/or restore the Property in a good and workmanlike manner in accordance with sound building practices and Grantee shall allow use of any net proceeds of insurance received in connection with such event as set forth in Section 5.19(e).

(d) Grantor shall not commit or allow any act upon or use of the Property which would violate: (i) any applicable law or order of any governmental authority, whether now existing or later to be enacted and whether foreseen or unforeseen; or (ii) any public or private covenant, condition, restriction or equitable servitude affecting the Property, including without limitation the requirements of any applicable authority with respect to Tax Credits. Grantor shall not bring or keep any article on the Property or cause or allow any condition to exist on it, if that could invalidate or would be prohibited by any insurance coverage required to be maintained by Grantor on the Property or any part of it under the Loan Documents.

(e) Grantor shall not commit or allow waste of the Property, including those acts or omissions in connection with Hazardous Substances (as such term is defined in the Environmental Indemnity (hereinafter defined)).

(f) Grantor shall perform all other acts which from the character or use of the Property may be reasonably necessary to maintain and preserve its value and utility.

(g) If any part of Grantor's interest in the Property is a leasehold interest, Grantor shall observe and perform all obligations of Grantor under any such lease or leases and shall refrain from taking any actions prohibited by any lease or leases, and Grantor shall preserve and protect such leasehold estate and its value.

(h) If any easement or right of way appurtenant to, or recorded agreement which benefits, the Property exists or is hereafter entered into, Grantor shall perform its obligations and duties under such easement, right of way, or agreement, and shall take all such actions as may be necessary to prevent such easement, right of way, or agreement from being terminated for Grantor's non-performance. Grantor irrevocably appoints Grantee its attorney-in-fact, with full power of substitution, for the purpose of performing any act to be performed by Grantor under any such easement, right of way, or agreement.

5.8 Maintenance of Accounts and Reserves. Grantor shall establish and maintain the following accounts and reserves:

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(i) An operating reserve ("Operating Reserve") in an amount of not less than \$293,459 with a financial institution acceptable to Grantee ("Acceptable Bank"). Funds in the Operating Reserve are intended to cover any operating deficit (i.e. insufficient cash flow from the Project to cover normal operating expenses and maintenance, which normal operating expenses and maintenance shall not include any items which are to be paid from any other reserves or accounts maintained pursuant to the terms of the Loan Documents) and to pay to Grantee the monthly payments of principal and interest due under the Note to the extent that cash flow from the Project or funds from the Lease-Up Reserve (as to payments of principal and interest) are insufficient to pay such sums;

(ii) A replacement reserve ("Replacement Reserve") with an Acceptable Bank in an amount not less than \$27,300 to which Grantor shall make annual deposits of \$___ per unit pro-rated on a monthly basis. Funds in the Replacement Reserve are intended to provide available funds for maintenance and withdrawal of such funds must be approved by Grantee;

(iii) A lease-up reserve ("Lease-Up Reserve") with an Acceptable Bank in an amount not less than \$60,000. Funds in the Lease-Up Reserve are intended to pay to Grantee payments of principal and interest and other sums due under the Note or this Security Instrument to the extent that cash flow from the Property is insufficient to pay such sums;

(iv) An operating account with an Acceptable Bank for the purpose of collecting all income and paying expenses resulting from the operations of Grantor. Such account shall be subject to Grantee's standard form of automatic loan payment authorization;

(v) An Insurance Escrow in the amount of \$90,000 and a Real Estate Tax Escrow in the amount of \$30,000, which funds shall be disbursed upon Grantee's written approval, not to be unreasonably withheld, and are intended to pay for insurance and real estate taxes. Such reserves shall be replenished with monthly payments based on 105% of the most recent annual costs for real estate taxes and insurance for the Property.

5.9 Releases, Extensions, Modifications, and Additional Security. From time to time, Grantee may perform any of the following acts without incurring any liability or giving notice to any person:

- (i) Release any person liable for payment of any Secured Obligation;
- or
- (ii) Extend the time for payment, or otherwise alter the terms of payment, of any Secured Obligation; or
 - (iii) Accept additional real or personal property of any kind as security for any Secured Obligation, whether evidenced by deeds of trust, mortgages, security agreements or any other instruments of security; or
 - (iv) Alter, substitute or release any property securing the Secured Obligations; or

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- (v) Consent to the making of any plat or map of the Property or any part of it; or
- (vi) Join in granting any easement or creating any restriction affecting the Property; or
- (vii) Join in any subordination or other agreement affecting this Security Instrument or the lien of it; or
- (viii) Reconvey Grantee's interest in the Property or any part of it without any warranty.

5.10 Release. When all of the Secured Obligations have been paid and performed in full, and no further commitment to extend credit continues under the Secured Obligations, then (except to the extent expressly provided herein with respect to the survival of any indemnifications, representations, warranties, and other rights which are to continue following the release or cancellation hereof) Grantee shall release or cancel the Property from the liens, security interests, conveyances and assignments herein in accordance with applicable law. Grantor shall pay any costs of such release or cancellation, to the extent not prohibited by applicable law.

5.11 Compensation, Exculpation, Indemnification.

(a) Grantor agrees to pay such reasonable fees as may be charged by Grantee for any services that Grantee may render in connection with this Security Instrument, including Grantee's providing a statement of the Secured Obligations or rendering of services in connection with a release or cancellation (full or partial). Grantor shall also pay or reimburse all of Grantee's costs and expenses which may be incurred in rendering any such services. Grantor further agrees to pay or reimburse Grantee for all costs, expenses, and other advances which may be incurred or made by Grantee in any efforts to enforce any terms of this Security Instrument, including the exercise of any rights or remedies afforded to Grantee under the remedies section below, whether any lawsuit is filed or not, or in defending any action or proceeding arising under or relating to this Security Instrument, including reasonable attorneys' fees and other legal costs (which shall include reimbursement for the allocated costs of in-house counsel used by Grantee to the extent not prohibited by law), costs of any judicial foreclosure of this Security Instrument, and any cost of evidence of title. If Grantee chooses to dispose of Property through more than one judicial foreclosure, Grantor shall pay all costs, expenses, or other advances that may be incurred or made by Grantee in each of such judicial foreclosure.

(b) Grantee shall not be directly or indirectly liable to Grantor or any other person as a consequence of any of the following:

- (i) Grantee's exercise of or failure to exercise any rights, remedies or powers granted to Grantee in this Security Instrument; or
- (ii) Grantee's good faith failure or refusal to perform or discharge any obligation or liability of Grantor under any agreement related to the Property or under this Security Instrument; or

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(iii) any waste committed by lessees of the Property or any other parties, or any dangerous or defective condition of the Property, unless such waste or condition is the result of Grantee's gross negligence or willful misconduct; or

(iv) any loss sustained by Grantor or any third party resulting from Grantee's failure to lease the Property, or from any other act or omission of Grantee in operating or managing the Property, after an Event of Default, unless the loss is caused by the gross negligence or willful misconduct of Grantee.

Grantor hereby expressly waives and releases all liability of the types described above, and agrees that no such liability shall be asserted against or imposed upon Grantee.

(c) Grantor agrees to indemnify, defend, and hold Grantee harmless for, from and against and reimburse it for all losses, damages, liabilities, claims, causes of action, judgments, penalties, court costs, reasonable attorneys' fees and other legal expenses and expenses of professional consultants and experts, cost of evidence of title, cost of evidence of value, and other costs and expenses, including the settlement of any such matter, excepting those arising out of, or resulting, from Grantee's gross negligence or willful misconduct, or as otherwise excluded in the Environmental Indemnity, which either may suffer or incur:

(i) In performing any act required or permitted by this Security Instrument or any of the other Loan Documents or by law; or

(ii) Because of any failure of Grantor to perform any of Grantor's obligations; or

(iii) Because of any alleged obligation of or undertaking by Grantee to perform or discharge any of the representations, warranties, conditions, covenants, or other obligations in any document relating to the Property other than the Loan Documents.

This agreement by Grantor to indemnify Grantee shall survive payoff, termination, or the release and cancellation of any or all of the Secured Obligations, and the full or partial release and/or cancellation of this Security Instrument.

(d) Grantor shall pay all obligations to pay money arising under this Section immediately upon written demand by Grantee. Each such obligation shall be added to, and considered to be part of, the principal of the Note, and shall bear interest from the date the obligation arises at the Default Interest Rate (as such term is defined in the Note).

5.12 Defense and Notice of Claims and Actions. At Grantor's sole expense, Grantor shall protect, preserve and defend the Property and title to and right of possession of the Property, and the security of this Security Instrument and the rights and powers of Grantee created under it, against all adverse claims. Grantor shall give Grantee prompt notice in writing if any claim is asserted which does or could affect any of such matters, or if any action or proceeding is commenced which alleges or relates to any such claim.

5.13 Subrogation. Grantee shall be subrogated to the liens of all encumbrances affecting the Property, whether released or not, which are discharged in whole or in part by Grantee in accordance with this Security Instrument or with the proceeds of any loan secured by this Security Instrument.

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5.14 Site Visits, Observation and Testing. Grantee and its agents and representatives and the other Indemnitees (as such term is defined in the Environmental Indemnity), and their agents and representatives, shall have the right at any reasonable time upon reasonable notice to enter and visit the Property, accompanied by a representative of Grantor to the extent such representative is available, for the purposes of observing the Property and performing appraisals, taking and removing soil or groundwater samples and conducting tests on any part of the Property. The Indemnitees have no duty, however, to visit or observe the Property or to conduct tests, and no site visit, observation, or testing by any Indemnitee shall impose any liability on any Indemnitees. In no event shall any site visit, observation or testing by any Indemnitee be a representation that Hazardous Substances (as such term is defined in the Environmental Indemnity of even date herewith from Grantor to Grantee (the "Environmental Indemnity") are or are not present in, on or under the Property, or that there has been or shall be compliance with any law, regulation, or ordinance pertaining to Hazardous Substances or any other applicable governmental law. Neither Grantor nor any other party is entitled to rely on any site visit, observation, or testing by any Indemnitee. The Indemnitees owe no duty of care to protect Grantor or any other party against, or to inform Grantor or any other party of, any Hazardous Substances or any other adverse condition affecting the Property. The Indemnitees may in their discretion disclose to Grantor or any other party any report or findings made as a result of, or in connection with, any site visit, observation or testing by the Indemnitees. Grantor understands and agrees that the Indemnitees make no representation or warranty to Grantor or any other party regarding the truth, accuracy, or completeness of any such report or findings that may be disclosed. Grantor also understands that, depending on the results of any site visit, observation or testing by any Indemnitee which are disclosed to Grantor, Grantor may have a legal obligation to notify one or more environmental agencies of the results. Any Indemnitee shall give Grantor reasonable notice before entering the Property. Such Indemnitee shall make reasonable efforts to avoid interfering with Grantor's use of the Property in exercising any rights provided in this Section. In connection with any such site visit, observation or testing, Grantor shall have rights with respect to the release and/or disclosure of environmental reports as set forth in the Environmental Indemnity.

5.15 Notice of Change. Grantor will not cause or permit any change to be made in (a) its name, identity or corporate, partnership, limited liability company, or other entity structure, (b) its jurisdiction of organization (c) its organizational identification number, (d) its place of business or, if more than one, its chief executive office, (e) its mailing address, or (f) any change in the location of any Property, unless Grantor shall have notified Grantee in writing of such change at least thirty (30) days prior to the effective date of such change, and shall have first taken all action required by Grantee for the purpose of further perfecting or protecting the lien and security interest of Grantee in the Property. Unless otherwise approved by Grantee in writing, all Property that consists of personal property (other than Books and Records) will be located on the Land and all Books and Records will be located at Grantor's place of business or chief executive office if Grantor has more than one place of business.

5.16 Reports. As long as any portion of the Secured Obligation is outstanding or any amounts under the Note remain unpaid, Grantor covenants and agrees that, unless Grantee otherwise consents in writing, Grantor shall furnish or cause to be furnished to Grantee, the following financial information and other reports:

(a) Within ninety (90) days after the end of each fiscal year of Grantor and Grantor's managing member ("Managing Member"), annual financial statements, prepared by an independent certified public accountant acceptable to Grantee.

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(b) Within thirty (30) days following the end of each fiscal quarter of Grantor, Grantor shall furnish or cause to be furnished to Grantee an operating statement for the most recent quarter together with a current rent roll.

(c) Such additional information, reports, statements, copies of leases and rent rolls and certificates with respect to the Secured Obligations or the Property, or the operations or financial condition of Grantor, as Grantee may from time to time reasonably request.

5.17 Notices to Grantee. Grantor shall promptly notify Grantee of any of the following:

(a) The commencement of any action, suit or proceeding before any court or governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, which seeks recovery from Grantor in an amount equal to or greater than \$25,000;

(b) The occurrence of any material adverse change in the condition, financial or otherwise, of Grantor from the date of the most recent financial statements of Grantor delivered to Grantee pursuant to Section 5.16 which would materially adversely affect Grantor's ability to perform its obligations under the Loan Documents;

(c) The occurrence of any Event of Default; and

(d) Any notice, claim, or demand given by Grantor or received by Grantor related to the Property, or any event affecting the Property, if such notice, claim, demand, or event is material to the performance of Grantor under the Loan Documents or under the terms of any agreements or instruments relating to the Property.

5.18 Further Assurances. Grantor shall, promptly on request of Grantee, (a) correct any defect, error or omission which may be discovered in the contents, execution or acknowledgement of this Security Instrument or any other Loan Document; (b) execute, acknowledge, deliver, procure and record and/or file such further documents (including, without limitation, further mortgages, security agreements, financing statements, financing statement amendments, continuation statements and assignments of rents or leases) and do such further acts as may be necessary, desirable, or proper (i) to carry out more effectively the purposes of this Security Instrument and the other Loan Documents, (ii) to more fully identify and subject to the liens and security interests hereof any property intended to be covered hereby (including specifically, but without limitation, any renewals, additions, substitutions, replacements or appurtenances to the Property), or (iii) as deemed advisable by Grantee to protect the lien or security interest hereunder against the rights or interests of third persons; and (c) provide such further acts as may be necessary, desirable or proper to enable Grantee to comply with the requirements or requests of any agency having jurisdiction over Grantee or any examiners of such agencies with respect to the Secured Obligations, Grantor or the Property. Grantor shall pay all costs connected with any of the foregoing within five (5) days after the written demand by Grantee. If not paid when due, such costs shall be added to, and considered to be part of, the principal of the Note, and shall bear interest from the date of such written demand at the Default Interest Rate.

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5.19 Insurance.

(a) Grantor shall at all times provide, maintain and keep in force insurance as set forth on Exhibit C. Also at all times, Grantor must provide, maintain and keep in force any and all additional insurance Grantee in its reasonable judgment may from time to time require, against commonly insured hazards for similarly situated properties. Such additional insurance may include flood insurance as required by federal law and earthquake insurance as required by Grantee. At Grantee's request, Grantor must supply Grantee with an original or copy of any policy.

(b) All policies of insurance required under this Agreement or any of the other Loan Documents must be issued by companies approved by Grantee having an A.M. Best's rating no less favorable than A-IX, with limits, coverage, forms, deductibles, inception and expiration dates and cancellation provisions acceptable to Grantee. In addition, each required property insurance policy must contain a Lender's Loss Payable Form (Form 438BFU or equivalent) in favor of Grantee and provide that all proceeds be payable to Grantee to the extent of its interest. An approval by Grantee is not, and shall not be deemed to be, a representation of the solvency of any insurer or the sufficiency of any amount of insurance. For all required liability coverage Grantee must be listed as an additional insured and for all property coverage Grantee must be listed as lender's loss payee and mortgagee.

(c) Each policy of insurance required under the Loan Documents must provide that it may not be modified or canceled without at least thirty (30) days prior written notice to Grantee. When any required insurance policy expires, Grantor must furnish Grantee with proof acceptable to Grantee that the policy has been reinstated or a new policy issued, continuing in force the insurance covered by the expired policy. Grantor must also furnish evidence satisfactory to Grantee that all premiums for such policy have been paid within thirty (30) days of renewal or issuance. If Grantee fails to receive such proof and evidence, Grantee has the right, but not the obligation, to obtain current coverage and advance funds to pay the premiums for it. Grantor must repay Grantee immediately on demand for any advance for such premiums, which will be an additional loan to Grantor bearing interest at the Default Interest Rate and secured hereby and any other collateral held by Grantee in connection with the Loan Documents.

(d) Grantor shall give Grantee immediate notice of any casualty to any portion of the Property, whether or not covered by insurance, and of the institution or threatened institution of any proceeding for the condemnation or other taking for public or quasi-public use of any portion of the Property, and shall provide Grantee with copies of all documents which pertain to any such casualty or proceeding. Grantor shall take all action reasonably required by Grantee in connection therewith to protect the interests of Grantor and/or Grantee, and Grantee shall be entitled, but shall not be obligated (without regard to the adequacy of its security) to participate in any action, claim, adjustment or proceeding and to be represented therein by counsel of its own choice. Grantor shall not settle, adjust or compromise any such claim without the prior written approval of Grantee to such settlement, adjustment or compromise, which approval shall not be unreasonably withheld.

(e) Provided that Grantor satisfies the requirements and conditions of Section 5.5 and all requirements of the Loan Documents in connection with such disbursement, Grantee shall consent to the disbursement of proceeds of any property insurance policies from time to time maintained by Grantor and proceeds of condemnation awards received by Grantor as provided in the Loan Documents and Section 5.5 for repair and restoration of the Property.

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(f) Nothing in this Section 5.19 shall be construed to excuse Grantor from repairing and restoring all damage to the Property in accordance with the Loan Documents, regardless of whether insurance proceeds are sufficient.

(g) In the event of foreclosure of this Security Instrument or other assignment of the Property in extinguishment, in whole or in part, of obligations to Grantee secured thereby, all right, title and interest of Grantor in and to all policies of insurance required hereunder and any related unearned premiums shall, without further action, be assigned to and inure to the benefit of the successor-in-interest to Grantor or the purchaser or grantee of the Property, and Grantor hereby appoints Grantee its true and lawful attorney-in-fact to execute an assignment thereof and any other documents necessary to effect any such transfer, such power deemed to be coupled with an interest and therefore irrevocable.

6. Accelerating Transfers, Default and Remedies.

6.1 Accelerating Transfers.

(a) "Accelerating Transfer" means (i) any sale, contract to sell, conveyance, encumbrance, pledge, mortgage, lease, except for Permitted Title Exceptions, residential leases which would comply with applicable low income restrictions applicable to the Property, or as otherwise expressly permitted under this Security Instrument, or (ii) any other transfer of all or any material part of the Property or any interest in it, whether voluntary, involuntary, by operation of law or otherwise. If Grantor is a limited liability company, "Accelerating Transfer" also means withdrawal or removal of any managing member, dissolution of the company under Illinois law, or any transfer or transfers of, in the aggregate, more than fifty percent (50%) of the membership interests. Notwithstanding the foregoing, the following shall not be deemed an Accelerating Transfer: (a) the removal and replacement of the managing member by the Investor Member in accordance with the Restated and Amended Operating Agreement of Grantor in effect on the date hereof (the "Operating Agreement") provided such replacement managing member is selected with reasonable promptness and is reasonably acceptable to Grantee, (b) the transfer by the Investor Member of its interest in Grantor in accordance with the Operating Agreement, (c) any transfer by any Affiliate (as such term is defined in the Operating Agreement) of Grantor of any membership interest in Grantor, or (d) grant of easements that have no material adverse impact upon the Property or the Project or the value of Grantee's mortgage interest.

(b) Grantor acknowledges that Grantee made the Loan in reliance on the expertise, skill, and experience of Grantor; thus, the Secured Obligations include material elements similar in nature to a personal service contract. In consideration of Grantee's reliance, Grantor agrees that Grantor shall not make any Accelerating Transfer. If any Accelerating Transfer occurs, an Event of Default will occur and Grantee may implement available rights and remedies and the other Loan Documents including declaration of all of the Secured Obligations to be immediately due and payable, and Grantee may invoke any rights and remedies under this Security Instrument. Grantor acknowledges the materiality of the provisions of this Section as a covenant of Grantor, given individual weight and consideration by Grantee in entering into the Secured Obligations, and that any Accelerating Transfer in violation of the prohibited transfer provisions herein set forth shall result in a material impairment of Grantee's interest in the Property and be deemed a breach of the foregoing covenant.

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6.2 Events of Default. Grantor will be in default under this Security Instrument upon the occurrence of any one or more of the following events (some or all collectively, "Events of Default;" any one singly, an "Event of Default"):

(a) Grantor fails to pay when due any sum payable under the Note, subject to any applicable grace period.

(b) Grantor fails to perform any obligation to pay money which arises under this Security Instrument, and does not cure that failure within ten (10) days after written notice from Grantee; or

(c) Grantor fails to perform any obligation arising under this Security Instrument other than one to pay money, and does not cure that failure either within thirty (30) days (the "Initial Cure Period") after written notice from Grantee, or within ninety (90) days after such written notice, so long as Grantor begins within the Initial Cure Period and diligently continues to cure the failure, and Grantee, exercising reasonable judgment, determines that the cure cannot reasonably be completed at or before expiration of the Initial Cure Period; or

(d) A Default or Event of Default (as such term is defined in the applicable document, subject to any applicable notice and cure periods) is declared under any other Loan Document; or

(e) Any default by Grantor, subject to any applicable notice and cure periods, occurs under any other mortgage, deed of trust, security deed, or other security instrument on all or any part of the Property, or under any obligation secured by such security instrument, whether such security instrument is prior to or subordinate to this Security Instrument; or

(f) Grantor or Managing Member becomes insolvent, or fails or ceases to pay its debts as they mature or makes an assignment for the benefit of creditors or files a petition in bankruptcy or is adjudicated insolvent or bankrupt, or petitions or applies to any tribunal for the appointment of any receiver or any trustee, or commences any proceeding under any reorganization, arrangement, readjustment of debt, dissolution or liquidation law or statute of any jurisdiction, whether now or hereafter in effect, or any such proceeding is commenced against Grantor or Managing Member that is not dismissed within a period of ninety (90) days, or Grantor or Managing Member, by any act indicates its consent to, approval of, or acquiescence in any such proceeding or the appointment of any receiver or any trustee for it or any substantial part of its property, or suffers any such receivership or trusteeship to continue undischarged for a period of sixty (60) days; or

(g) One or more judgments or decrees are entered against Grantor or Managing Member involving in the aggregate a liability of Grantor or Managing Member (not paid or fully covered by insurance) of \$100,000 or more and all such judgments or decrees are not vacated, discharged, stayed or bonded pending appeal within sixty (60) days after the entry thereof; or

(h) At any time a non-profit corporation does not directly or indirectly hold a controlling interest in Grantor.

6.3 Investor Member Right to Cure. Grantor's Investor Member (as defined in the Operating Agreement) shall have the same right to cure an Event of Default as provided to Grantor herein and under the Loan Documents.

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6.4 Remedies. Except as otherwise expressly set forth in any other Loan Document, at any time after an Event of Default, Grantee shall be entitled to invoke any and all of the rights and remedies described below or permitted by applicable law or in equity. All of such rights and remedies shall be cumulative, and the exercise of any one or more of them shall not constitute an election of remedies.

(a) **Acceleration.** Grantee may declare any or all of the Secured Obligations to be due and payable immediately and may terminate any Loan Document in accordance with its terms.

(b) **Receiver.** Grantee may apply to any court of competent jurisdiction for, and obtain appointment of, a receiver for the Property. Grantor hereby consents to such appointment.

(c) **Entry.** Grantee, in person, by agent or by court-appointed receiver, may enter, take possession of, manage and operate all or any part of the Property, and in its own name or in the name of Grantor sue for or otherwise collect any and all Rents, including those that are past due, and may also do any and all other things in connection with those actions that Grantee may in its sole and absolute discretion consider necessary and appropriate to protect the security of this Security Instrument. Such other things may include: taking and possessing all of Grantor's or the then owner's Books and Records; entering into, enforcing, modifying, or canceling leases on such terms and conditions as Grantee may consider proper; obtaining and evicting tenants; fixing or modifying Rents (but not in excess of any applicable maximum low income rents for residential tenants); collecting and receiving any payment of money owing to Grantor; completing any unfinished construction; contracting for and making repairs and alterations; and/or performing such acts of cultivation or irrigation as necessary to conserve the value of the Property. If Grantee so requests, Grantor shall assemble all of the Property that has been removed from the Land and make all of it available to Grantee at the site of the Land. Grantor hereby irrevocably constitutes and appoints Grantee as Grantor's attorney-in-fact, with full power of substitution, to perform such acts and execute such documents as Grantee in its sole and absolute discretion may consider to be appropriate in connection with taking these measures, including endorsement of Grantor's name on any instruments. The appointment granted in this Section shall be deemed to be a power coupled with an interest. Regardless of any provision of this Security Instrument, or any other Loan Document, Grantee shall not be considered to have accepted any property other than cash or immediately available funds in satisfaction of any obligation of Grantor to Grantee, unless Grantee has (give) express written notice of Grantee's election of that remedy in accordance with the UCC or other applicable law. Grantor agrees to deliver to Grantee all Books and Records pertaining to the Property, including computer-readable memory and any computer hardware or software necessary to access or process such memory, as may reasonably be requested by Grantee in order to enable Grantee to exercise its rights under this Section.

(d) **Cure; Protection of Security.** Grantee may cure any breach or default of Grantor, and if it chooses to do so in connection with any such cure, Grantee may also enter the Property and/or do any and all other things which it may in its sole and absolute discretion consider necessary and appropriate to protect the security of this Security Instrument. Such other things may include: appearing in and/or defending any action or proceeding which purports to affect the security of, or the rights or powers of Grantee under, this Security Instrument; paying, purchasing, contesting or compromising any encumbrance, charge, lien or claim of lien which in Grantee's sole judgment is or may be senior in priority to this Security Instrument; obtaining insurance and/or paying any premiums or charges for insurance required

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to be carried hereunder; otherwise caring for and protecting any and all of the Property; and/or employing counsel, accountants, contractors and other appropriate persons to assist Grantee. Grantee may take any of the actions permitted under this Section either with or without giving notice to any person.

(e) UCC Remedies. Grantee may exercise any or all of the remedies granted to a secured party under the UCC.

(f) Judicial Action. Grantee may bring an action in any court of competent jurisdiction to foreclose this Security Instrument in the manner provided by law for the foreclosure of mortgages on real property and/or to obtain specific enforcement of any of the covenants or agreements of this Security Instrument. If Grantee brings such an action, Grantor agrees to pay Grantee's reasonable attorneys' fees (including the allocated reasonable costs of in-house counsel to the extent not prohibited by applicable law) and court costs as determined by the court.

(g) Sale. Grantee shall have the discretionary right to cause some or all of the Property which constitutes personal property, to be sold or otherwise disposed of in any combination and in any manner permitted by applicable law.

(i) Sales of Personal Property.

(A) To the extent not prohibited by applicable law, Grantee may elect to treat as personal property any Property which is intangible or which can be severed from the Land or Improvements without causing structural damage. If it chooses to do so, Grantee may dispose of any personal property separately from the sale of real property, in any manner permitted by the UCC, including any public or private sale, or in any manner permitted by any other applicable law. Any proceeds of any such disposition shall not cure any Event of Default or reinstate any Secured Obligation.

(B) In connection with any sale or other disposition of such personal property disposed of separately from the sale of the real property, Grantor agrees that the following procedures constitute a commercially reasonable sale. Grantee shall mail written notice of the sale to Grantor not later than ten (10) days prior to the date of public sale of the Property or prior to the date after which a private sale of the Property will be made, and such notice shall constitute reasonable notice; provided that, if Grantee fails to comply with this subsection in any respect, its liability for such failure shall be limited to the liability, if any, imposed on it as a matter of law under the UCC. Upon receipt of any written request, Grantee will make the personal property available to any bona fide prospective purchaser for inspection during reasonable business hours. Notwithstanding, Grantee shall be under no obligation to consummate a sale if, in its judgment, none of the offers received by it equal the fair value of the personal property offered for sale. The foregoing procedures do not constitute the only procedures that may be commercially reasonable.

(ii) Sales of Real Property or Mixed Collateral.

(A) Grantee may choose to dispose of some or all of the Property which consists solely of real property in any manner then permitted by

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applicable law. In its sole and absolute discretion and to the extent not prohibited by applicable law, Grantee may also or alternatively choose to dispose of some or all of the Property, in any combination consisting of both real and personal property, together in one sale to be held in accordance with the law and procedures applicable to real property, as may be permitted by the UCC. Grantor agrees that such a sale of personal property together with real property constitutes a commercially reasonable sale of the personal property. For purposes of this Security Instrument, either a sale of real property alone, or a sale of both real and personal property together in accordance with the UCC, will sometimes be referred to as a "Foreclosure Sale."

(B) Before any Foreclosure Sale, Grantee shall give such statement of breach or nonperformance, notice of sale, and/or notice of default as may then be required by applicable law. When all time periods then legally mandated have expired, and after such notice of sale as may then be legally required has been given, Grantee shall sell the property being sold in a manner in compliance with applicable law. From time to time in accordance with then applicable law, Grantee may postpone any Foreclosure Sale.

(C) At any Foreclosure Sale, Grantee shall sell to the highest bidder at public auction for cash payable at the time of sale in lawful money of the United States. Grantee shall execute and deliver to the purchaser(s) a deed or deeds conveying the property being sold without any covenant or warranty whatsoever, express or implied. The recitals in any such deed of any matters or facts, including any facts bearing upon the regularity or validity of any Foreclosure Sale, shall be conclusive proof of their truthfulness, absent manifest error. Absent manifest error, any such deed shall be (1) conclusive against all persons as to the facts recited in it; and (2) conclusive evidence in favor of purchasers and encumbrances for value and without actual notice, that all requirements of this Security Instrument and all requirements of law were met relating to the exercise of the Foreclosure Sale of the Property conveyed by such deed.

(h) Attorney-in-Fact. Grantor hereby irrevocably constitutes and appoints Grantee as Grantor's attorney-in-fact, with full power of substitution, to perform such acts and execute such documents as Grantee in its sole and absolute discretion may consider to be appropriate (1) to effect the purpose of this Security Instrument; and (2) in connection with taking the measures described in this Section, including endorsement of Grantor's name on any instruments. The appointment granted in this Section shall be deemed to be a power coupled with an interest.

(i) Single or Multiple Foreclosure Sales. Unless prohibited by applicable law, Grantee may elect to dispose of the Property, or any portion thereof, including but not limited to lots, parcels, and/or items through a single consolidated sale or disposition to be held or made under the power of sale granted above, or in connection with judicial proceedings, or by virtue of a judgment and decree of foreclosure and sale; or through two or more such sales or dispositions; or in any other manner Grantee may deem to be in its best interests. If the Property consists of more than one lot, parcel or item of property, Grantee may designate the order in which the lots, parcels and/or items shall be sold or disposed of or offered for sale or disposition. If Grantee chooses to have more than one Foreclosure Sale, Grantee at its option may cause the Foreclosure Sales to be held simultaneously or successively, on the same day,

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or on such different days and at such different times and in such order as Grantee may deem to be in its best interests. No Foreclosure Sale shall terminate or affect the lien of this Security Instrument on any part of the Property which has not been sold, until all of the Secured Obligations have been paid and performed in full.

6.5 Personal Property. It shall not be necessary that Grantee take possession of all or any part of the Property that is personal property or fixture property prior to the time that any sale pursuant to the provisions of this Section is conducted, and it shall not be necessary that such Property or any part thereof be present at the location of such sale. With respect to application of proceeds from disposition of such Property, the costs and expenses incident to disposition shall include the reasonable expenses of retaking, holding, preparing for sale or lease, selling, leasing and the like and the reasonable attorneys' fees and legal expenses (including, without limitation, the allocated reasonable costs for in-house counsel to the extent not prohibited by applicable law) incurred by Grantee. Any and all statements of fact or other recitals made in any bill of sale or assignment or other instrument evidencing any foreclosure sale hereunder as to nonpayment of the Secured Obligations or as to the occurrence of any default or Event of Default, or as to Grantee having declared all of such indebtedness to be due and payable, or as to notice of time, place, and terms of sale, and of the properties to be sold having been duly given, or as to any other act or thing having been duly done by Grantee, shall be taken as prima facie evidence of the truth of the facts so stated and recited (absent manifest error). Grantee may appoint or delegate any one or more persons as agent to perform any act or acts necessary or incident to any sale held by Grantee, including the sending of notices and the conduct of the sale, but in the name and on behalf of the Grantee. Grantee may comply with any applicable state or federal law or regulatory requirements in connection with a disposition of the Property or any part thereof, and such compliance will not be considered to affect adversely the commercial reasonableness of any sale of such Property. Grantee may sell all or any portion of the Property without giving any warranties as to such Property, and may specifically disclaim any warranties of title, merchantability, fitness for a specific purpose, or the like, and this procedure will not be considered to affect adversely the commercial reasonableness of any sale of such Property. Grantor acknowledges that a private sale of all or any part of the Property may result in less proceeds than a public sale, and Grantor acknowledges that the Property may be sold at a loss to Grantor, and that, in such event, Grantee shall have no liability or responsibility to Grantor for such loss. In addition to the rights granted elsewhere in this Security Instrument, after the occurrence of any default or Event of Default, Grantee may at any time notify the account debtors or obligors of any accounts, chattel paper (whether tangible or electronic), general intangibles (including payment intangibles), negotiable instruments, promissory notes, or other evidences of indebtedness included in the Property to pay Grantee directly.

6.6 Credit Bids. At any Foreclosure Sale or any sale of personal property collateral pursuant to **Section 6.5**, any person, including Grantor or Grantee, may bid for and acquire the Property being sold or any part of it to the extent not expressly prohibited by then applicable law. Instead of paying cash for such property, Grantee shall have the benefit of any applicable law permitting credit bids.

6.7 Application of Foreclosure Sale Proceeds. Except as may be otherwise required by law, Grantee shall apply the proceeds of any Foreclosure Sale in the following manner:

- (a) First, to pay the portion of the Secured Obligations attributable to the expenses of sale, including, but not limited to reasonable attorneys' fees, the costs of any action

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and any other sums for which Grantor is obligated to reimburse Grantee under Section 5.11 above; and

(b) Second, to pay the portion of the Secured Obligations attributable to any sums expended or advanced by Grantee under the terms of this Security Instrument which then remain unpaid; and

(c) Third, to pay all other Secured Obligations, to the extent not expressly prohibited by applicable law, in any order and proportions as Grantee in its sole and absolute discretion may choose; and

(d) Fourth, to remit the remainder, if any, to the Grantor or as otherwise required by applicable law.

If the Secured Obligations include more than one loan or line of credit, by cross-collateralization or otherwise, it is specifically agreed that the proceeds of any Foreclosure Sale or other foreclosure action shall not be applied pro-rata unless such application is directed by Grantee, but instead shall be applied to all such Secured Obligations in any order, proportions and manner as Grantee in its sole and absolute discretion may choose.

6.8 Application of Rents and Other Sums. Grantee shall apply any and all Rents collected by it in such order as set forth in Section 2.5 and any and all other sums, other than proceeds of a Foreclosure Sale or a judicial foreclosure sale under this Security Instrument, which Grantee may receive or collect under this Section, in the following manner:

(a) First, to pay the portion of the Secured Obligations attributable to the costs and expenses of operation of the Property and collection of Rents and other sums that may be incurred by Grantee, and/or any receiver, including but not limited to reasonable attorneys' fees and any and all expenses of leasing, operating, maintaining, and managing the Property, and all other costs and charges incident to the Property; and

(b) Second, to pay all other Secured Obligations in any order and proportions as Grantee in its sole and absolute discretion may choose; and

(c) Third, to remit the remainder, if any, to the Grantor or as otherwise required by applicable law.

Grantee shall have no liability for any funds which it does not actually receive.

7. Miscellaneous Provisions.

7.1 Additional Provisions. The Loan Documents fully state all of the terms and conditions of the parties' agreement regarding the matters mentioned in or incidental to this Security Instrument. The Loan Documents also grant further rights to Grantee and certain of them contain further agreements and affirmative and negative covenants by Grantor which apply to this Security Instrument and to the Property.

7.2 No Waiver or Cure.

(a) Each waiver by Grantee shall be in writing, and no waiver shall be construed as a continuing waiver. No waiver shall be implied from any delay or failure by

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Grantee to take action on account of any default of Grantor. Consent by Grantee to any act or omission by Grantor shall not be construed as a consent to any other or subsequent act or omission or to waive the requirement for Grantee's consent to be obtained in any future or other instance. Reinstatement after an Event of Default shall not constitute a waiver of any Event of Default then existing or subsequently occurring, nor impair the right of Grantee to declare other Events of Default, nor otherwise affect this Security Instrument or any of the Loan Documents, or any of the rights, obligations, or remedies of Grantee under this Security Instrument or any of the Loan Documents.

(b) If any of the events described below occurs, that event alone shall not: cure or waive any breach, Event of Default, or notice of default under this Security Instrument or invalidate any act performed pursuant to any such default or notice; or nullify the effect of any notice of default or sale (unless all Secured Obligations then due have been paid and performed and all other defaults under the Loan Documents have been cured); or impair the security of this Security Instrument; or prejudice Grantee or any receiver in the exercise of any right or remedy afforded any of them under this Security Instrument; or be construed as an affirmation by Grantee of any tenancy, lease or option, or a subordination of the lien of this Security Instrument.

(i) Grantee, its agent, or a receiver takes possession of all or any part of the Property in the manner provided this Security Instrument; or

(ii) Grantee collects and applies Rents and enforces any Lease provision as permitted under this Security Instrument, either with or without taking possession of all or any part of the Property; or

(iii) Grantee receives and applies to any Secured Obligation any proceeds of any Property, including any proceeds of insurance policies, condemnation awards, surety bond proceeds, or other claims, property or rights assigned to Grantee under this Security Instrument; or

(iv) Grantee makes a site visit, observes the Property, and/or conducts tests as permitted under this Security Instrument; or

(v) Grantee receives any sums under this Security Instrument or any proceeds of any collateral held for any of the Secured Obligations, and applies them to one or more Secured Obligations; or

(vi) Grantee, its agent, or any receiver performs any act which it is empowered or authorized to perform, or invokes any right or remedy provided under this Security Instrument.

7.3 Powers of Grantee.

(a) Grantee shall have no obligation to perform any act which it is empowered to perform under this Security Instrument unless it is requested to do so in writing and is reasonably indemnified against loss, cost, liability and expense.

(b) If Grantee performs any act which it is empowered or authorized to perform under this Security Instrument, that act alone shall not release or change the personal liability of any person for the payment and performance of the Secured Obligations then

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outstanding or the lien of this Security Instrument on all or the remainder of the Property for full payment and performance of all outstanding Secured Obligations. The liability of the original Grantor shall not be released or changed if Grantee grants any successor in interest to Grantor any extension of time for payment, or modification of the terms of payment, of any Secured Obligation. Grantee shall not be required to comply with any demand by the original Grantor that Grantee refuse to grant such an extension or modification to, or commence proceedings against, any such successor in interest.

(c) Grantee may take any of the actions permitted under this Security Instrument, including without limitation appointment of a receiver, regardless of the adequacy of the security for the Secured Obligations, or whether any or all of the Secured Obligations have been declared to be immediately due and payable, or whether notice of default and election to sell has been given under this Security Instrument.

(d) From time to time, Grantee may apply to any court of competent jurisdiction for aid and direction in enforcing the rights and remedies created under this Security Instrument. Grantee may from time to time obtain orders or decrees directing, confirming or approving acts in enforcing such rights and remedies.

7.4 Merger. No merger shall occur as a result of Grantee's acquiring any other estate in or any other lien on the Property unless Grantee consents to a merger in writing.

7.5 Joint and Several Liability. If more than one Person has executed this Security Instrument as Grantor, each shall be jointly and severally liable for the faithful performance of all of Grantor's obligations under this Security Instrument.

7.6 Governing Law; Waiver of Jury Trial. This Security Instrument shall be governed by and construed in accordance with the laws of the state where the Property is located, without regard to the choice of law rules of that state and by applicable Federal law. **TO THE EXTENT NOT PROHIBITED BY APPLICABLE LAW, GRANTOR WAIVES TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO WHICH GRANTOR AND BANK MAY BE PARTIES, ARISING OUT OF, IN CONNECTION WITH OR IN ANY WAY PERTAINING TO, THIS SECURITY INSTRUMENT OR THE OTHER LOAN DOCUMENTS. IT IS AGREED AND UNDERSTOOD THAT THIS WAIVER CONSTITUTES A WAIVER OF TRIAL BY JURY OF ALL CLAIMS AGAINST ALL PARTIES TO SUCH ACTIONS OR PROCEEDINGS, INCLUDING CLAIMS AGAINST PARTIES WHO ARE NOT PARTIES TO THIS SECURITY INSTRUMENT. THIS WAIVER IS KNOWINGLY, WILLINGLY AND VOLUNTARILY MADE BY GRANTOR, AND GRANTOR HEREBY REPRESENTS THAT NO REPRESENTATIONS OF FACT OR OPINION HAVE BEEN MADE BY ANY INDIVIDUAL TO INDUCE THIS WAIVER OF TRIAL BY JURY OR TO IN ANY WAY MODIFY OR NULLIFY ITS EFFECT. GRANTOR FURTHER REPRESENTS AND WARRANTS THAT IT HAS BEEN REPRESENTED IN SIGNING THIS SECURITY INSTRUMENT AND IN THE MAKING OF THIS WAIVER BY INDEPENDENT LEGAL COUNSEL OR HAS HAD THE OPPORTUNITY TO BE REPRESENTED BY INDEPENDENT LEGAL COUNSEL SELECTED OF ITS OWN FREE WILL AND THAT IT HAS HAD THE OPPORTUNITY TO DISCUSS THIS WAIVER WITH COUNSEL.**

7.7 Successors in Interest. The terms, covenants and conditions of this Security Instrument shall be binding upon and inure to the benefit of the heirs and permitted successors and assigns of the parties. However, this Section does not waive or modify the provisions of **Section 6.1** above.

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7.8 Statute of Limitations. To the extent not expressly prohibited by law, Grantor hereby waives the right to plead the statute of limitations as a defense to any and all obligations secured by this Security Instrument.

7.9 Patriot Act.

(a) Grantor acknowledges receipt of the following notification pursuant to Section 326 of the USA Patriot Act of 2001, 31 U.S.C. Section 5318:

Federal law requires all financial institutions to obtain, verify, and record information that identifies each person or entity that opens an account, including any deposit account, treasury management account, loan, other extension of credit, or other financial services product. If the borrower is an individual, such information includes the borrower's name, taxpayer identification number, residential address, date of birth, and other information that will allow the lender to identify the borrower. If the borrower is not an individual, such information includes the borrower's name, taxpayer identification number, business address, and other information that will allow the lender to identify the borrower. If the borrower is an individual, the lender may request a copy of the borrower's driver's license or other identifying documents, and, if the Borrower is not an individual, the lender may request copies of the borrower's legal organizational documents or other identifying documents.

(b) Grantor shall not (a) be or become subject at any time to any law, regulation, or list of any government agency (including, without limitation, the U.S. Office of Foreign Asset Control) that prohibits or limits Grantee from making any advance or extension of credit to the Grantor or from otherwise conducting business with the Grantor; or (b) fail to provide documentary and other evidence of the Grantor's identity as may be requested by Grantee at any time to enable Grantee to verify the Grantor's identity or to comply with any applicable law or regulation, including, without limitation, § 326 of the USA Patriot Act of 2001, 31 U.S.C. §5318

7.10 Time of Essence. Time is of the essence of this Security Instrument.

7.11 Interpretation.

(a) Whenever the context requires, all words used in the singular will be construed to have been used in the plural, and vice versa, and each gender will include any other gender. The captions of the sections of this Security Instrument are for convenience only and do not define or limit any terms or provisions. The word "include(s)" means "include(s), without limitation," and the word "including" means "including, but not limited to."

(b) The word "obligations" is used in its broadest and most comprehensive sense, and includes all primary, secondary, direct, indirect, fixed, and contingent obligations. It further includes all principal, interest, prepayment fees, late charges, loan fees, and any other fees and charges accruing or assessed at any time, as well as all obligations to perform acts or satisfy conditions.

(c) No listing of specific instances, items, or matters in any way limits the scope or generality of any language of this Security Instrument. The Exhibits to this Security Instrument are hereby incorporated by reference in this Security Instrument.

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(d) No course of prior dealing, usage of trade, or parol or extrinsic evidence of any nature shall be used to supplement, modify, or vary any of the terms hereof.

7.12 In-House Counsel Fees. Whenever Grantor is obligated to pay or reimburse Grantee for any attorneys' fees, those fees shall include the allocated reasonable costs for services of in-house counsel to the extent not prohibited by applicable law.

7.13 Waiver of Marshaling. Grantor waives all rights, legal and equitable, it may now or hereafter have to require marshaling of assets or to direct the order in which any of the Property will be sold in the event of any sale under this Security Instrument. Each successor and assign of Grantor, including any holder of a lien subordinate to this Security Instrument, by acceptance of its interest or lien agrees that it shall be bound by the above waiver, as if it had given the waiver itself.

7.14 Severability. If any provision of this Security Instrument should be held unenforceable or void, that provision shall be deemed severable from the remaining provisions and shall in no way affect the validity of this Security Instrument, except that if such provision relates to the payment of any monetary sum, then Grantee may, at its option, declare all Secured Obligations immediately due and payable.

7.15 Notices. Grantor hereby requests that a copy of any notice of default or notice of sale, or such other notices prescribed by applicable law, be mailed to it at the address set forth below. If any Grantor fails to insert an address, that failure will constitute a designation of Grantor's last known address as the address of such notice. That address is also the mailing address of Grantor as debtor under the UCC. Grantee's address given below is the address for Grantee as secured party under the UCC.

7.16 Extended Low-Income Housing Commitment. Grantee agrees that the lien of this Security Instrument shall be subordinate to any extended low-income housing commitment (as such term is defined in Section 42(h)(6)(B) of the Internal Revenue Code) (the "Extended Use Agreement") recorded against the Property; provided that such Extended Use Agreement, by its terms, must terminate upon foreclosure under this Instrument or upon a transfer of the Property by instrument in lieu of foreclosure, in accordance with Section 42(h)(6)(E) of the Internal Revenue Code.

7.17 Maximum Amount Secured. The maximum amount secured by this Security Instrument shall be \$937,500, plus any advances made by Grantee as allowed by 735 ILCS 5/15-1512, but nothing contained herein shall obligate Grantee to advance funds in excess of the face amount of the Note.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK.]

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IN WITNESS WHEREOF, Grantor has executed this Security Instrument under seal the date first above written.

"GRANTOR"

PP Family, LLC,
an Illinois limited liability company

By: PP Family Manager, LLC,
an Illinois limited liability company,
its Managing Member

By: Brinshore Holding, LLC,
an Illinois limited liability company,
its managing member

By: Brinshore Development, L.L.C.,
an Illinois limited liability company,
its sole member

By: Brint Development, Inc.,
an Illinois corporation, a member

By: _____
Name: David B. Brint
Title: President

Address of Grantor's chief executive office for notices to Grantor:

Address:

PP Family, LLC
c/o Brinshore Development, L.L.C.
666 Dundee Road, Suite 1102
Northbrook, Illinois 60622
Attention: David B. Brint

Applegate & Thorne-Thomsen, P.C.
626 West Jackson Boulevard, #400
Chicago, Illinois 60661
Attention: Bennett P. Applegate

Cook County Clerk's Office

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And to:

BYNC Lawndale Development, LLC
c/o Back of the Yards Neighborhood Council
1751 West 47th Street #2
Chicago, Illinois 60609
Fax No.: (773) 254-3525
Attention: Craig Chico
E-Mail: cchico@bync.org

Address for notices to Grantee:

IFF
333 South Wabash Avenue, Suite 2800
Chicago, Illinois 60604
Attention: Stephanie Socal
Facsimile: (312) 629-0061

With a copy to:

Albert, Whitehead, P.C.
10 North Dearborn Street
Suite 600
Chicago, Illinois 60602
Attention: Gregory C. Whitehead
Facsimile: (312) 357-6320

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STATE OF ILLINOIS)
) ss
COUNTY OF COOK)

I, the undersigned, a Notary Public in and for the county and State aforesaid, do hereby certify that David B. Brint, personally known to me to be the President of Brint Development, Inc., a member of Brinshore Development, L.L.C., the sole member of Brinshore Holding, LLC, the managing member of PP Family Manager, LLC, which is the managing member of PP Family, LLC, 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, signed and delivered the said instrument, pursuant to authority given by the board of directors on behalf 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 ____ day of _____, 2015.

Notary Public

(SEAL)


Property of Cook County Clerk's Office

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EXHIBIT A (DESCRIPTION OF LAND)

Address: _____
PIN No. _____

Property of Cook County Clerk's Office



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EXHIBIT B

(PERMITTED TITLE EXCEPTIONS)

1. General Real Estate taxes not yet due and payable.
2. Low Income Tax Credit Regulatory Agreement with City of Chicago (the "City").
3. Mortgage in favor of City to secure a loan in the original principal amount of \$_____.

[others to be added]

Property of Cook County Clerk's Office

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EXHIBIT C

INSURANCE

A. Grantor shall maintain or cause to be maintained during the term of the Loan:

(i) Fire and extended coverage insurance (including, without limitation, windstorm, explosion, and such other risks usually insured against by owners of like properties) on the Property in an amount equal to one hundred percent (100%) of the full replacement cost of the Property;

(ii) Comprehensive public liability insurance against claims for personal injury, including, without limitation, bodily injury, death, or property damage occurring on, in, or about the Property in an amount of not less than \$1,000,000.00 with respect to personal injury or death to one or more persons and \$500,000.00 with respect to damage to property, and with "umbrella" liability coverage of not less than \$1,000,000.00, or such greater amounts as may from time to time be required by Grantee;

(iii) If the Property is located in a Zone A or Zone B flood hazard zone, flood plain insurance in an amount satisfactory to Grantee, but in no event less than one hundred percent (100%) of the full insurable value of the Property and the personal property contained therein; and

(iv) For so long as any construction is being performed on the Property: (A) "All Risk, Builders' Risk Completed Value Non-Reporting Form" insurance in an amount equal to one hundred percent (100%) of the completed insurable value of the Property, with extended coverage; (B) for the general contractor (and/or, if appropriate, subcontractors) workmen's compensation, employees' liability and comprehensive liability insurance (including contractual liability) with limits of \$1,000,000.00 with respect to personal injury or death for one or more persons; and (C) for the architect, professional liability insurance in form and amounts satisfactory to Grantee.

All insurance shall be written by companies and on forms with endorsements satisfactory to Grantee, all with suitable loss payable and standard noncontribution mortgagee clauses in favor of Grantee (or, in case of a foreclosure sale, in favor of the owner of the certificate of sale) attached, and originals or certified copies of certificates of insurance evidencing such policies shall be kept constantly deposited with Grantee. At such times as Grantee shall reasonably request, Grantor shall cause Grantor's insurer to provide an opinion letter to Grantee stating that Grantor's insurance policies are in compliance and fulfill all of the requirements of this section. All policies shall provide for, and the certificates of insurance delivered to Grantee shall reflect, the insurer's agreement to provide, among other things, written notice to Grantee of the expiration or any anticipated cancellation of any insurance policies at least thirty (30) days prior to such event occurring. Not less than thirty (30) days prior to the expiration of any policy, a certified copy of a certificate of insurance evidencing the renewal policy shall be deposited with Grantee.

B. In case of loss or casualty to any portion of the Property, Grantee is authorized to collect all insurance proceeds and apply them, at its option, to the reduction of the Secured Obligations, whether due or not then due, or, at Grantee's sole and absolute option, Grantee may allow Grantor to use such money, or any part thereof, in repairing the damage or restoring the Property. If such proceeds are released for the purpose of restoring the Premises, then such disbursement shall be subject to the conditions and procedures as Grantee may in its sole discretion impose.

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C. Grantor shall notify Grantee, in writing, of any casualty or loss to the Property and Grantor hereby directs each insurance company to make payment for the loss directly and solely to Grantee; and Grantor agrees that any payment which is delivered, for any reason, to Grantor shall be held in trust for Grantee and promptly delivered in the form received (except for any necessary endorsements) to Grantee.

D. In addition to other remedies available under this Security Instrument, if after Grantee's reasonable request, Grantor fails to provide Grantee with evidence of the foregoing insurance coverage required to be carried by Grantor under this Security Instrument, Grantee may purchase such insurance at Grantor's expense for the purpose of protecting Grantee's interest in the Property. Any insurance purchased by Grantee may, but need not, protect the interest of Grantor in the Property. The insurance coverage purchased by Grantee may or may not pay any claim that Grantor makes or any claim that is made against Grantor in connection with the Property. Provided that Grantee has not commenced foreclosure proceedings, elected to accelerate the amounts due and owing under the Note, and Grantor is not otherwise in default under this Security Instrument, Grantor may later cancel any insurance purchased by Grantee, but only after providing Grantee with evidence that Grantor has obtained insurance as required by this Security Instrument. If Grantee purchases insurance for the Property, Grantor shall be liable and shall reimburse Grantee for the costs of that insurance, including, but not limited to the interest, labor charges, and other charges that Grantee reasonably imposes in connection with the placement of the insurance, until the effective date of the cancellation or expiration of the insurance. The costs of insurance purchased by Grantee may be added to the total outstanding balance or obligation secured by this Security Instrument and evidenced by the Note. The costs of the insurance purchased by Grantee may exceed the cost of insurance Grantor would otherwise be able to obtain