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Doc#: 1602704014 Fee: \$88.00
RHSP Fee: \$9.00 RPRF Fee: \$1.00
Karen A. Yarbrough
Cook County Recorder of Deeds
Date: 01/27/2016 10:10 AM Pg: 1 of 26

After Recording Return To:

Charles Carra
1941 Jackson
Evanston, IL 60201

SPACE ABOVE THIS LINE RESERVED FOR RECORDER'S USE ONLY

15 \$106915 PK

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124 (ST)

SPECIAL WARRANTY DEED

KNOW ALL MEN BY THESE PRESENTS, that Community Partners for Affordable Housing, an Illinois not-for profit corporation (hereinafter the "Grantor"), having its principal place of business at 400 Central Avenue, #111, Highland Park, IL 60035, in consideration of Ten and No/100 Dollars (\$10.00) and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, hereby **GRANTS, BARGAINS, SELLS AND CONVEYS** to **Charles Carra** (hereinafter, "Grantee") who currently resides at **2916 Payne Street, Evanston, IL 60201** all interest in the following described real estate situated in the County of Cook, State of Illinois described as follows (the "Property").

Legal Description:

Lot 16 (except the North 40 feet thereof) and the North 30 feet of Lot 15 in Block 5 in Grant and Jackson's Addition to Evanston, a Subdivision in the South part of the Northeast Quarter of the Northeast Quarter of Section 13, Township 41 North, Range 13, East of the Third Principal Meridian, and part of the Northwest Quarter of the Northwest Quarter of Section 18, Township 41 North, Range 14, East of the Third Principal Meridian, in Cook County, Illinois.

Commonly known as: ^{AVE} **1941 Jackson Avenue; Evanston, Illinois.** 60201

PIN: 10-13-211-002-0000

REAL ESTATE TRANSFER TAX

21-Jan-2016



COUNTY:	0.00
ILLINOIS:	0.00
TOTAL:	0.00

TO HAVE AND TO HOLD the Property forever.

10-13-211-002-0000 | 20160101661268 | 0-454-599-232

Grantor, for itself and its successors, represents and warrants that the Property has not been alienated or encumbered by Grantor in any way whatsoever, **EXCEPT FOR AND SUBJECT TO** those matters described on Exhibit "A" attached hereto and made a part hereof and the Deed Restrictions set forth below (collectively, the "Permitted Exceptions"); and that Grantor **WILL**

BOX 333-CT

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SC Y
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WARRANT AND DEFEND the Property against all persons lawfully claiming, or to claim the same, by, through or under Grantor, subject to the Permitted Exceptions.

By its acceptance of this Special Warranty Deed (this "Deed"), Grantee, for itself and on behalf of its successors and assigns, acknowledges that: (i) Grantor is organized exclusively for charitable purposes, including: to provide opportunities for low- and moderate-income persons and families to secure housing that is decent, safe, and affordable, and to preserve the quality and affordability of housing for present and future residents; (ii) a goal of the Grantor is the creation of home ownership opportunities for low and moderate income people who otherwise would be denied such opportunities because of limited financial resources and to assure permanent, affordable housing for low and moderate income people by providing access to housing for such persons at affordable prices through the sale of such housing to such persons; (iii) the Grantee and each of its successors and assigns shares the purposes and goals of the Grantor and has agreed to purchase the Property not only to obtain those benefits to which the Grantee is entitled under this Deed, but also to further the purposes of the Grantor; (iv) Grantee and each of its successors and assigns recognize the special nature of the terms and conditions of this Deed, and each of them, with the independent and informed advice of legal counsel, freely accepts these terms and conditions, including those terms and conditions that may affect the marketing and resale price of the Property; and (v) it is understood and accepted by Grantee and each of its successors and assigns that the terms and conditions of this Deed further such shared goals over an extended period of time and through successions of owners. Based on this understanding, the Property is conveyed to Grantee, and this conveyance is accepted by Grantee, subject to the following express covenants, conditions and restrictions which shall inure to the benefit of Grantor (collectively, the "Deed Restrictions"):

1. Owner / Qualified Purchaser. Except as expressly permitted herein below, at no time shall any interest in the Property be transferred or conveyed to or held by an "Owner" who is not a "Qualified Purchaser." For purposes of these Deed Restrictions, an "Owner" means each legal and equitable owner of all or any portion of the Property or any interest therein including, without limitation, the Grantee, and any subsequent owner by sale, conveyance or other transfer of any legal or beneficial interest in the Property, and unless the context otherwise requires, "Owner" shall mean the Owner at the time in question. "Owner" and "Owners" are used interchangeably. However, notwithstanding anything contained herein to the contrary, if: (i) the Property is sold pursuant to a foreclosure sale under a Permitted Mortgage (as defined below) or a deed in lieu of foreclosure is delivered to a Permitted Mortgagee (as defined below) under a Permitted Mortgage; and (ii) the Permitted Mortgagee (as defined below) under such Permitted Mortgage has observed, performed and complied with all of the terms of its Permitted Mortgage described in Section 13 below, then the term "Owner" shall not include the Permitted Mortgagee following the transfer of the Property pursuant to such foreclosure sale or deed in lieu of foreclosure, or any subsequent owner of all or any portion of the Property following such foreclosure sale or transfer pursuant to a deed in lieu of foreclosure, provided that the Permitted Mortgagee shall continue to be bound by the terms set forth in clause (C) of Section 13 below. For purposes of these Deed Restrictions, a "Qualified Purchaser" is an Owner who meets the following requirements:

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(a) The maximum "Household" income of the Owner, at the time it acquires the Property, must not exceed 120% of the then Chicago area median income, adjusted for household size, as published from time to time by the U.S. Department of Housing and Urban Development or any successor thereof. For purposes of these Deed Restrictions, "Household" means all persons who reside or will reside together with the Owner of the Property;

(b) The Owner must be a citizen of the United States or a registered alien; and

(c) The Owner must have executed and delivered to Community Partners for Affordable Housing, in care of the Executive Director (or any successor or replacement official designated by the Grantor) (the "Director"), a Letter of Stipulation of Owner and the certificates, documents, materials and other information (collectively, the "Supporting Materials") required from time to time in order to obtain a Certificate of Compliance (as described below) from the Director, and the Owner's legal counsel must have executed and delivered to the Grantor, in care of the Director, a Letter of Acknowledgment of Legal Counsel of Owner, setting forth their respective review and understanding of these Deed Restrictions and all related documents. Copies of the form of the Letter of Stipulation of Owner and Letter of Acknowledgment of Legal Counsel of Owner are attached hereto as Exhibit "B". A list of the Supporting Materials may be obtained from the Director, upon request, at the office of the Grantor, 400 Central Avenue, #111, Highland Park, Illinois 60035. In order to avoid a delay in processing a request for a Certificate of Compliance, Owners should obtain a list of the Supporting Materials from the Director and deliver the applicable Supporting Materials to the Director well in advance of any contemplated transfer of fee simple title to the Property.

In order to confirm compliance with these Deed Restrictions upon a transfer of fee simple title to the Property, any deed or other instrument conveying or purporting to convey fee simple title to the Property or any portion thereof shall be void and of no force or effect, unless such deed or instrument shall incorporate these Deed Restrictions in their entirety and further shall have attached thereto a Certificate of Compliance signed by the Director, on behalf of the Grantor, substantially in the form of Exhibit "C" attached hereto and made a part hereof.

2. Principal Residence / Uses. Each Owner shall at all times occupy the Property as the Owner's principal residence and for any incidental activities related to such residential use, provided such other use is in compliance with zoning and all other requirements of law. The Property may not be occupied for any period of time by any person other than the Owner and members of the Owner's Family (as defined below), without the express written consent of the Grantor, which consent need not be given if, in the Grantor's sole judgment, the occupancy would not further the purposes of these Deed Restrictions. For purposes of these Deed Restrictions, "Family" shall be defined as such term is defined from time to time in the Zoning Ordinance of the City of Highland Park.

3. Maintenance / Compliance.

(a) Each Owner covenants to maintain the Property in good order, repair and condition and in compliance with all laws, regulations, ordinances, codes and orders, now existing or hereafter enacted, regarding the habitability of the Property and in full compliance with all other federal, state,

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and local requirements including with the Housing Quality Standards as provided by and amended from time to time by U.S. Department of Housing and Urban Development (HUD) per the HOME Program 24 CFR Part 92.25. The Grantor, acting through the Director, may inspect any portion of the Property, including the interior of the residence on the Property (the "Residence"), at any reasonable time and in any reasonable manner, upon not less than three (3) days prior, written notice to the Owner. In the event of any emergency, the Grantor, acting through the Director, may inspect any portion of the Property, including the interior of the Residence, without notice, provided the Director or such other designated employee shall have made reasonable efforts to give advance oral notice to the Owner.

(b) In addition, the Owner shall promptly furnish such information about the Property as the Grantor may reasonably request from time to time, for example, the identity of each Owner and of each member of the Owner's Family living in the Property, the identity of any mortgagee or other person having an interest in the Property, the full consideration paid for the Property or any interest therein identified by category (e.g., equity, institutional loan and so forth), the condition of the Property, and any other information that the Grantor in good faith deems relevant, all for the purpose of assuring compliance with these Deed Restrictions.

(c) In consideration of the benefit provided by the Grantor's continued administration of the provisions of this deed, Owner shall pay a monthly administration fee of twenty-five dollars (\$25.00) (the "Administration Fee"). The Administration Fee shall be payable to Grantor or its successor at the address specified in writing by Grantor from time to time, on the first day of each month, unless, with Grantor's consent, the Administration Fee is to be escrowed by a Permitted Mortgagee, in which case payment shall be made as agreed to by Mortgagee and Grantor. In the event that any amount of payable Administration Fee remains unpaid when the Property is sold, the amount of payable Administration Fee shall be paid to Grantor out of any proceeds from the sale of the Property otherwise due to Grantee at the time of such sale. The remedies provided herein are not intended to restrict any other remedies available to Grantor in law or equity. Grantor may reduce, delay or waive entirely the Administration Fee at any time and from time to time for the purpose of ensuring affordable monthly housing costs for Grantee. Any such reduction, delay, or waiver must be in writing and signed by Grantor before being effective. In order to keep the Administration Fee reasonably current, the specific amount of the Administration Fee specified above shall be recalculated every 5th year to account for inflation in a manner reasonably determined by Grantor.

4. Insurance. The Owner shall, at the Owner's sole expense, keep the Property continuously insured against loss or damage by fire and the extended coverage hazards for the full replacement value thereof. The Owner shall, at the Owner's sole expense, maintain continuously in effect liability insurance covering the Property in an amount determined from time to time by the Director in its sole discretion, acting reasonably. The dollar amount of this coverage shall be adjusted upon the Grantor's reasonable demand given not more often than annually, upon thirty (30) days notice to the Owner. Each adjustment shall be based upon the amount of insurance as is then customarily carried by owners of property similar to the Property, as reasonably determined by the Grantor. Such insurance shall specifically insure the Owner against all liability assumed under these Deed Restrictions, as well as all liability imposed by law, and shall also name the Grantor as an

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additional insured so as to create the same liability on the part of insurer as though separate policies had been written for the Grantor and the Owner. The Owner shall, at the Owner's sole expense, purchase and maintain in effect insurance on the contents within the Property. The Owner shall provide the Grantor with copies of all policies and renewals of policies required to be carried by the Owner under this Section 4. All policies carried by the Owner shall also contain endorsements providing that they shall not be canceled, reduced in amount or coverage or otherwise modified by the insurance carrier involved without at least thirty (30) days prior written notice to the Grantor. The Grantor shall be entitled to participate in the settlement or adjustment of any losses covered by such policies of insurance. If, at any time, the Owner fails to carry the insurance policies required under this Section 4, the Grantor, may, but shall not be obligated to, in addition to all other rights and remedies available herein, purchase such insurance policies on behalf of the Owner. If the Grantor purchases one or more of such insurance policies pursuant to the immediately preceding sentence, then the Owner shall, upon demand, reimburse the Grantor for the premiums and all other costs and expenses incurred by the Grantor in obtaining such insurance policies.

5. Death of Owner. Upon receipt of a notice from the executor of an Owner's estate given within ninety (90) days after the death of the Owner (or the last surviving co-Owner of the Property), the Grantor shall, unless for good cause shown, consent in writing to a transfer of the Property, subject to these Deed Restrictions, to the Owner's spouse, or to the Owner's Domestic Partner (as defined below) who has resided upon the Property for at least one year immediately prior to the Owner's death, or to one or more of the Owner's children who have resided upon the Property for at least one year immediately prior to the Owner's death (a "Permitted Transferee"). Any other heirs, legatees, or devisees of the Owner must be Qualified Purchasers as defined above, or if such party is not a Qualified Purchaser, such party shall not be entitled to take title to the Property, but the Property must be transferred in accordance with Sections 6 and 7 hereof. For purposes hereof, a person shall qualify as the Owner's "Domestic Partner" if: (i) neither the Owner nor such person is married; (ii) each of the Owner and such person is at least eighteen (18) years old and competent to consent and enter into legally binding contracts; (iii) the Owner and such person are not related to each other by blood closer than would bar marriage in the State of Illinois; (iv) the Owner and such person is each other's sole Domestic Partner; (v) the Owner and such person are mutually responsible for each other's common welfare; and (vi) such person satisfies at least two of the following criteria: (a) such person is the primary beneficiary under the Owner's will; (b) the Owner and such person have joint ownership of a motor vehicle; (c) the Owner and such person have a bona-fide joint credit account; (d) the Owner and such person have a bona-fide joint checking or savings account; (e) such person is designated as the primary beneficiary of the Owner's life insurance or retirement benefits; or (f) such person holds a power of attorney for healthcare decisions for the Owner.

6. Purchase Option and Purchase Events. To protect and maintain the goals of the Grantor, the Grantor shall have, and each Owner grants to the Grantor, the permanent and irrevocable option (but without obligation) to purchase the Property (the "Purchase Option") upon the occurrence of any of the following events (a "Purchase Event") in accordance with Section 7 below:

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(a) The Owner no longer occupies the Property as a principal residence for at least 8 months of each year or the Owner fails to verify the continued use of the Property as a principal residence on an annual basis per a means as prescribed by the Grantor and the Owner (or the Owner's Permitted Transferee) has been given written notice identifying the violations of these Deed Restrictions and has failed to timely cure such violations;

(b) An Owner has given the Grantor an Intent-to-Sell Notice (as defined below) in accordance with Section 7 hereof;

(c) Any legal or beneficial interest in the Property is conveyed or otherwise transferred without an Intent-to-Sell Notice having been given, unless the Grantor has waived in writing the Purchase Option in accordance with Section 7 hereof or unless such transfer is to a Permitted Transferee in accordance with Section 5 hereof; provided, however, an Owner shall be permitted to transfer title to the Property to the Owner's spouse or Domestic Partner or to a revocable trust (a grantor type trust) where the Owner is a trustee and a beneficiary, provided further that the Owner first obtains written consent of the Grantor prior to making such transfer, which consent shall be evidenced by a Certificate of Compliance recorded with the deed effectuating said transfer;

(d) The Owner encumbers the Property or any portion thereof with a mortgage or similar lien or encumbrance, other than a Permitted Mortgage (as defined below);

(e) The Grantor has received a Mortgage Default Notice (as defined below) or otherwise has notice of a pending mortgage or other lien foreclosure or similar proceeding against the Property or of a civil action or equivalent proceeding for unpaid real estate taxes;

(f) The Owner has made material misrepresentations to the Grantor in connection with the Owner's acquisition or ownership of the Property;

(g) The Owner has failed to observe and perform the Owner's obligations set forth in these Deed Restrictions, has been given written notice identifying the violations, and after being afforded a reasonable opportunity has failed to cure the same;

(h) The Owner has failed to observe and perform the Owner's obligations set forth in these Deed Restrictions in a manner that constitutes criminal conduct, or in the Grantor's judgment, constitutes other willful, egregious conduct; or

(i) The Owner leases the Property or any portion thereof.

The Grantor shall be obligated to give notice and an opportunity to cure only for the events under subsections (a) and (g) of this Section, and for those events, the Owner shall have a reasonable time to cure, which in any event shall not exceed three (3) months from the date of delivery of the Grantor's notice. If the Owner is in default under these Deed Restrictions and the Grantor delivers a notice of such default to the Owner, then the Grantor shall deliver a copy of such default notice to the Permitted Mortgagee, provided that the Grantor has received a copy of the Permitted Mortgage and

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the Permitted Mortgage contains an address for the Permitted Mortgagee for the purpose of receiving notices.

The Purchase Option (i) shall always be exercisable as to the entire ownership interest in the Property, notwithstanding that the event giving rise to the Purchase Option might involve less than the entire ownership interest, and (ii) shall be exercisable against all the Owners (or any subsequent Owner) notwithstanding that the acts of fewer than all the Owners (or of a prior Owner) gave rise to the Purchase Option. If the Grantor assigns the Purchase Option to a third party purchaser, the sales transaction shall proceed directly between the Owner and such third party purchaser, subject to these Deed Restrictions. The Grantor and the Owner acknowledge that the Purchase Option is established to promote and enforce these Deed Restrictions and to protect and maintain the City's and the Grantor's goal of providing affordable housing as described above, and is intended to be exercisable for the greatest length of time permitted by law.

7. Sale of Property and Exercise of Purchase Option (Resale Provisions). In the event that an Owner wishes to sell the Property or any portion thereof or interest therein, the Owner shall notify the Grantor in writing of such wish (the "Intent-to-Sell Notice"). No later than ten (10) business days after the Grantor receives the Owner's Intent-to-Sell Notice, a market valuation of the Property (the "Appraisal") shall be commissioned to be performed by a duly licensed appraiser selected by the Grantor having not less than three (3) years experience in appraising residential properties and whose appraisals are commonly accepted by institutional lenders. The Grantor shall commission and pay the cost of the Appraisal. The Appraisal shall be conducted by analysis and comparison of comparable properties and shall consider the value of improvements related to safety and energy efficiency that may not be visibly apparent. Copies of the Appraisal shall be provided to both the Grantor and the Owner. Notwithstanding anything contained herein to the contrary, if an Appraisal of the Property exists that is dated no earlier than one (1) year before the date of the Intent-to-Sell Notice (an "Existing Appraisal"), then the Grantor may elect to not obtain a new Appraisal, in which case, for purposes hereof, the "Appraisal" shall be deemed to be the Existing Appraisal. If the Grantor elects to use an Existing Appraisal as the Appraisal, the Grantor shall notify the Owner thereof within said 10-business day period. If a Purchase Event, other than a Purchase Event described in subsection (b) of Section 7 hereof occurs, then at any time thereafter, the Grantor may obtain an Appraisal.

If the Grantor elects to purchase the Property pursuant to its receipt of an Intent-to-Sell Notice, the Grantor shall exercise the Purchase Option by notifying the Owner, in writing, of such election (the "Exercise Notice") within sixty (60) days after the receipt of the Appraisal (or if an Existing Appraisal is being used as the Appraisal, then within sixty (60) days after the expiration of the 10-business day period described above), or the Purchase Option shall expire as to such Intent-to-Sell Notice, but shall survive and continue as to subsequent Intent-to-Sell Notices and subsequent sales of the Property or any portion thereof or interest therein. If a Purchase Event, other than a Purchase Event described in subsection (b) of Section 6 hereof occurs, then the Grantor may deliver the Exercise Notice at any time after such Purchase Event occurs and the Purchase Option shall never expire with respect to any such Purchase Event, except as provided in Section 12 below.

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If the Grantor delivers the Exercise Notice, the Grantor may either proceed to exercise the Purchase Option directly by purchasing the Property, or may assign the Purchase Option (before or after delivering the Exercise Notice) to another Income-qualified person or entity at an affordable price as defined below or otherwise to be used as a principal residence and receive a fair return on investment only as explicitly permitted by the provisions of this Article. Grantee may transfer the Property only to Grantor or an Income-qualified Person at an affordable price. All such transfers shall be subject to the Grantor's review and purchase option rights set forth in this Article. Any purported transfer done without following the procedures set forth below, except in the case of a transfer to a Permitted Mortgagee in lieu of foreclosure, shall be null and void. "Income-qualified Person" shall mean a person or group of persons whose household income does not exceed **one hundred twenty percent (120%)** of the median household income for the Chicago area as calculated and adjusted for household size from time to time by the U.S. Department of Housing and Urban Development (HUD) or any successor. "Affordable price" shall be determined at the time of transfer based on market conditions, income restrictions, and the fair return on investment formula provided herein by the Grantor.

If the Grantor or its assignee or designee exercises the Purchase Option, the purchase price for the Property (the "Purchase Price") shall be the lesser of (i) the value set forth in the Appraisal or (ii) the Formula Price (as defined below). The "Formula Price" shall be equal to Owner's Purchase Price, as stated below, plus Owner's Share of Market Value Appreciation in the Property, plus any applicable Capital Improvements Credit calculated as follows:

- (1) Owner's Purchase Price – the price the Owner originally paid to acquire the Property from the Owner's predecessor in title. The parties agree that the Owner's Purchase Price is **\$119,000**.
- (2) Initial Appraised Value – the appraised value of the Property at the time of Owner's purchase. The parties agree that the initial Appraised Value is **\$200,000**.
- (3) Owner's Investment Ratio – the Owner's Purchase Price as a percentage of the Initial Appraised Value of the Property. The parties agree that the Owner's Investment Ratio is **60%**.
- (4) Current Appraised Value - the market value of the Property determined by the appraisal conducted on or about the date of the Owner's Notice of Intent to Sell, or by the Existing Appraisal, in accordance with Subsection 9C of this Declaration.
- (5) Market Value Appreciation – the Current Appraised Value minus the Initial Appraised Value.

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- (6) Shared Appreciation Factor. For the purpose of calculating Owner's Share of Market Value Appreciation in paragraph (7) below, the Shared Appreciation Factor shall be fifteen percent (15%).
- (7) Owner's Share of Market Value Appreciation. For the purpose of determining the Formula Purchase Price, Owner's Share of Market Value Appreciation shall be determined by first multiplying the Market Value Appreciation by Owner's Investment Ratio and then multiplying the product by the Shared Appreciation Factor.
- (8) Applicable Capital Improvements Credit. The Capital Improvements Credit as defined in Section 10, if any, shall be added, provided the Credit has been approved by the Grantor pursuant to the requirements of Section 10.
- (9) Formula Purchase Price: The Formula Purchase Price shall be determined by adding Owner's Share of Market Value Appreciation plus a Capital Improvements Credit, if applicable, to Owner's Purchase Price.

If the Purchase Option is exercised in connection with a Purchase Event described in subsection (c) of Section 6 hereof, then the term "Owner," as used in the immediately preceding sentence for purposes of calculating the Formula Price, shall mean the then most recent Owner who acquired the Property not in violation of these Deed Restrictions. Attached hereto as Exhibit "D" and made a part hereof, for illustration purposes only, is a sample, hypothetical calculation of the Formula Price.

The Grantor shall maintain permanent records setting forth the purchase price paid by the Grantee for the Property, the subsidy (if any) received by the Grantee from Grantor in connection with the Grantee's purchase of the Property, and the Initial Appraisal. Each Owner hereby agrees that the Purchase Price that it is entitled to receive upon a sale of the Property, determined as provided above, is an equitable return on such Owner's investment in the Property. If the Grantor or its assignee or designee purchases the Property pursuant to an exercise of the Purchase Option, then at the closing, the Grantor or such assignee or designee, shall, to the extent of the Purchase Price less reasonable costs incurred by the Grantor or such assignee or designee in connection with such purchase, pay-off the lien of any Permitted Mortgage (in the order of priority if there is more than one Permitted Mortgage), and the Permitted Mortgagee shall, at the time of the closing, deliver a full release of such Permitted Mortgage, notwithstanding the failure of such Permitted Mortgagee to recover payment in full on the indebtedness secured by the Permitted Mortgage. The amount of the Purchase Price to be paid to the Owner shall be reduced by the amount of any indebtedness paid off by the Grantor or its assignee or designee as described in the immediately preceding sentence. If a Permitted Mortgagee does not recover payment in full on the indebtedness secured by its Permitted Mortgage, the Permitted Mortgagee may pursue an unsecured claim against the mortgagor under such Permitted Mortgage to recover any such deficiency, notwithstanding the release of the Permitted Mortgage.

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If the Grantor delivers an Exercise Notice and thereafter the Grantor receives a Mortgage Default Notice, then clause (B) of Section 12 below shall apply pending the purchase of the Property by the Grantor or its assignee or designee.

If the Grantor or its assignee or designee exercises the Purchase Option, the Property shall be conveyed by a good and sufficient warranty deed running from the Owner to the Grantor or such assignee or designee conveying good and marketable title to the Property free from encumbrances except for: (i) such taxes as are not due and payable on the date of the delivery of the deed; and (ii) such matters of record to which these Deed Restrictions were subordinate at the time of the recording of this Deed (which does not include mortgages or other liens or claims for financial obligations). The Property shall be delivered in the same condition as it was in at the time of the delivery of the Exercise Notice and shall be free of all occupants. The Grantor may inspect the Property prior to closing to determine whether its condition complies with this Section. Premiums under assignable insurance policies, water and other utility charges, fuels, general taxes, and other similar items shall be adjusted ratably as of the time of closing. The amount of the current general taxes not then ascertainable shall be adjusted on the basis of 105% of the most recent ascertainable taxes.

If the Owner shall be unable on the closing date to give title to or to make conveyance of or deliver possession of the Property, all in accordance with the terms of these Deed Restrictions, or if on the closing date the Property in any other way does not conform with the requirements of these Deed Restrictions, then in addition to all other rights and remedies available at law or in equity, the Grantor or its assignee or designee may apply as much of the Purchase Price as necessary to cure such failures and non-conformities, but this remedy shall not be deemed to waive, impair or otherwise diminish the priority of the Purchase Option over other's rights, whether or not appearing of record.

If the Grantor or its assignee or designee fails to deliver an Exercise Notice within the 45-day period described above, then the Owner may sell the Property, subject to these Deed Restrictions, to any Qualified Purchaser for not more than the applicable Purchase Price and provided that the Owner shall pay-off the Permitted Mortgage (if any) prior to or concurrently with any such sale. However, if the Owner fails to close on the sale of the Property within nine (9) months after the date of the Intent-to-Sell Notice, then the Owner shall be obligated to deliver another Intent-to-Sell Notice to the Grantor if the Owner wishes to sell the Property or any portion thereof or interest therein after said 9-month period. In the event the Grantor or its assignee or designee does not exercise the Purchase Option and complete the purchase of the Property as set forth above, and the Owner (i) is not then residing in the Property and (ii) continues to hold the Property out for sale but is unable to locate a buyer and execute a binding purchase and sale agreement within one (1) year after the giving of the Intent-to-Sell Notice, the Owner does hereby appoint the Grantor as its attorney in fact to seek a buyer, negotiate a reasonable price that furthers the goals of the Grantor, sell the Property, and distribute the proceeds of sale, minus the Grantor's costs of sale and any other sums owed the Grantor by the Owner. Upon the Grantor's request, the Owner shall promptly execute and deliver to the Grantor an instrument, in form and substance reasonably acceptable to the Grantor, granting and re-affirming the power of attorney described above.

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8. Construction and Improvements. Any construction or other improvements in connection with the Residence on the Property shall be subject to the following conditions: (a) all costs shall be borne and paid for by the Owner; (b) all construction shall be performed by a licensed, certified and bonded contractor; (c) all construction shall be performed in a workmanlike manner and shall comply with all applicable laws and regulations; (d) all construction shall be consistent with the permitted uses set forth in Section 2; and (e) the exterior (including height) of the Residence shall not be increased or expanded, and new improvements shall not be constructed on the Property without the prior written consent of the Grantor. The Owner has the right, at Owner's cost, to make the unit accessible to meet local ADA codes and the Uniform Federal Accessibility Standards.

9. Capital Improvements Credit. The Owner may elect to receive a Capital Improvements Credit, which credit shall be applied in the calculation of the Formula Purchase Price for the portion of the Owner's regular assessment allocated to the working capital reserve of the Condominium Association, and for any one or more of the following structural or mechanical improvements to the Property or the common areas and facilities, subject to the approval of the Grantor: (a) repair and/or replacement of the heating system; (b) repair and/or replacement of the electrical components; (c) repair and/or replacement of plumbing components; (d) repair and/or replacement of the roof; and (e) repair and/or replacement of a damaged structural element that threatens the structural integrity of the improvements. The terms under which the Grantor will approve a Capital Improvements Credit are limited to the conditions set forth in Exhibit "E", attached hereto and incorporated herein by this reference. Any Capital Improvements Credit for improvements to the Property that have been undertaken by the Owner and approved by the Grantor shall be evidenced by an Approval of Capital Improvements Credit as set forth in Exhibit "F", attached hereto and incorporated herein by this reference. Any Capital Improvements Credit for the portion of the Owner's regular assessment allocated to the working capital reserve of the Condominium Association or for structural or mechanical improvements undertaken by the Condominium Association to the Property or to the common areas and facilities for which Owner paid a special assessment shall be evidenced by annual certifications provided by the Condominium Association to the Grantor as set forth in Exhibit "G", attached hereto and incorporated herein by this reference.

10. Liens. The Owner shall not permit any statutory or other lien to be filed against the Property and to remain in effect for more than sixty (60) days after it has been filed. The Owner shall cause any such lien to be discharged of record by payment, deposit, bond, order of a court of competent jurisdiction or as otherwise permitted by law. The Owner may, at the Owner's expense, contest the validity of any such asserted lien, provided the Owner has furnished to the Grantor a bond in an amount reasonably determined by the Grantor as sufficient to release the Property from such lien.

11. Default. Without limiting any other remedies of the Grantor, if any Owner sells, leases, mortgages, conveys or otherwise transfers the Property in violation of these Deed Restrictions, or any Owner or any member of the Household living on the Property uses the Property in violation of these Deed Restrictions or otherwise violates or breaches these Deed Restrictions, then after expiration of the applicable cure periods (if any) provided herein, the Grantor shall be

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entitled to the following remedies (which shall be cumulative and not mutually exclusive) against the Owner and any other person whose conduct has contributed to the violation or breach:

- (a) pursue specific performance of the provisions of these Deed Restrictions (including, if such be the case, the Grantor's exercise of the Purchase Option);
- (b) void any rental or leasing arrangement that violates these Deed Restrictions and eviction of any tenants;
- (c) in the case of any rental or leasing which violates these Deed Restrictions, recover damages equivalent to the rent charged during the existence of the violation, or (ii) in the case of a conveyance or other transfer of the Property which violates these Deed Restrictions, recover damages for the cost of creating or obtaining other comparable dwelling units to replace the Property in the event the Property can no longer be affordable housing for a Qualified Purchaser;
- (d) void any mortgage that is not a Permitted Mortgage;
- (e) void any contract for sale, or any sale or other transfer or conveyance of the Property in violation of the provisions of these Deed Restrictions; or
- (f) recover damages in an amount equal to the difference between (i) the fair market value of the Property free of the restrictions imposed by these Deed Restrictions, and (ii) the fair market value of the Property subject to these Deed Restrictions (assuming the same to be perpetual for such purpose).

The validity, construction and interpretation of this Special Warranty Deed shall be governed by the laws of the State of Illinois. The parties hereto irrevocably agree that all actions or proceedings in any way, manner or respect, arising out of or from or related to this Special Warranty Deed shall be litigated only in courts having sites in Lake County, Illinois. Each party hereby consents and submits to personal jurisdiction in the State of Illinois and waives any right such party may have to transfer the venue of any such action or proceeding. The Grantor or Grantee may be subject to payment of attorney's fees and legal costs of both parties in the event of a loss in such dispute. Additionally, the Lake County Consortium may exercise the ability to purchase the Property herein for the purposes of preserving the period of affordability in the event of a foreclosure, and exercise necessary rights as to transfer of ownership.

12. Permitted Mortgage. The Owner shall not mortgage the Property or grant any similar lien or encumbrance on the Property, unless such mortgage is a Permitted Mortgage. For purposes hereof, a "Permitted Mortgage" shall mean a mortgage that: (i) shall run in favor of a so-called "institutional lender" such as, but not limited to, a federal, state or local housing finance agency, a bank (including savings and loan association or insured credit union), an insurance company, a pension and/or profit sharing fund or trust or any combination of the foregoing, the policies and procedures of which institutional lender are subject to direct government supervision; (ii) shall be a first lien on all of the Property; (iii) shall provide, among other things, that (A) the holder of such

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mortgage (the "Permitted Mortgagee") shall deliver to the Grantor, in accordance with Section 15 below, copies of all default and late payment notices delivered by or on behalf of the Permitted Mortgagee to the Owner (individually, a "Mortgage Default Notice" and collectively, the "Mortgage Default Notices"), concurrently with the delivery of such Mortgage Default Notices to the mortgagor; (B) in the event of a default in any of the mortgagor's obligations there under, the Grantor or its assignee or designee shall have the right (but shall not have the obligation) within one hundred twenty (120) days after its receipt of a Mortgage Default Notice to either cure such default in the mortgagor's name and on the mortgagor's behalf or exercise the Purchase Option and purchase the Property, pursuant to Section 7 hereof, provided that current payments due to the Permitted Mortgagee during such 120-day period (or such lesser time period as may have been required to cure such default or purchase the Property) are made to the Permitted Mortgagee, and shall further provide that the Permitted Mortgagee shall not have the right, unless such default shall not have been cured or the Property shall not have been acquired within such 120-day period, to accelerate the indebtedness secured by such mortgage, or to commence to foreclose under such mortgage on account of such default, or to accept a deed in lieu of foreclosure; (C) in the event of a foreclosure sale by the Permitted Mortgagee or the delivery of a deed to the Permitted Mortgagee in lieu of foreclosure, upon acquisition of title to the Property by the Permitted Mortgagee or its assignee or designee, the Permitted Mortgagee shall give the Grantor written notice of such acquisition and the Grantor or its assignee or designee shall have an option to purchase the Property from the Permitted Mortgagee or its assignee or designee for the full amount owing to the Permitted Mortgagee under the Permitted Mortgage immediately prior to any such foreclosure or deed in lieu of foreclosure plus the Permitted Mortgagee's costs of foreclosure, provided that the Grantor or its assignee or designee gives written notice to the Permitted Mortgagee of its intent to purchase the Property within thirty (30) days following the Grantor's receipt of the Permitted Mortgagee's notice of such acquisition of the Property; and further provided that the Grantor or its assignee or designee shall complete the purchase of the Property within sixty (60) days after having given written notice of its intent to purchase, and further provided that if the Grantor or its assignee or designee does not complete the purchase within such period, then the Permitted Mortgagee shall be free to sell the Property to another person (whether or not a Qualified Purchaser) free and clear of these Deed Restrictions, (D) upon the Grantor's request, the Permitted Mortgagee shall promptly deliver to the Grantor a reasonably-detailed statement setting forth the total amount secured by the Permitted Mortgage at the time of such request, and (E) the Grantor and its successors and assigns are intended third-party beneficiaries of the terms of the Permitted Mortgage described in this Section 12; (iv) shall not contain any provisions other than provisions generally contained in mortgages used for similar transactions in the Chicago metropolitan area by institutional lenders; and (v) shall not contain any provisions that could be construed as rendering the Grantor or its successors or assigns liable for the payment of the indebtedness secured by such mortgage, other than provisions consistent with clause (C) above in this Section 12; provided, however, that a Permitted Mortgage shall also mean a mortgage that does not satisfy one or more of the requirements set forth in clauses (i)-(v) above, but is otherwise approved by the Grantor in advance and in writing. A Permitted Mortgagee shall have the right, but not the obligation, to cure any default by the Owner under these Deed Restrictions within the same time period (if any) granted to the Owner under these Deed Restrictions to cure such default, and such cure by a Permitted Mortgagee shall be effective as if it had been undertaken by the Owner. Provided that the Permitted Mortgagee shall have observed, performed and complied with

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all of the terms of the Permitted Mortgage described in this Section 12 (or all of the terms of a Permitted Mortgage that has otherwise been approved by the Grantor in advance and in writing, if the Permitted Mortgage does not contain all of the terms described in this Section 12), in the event of a foreclosure sale by the Permitted Mortgagee, or the delivery of a deed to the Permitted Mortgagee in lieu of foreclosure, concurrently with the transfer of the Property pursuant to such foreclosure sale or deed in lieu of foreclosure, these Deed Restrictions shall be of no further force or effect and the Property may thereafter be sold and transferred to any person or entity (whether or not a Qualified Purchaser), provided that the Permitted Mortgagee shall continue to be bound by the provisions of the Permitted Mortgage described in clause (C) above in this Section 12.

13. Assignment of Net Proceeds in Event of Foreclosure. The parties recognize that it would be contrary to the fundamental concept of these Deed Restrictions, and an abuse by the Owner, to encumber the Property with a mortgage if the Owner could realize more than the Purchase Price as the result of any foreclosure of any mortgage. Accordingly, the Owner hereby irrevocably assigns to the Grantor any and all net proceeds of the sale of the Property remaining after payment of costs of foreclosure and satisfaction of the lien of any mortgage that would otherwise have been payable to the Owner, to the extent such net proceeds exceed the net proceeds that the Owner would have received had the Property been sold for the Purchase Price established in Section 7 hereof for a purchase by the Grantor or its assignee or designee, and the Owner authorizes and instructs the mortgagee or any party conducting any sale to pay the amount of said excess proceeds directly to the Grantor. In the event that, for any reason, such excess proceeds are paid to the Owner, the Owner hereby agrees to promptly pay the amount of such excess proceeds to the Grantor.

14. No Subordination. Except as expressly provided in Section 12 hereof, the rights and obligations created by these Deed Restrictions shall never, under any circumstance, be subordinate to or capable of subordination to the financial or other property interest of any third party acquiring rights in the Property after the recording of these Deed Restrictions.

15. Notices. Any demand, notice or request by either party to the other shall be sufficiently given if in writing personally delivered to the party intended to receive the same, or mailed by certified mail, return receipt requested, or delivered to a recognized national overnight courier, or if given in a manner sufficient for legal process. Each notice to the Owner shall be sufficiently given if addressed to or given at the Property. Notices to the Grantor, to be valid, must be sent to Executive Director, Community Partners for Affordable Housing, 400 Central Avenue, #111, Highland Park, Illinois 60035.

16. Binding Nature. Subject to Section 12 hereof, each sale, conveyance or other transfer of full or partial ownership of the Property shall be subject to all the terms of these Deed Restrictions (including without limitation the Purchase Option), and subject to Section 12 hereof, all the agreements, covenants, rights and restrictions set forth in these Deed Restrictions shall run with the Property and shall be binding upon each Owner, and all heirs, successors and assigns, for the benefit of, and enforceable by the Grantor and its successors and assigns for the maximum duration permitted by law. Further, notwithstanding the definition of Owner hereinbefore contained, the

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rights of enforcement for violations of these Deed Restrictions shall survive any subsequent sale or transfer of the Property.

17. If and when these Deed Restrictions terminate for any reason, other than pursuant to Section 12 hereof, the Owner shall owe the Grantor an amount equal to the difference between (i) the then fair market value of the Property free of these Deed Restrictions, and (ii) the fair market value of the Property subject to these Deed Restrictions (assuming the same to be perpetual for such purpose). Fair market value (both subject to and free of these Deed Restrictions) shall be reasonably determined by the Grantor; provided however, that after notice to the Grantor, given before or after determination by the Grantor, the Owner may obtain an appraisal at the Owner's expense from a qualified appraiser reasonably approved by the Grantor to determine fair market values for these purposes, whose decision shall be binding on the parties. Payment shall be made solely out of the proceeds of the Property (such as sales proceeds, foreclosure proceeds or insurance proceeds) received at the time of, or next following, such termination, and shall be paid after payment to the Owner (net of bona-fide mortgage lien payments) of the fair market value of the Property as restricted by these Deed Restrictions. In no event shall the Owner be personally liable to pay the Grantor more than the amount, determined as stated above, actually received from the proceeds of the Property as stated above.

18. The Owner and each other person, including mortgagees, hereafter holding any interest in the Property acknowledges that the reservation and grant of the agreements, covenants, and restrictions contained in these Deed Restrictions are for public purposes.

19. The Owner shall include a reference to these Deed Restrictions in any and all deeds or other instruments conveying any interest in the Property or any part thereof or interest therein, although neither the validity nor enforceability of these Deed Restrictions shall be affected in any manner by failure to do so.

20. In addition to the Director, the Grantor may from time to time appoint and revoke the appointment of one or more who shall have the authority to issue certificates and other instruments as provided herein and to exercise the Grantor's other rights under these Deed Restrictions to the extent stated in the applicable authorizing resolution described below. Such appointments shall be made (or revoked) only by resolution passed by the Grantor.

21. If any provision of these Deed Restrictions or the application thereof to any person or circumstances is held to be invalid or unenforceable by any decision of any court of competent jurisdiction, such decision shall not impair or otherwise affect any other provision of these Deed Restrictions, or the application of such provision to persons or circumstances other than those as to which it is held invalid or unenforceable. If any provision of these Deed Restrictions is held to constitute a violation of the rule against perpetuities, that provision shall be deemed to remain in effect until the death of the last survivor of the now living descendants of George W. Bush, President of the United States, plus 21 years thereafter.

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22. These Deed Restrictions shall be enforceable according to their terms, are subject to the general principles of equity, fairness and reasonableness irrespective of whether such enforcement or interpretation is considered in a proceeding at equity or in law, and shall be construed in accordance with the purpose of fostering and preserving affordable housing.

[no further text on this page—signature page to follow]

CITY OF EVANSTON 029918

Real Estate Transfer Tax

City Clerk's Office

PAID

Jan. 19 2016 AMOUNT \$ 11005⁰⁰

Agent 

Property of Cook County Clerk's Office

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Exhibit "A"

Permitted Exceptions

[ATTACH SCHEDULE B OF TITLE POLICY]

**COOK COUNTY
RECORDER OF DEEDS
SCANNED BY _____**

Property of Cook County Clerk's Office

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Exhibit "A"

Permitted Exceptions

[ATTACH SCHEDULE B OF TITLE POLICY]

H 14.

1. Taxes for the year(s) 2015
2015 taxes are not yet due or payable.

1A. Note: 2014 first installment was due March 3, 2015
Note: 2014 final installment was due August 3, 2015

Perm tax#	Pcl	Year	1st Inst	Stat	2nd Inst	Stat
10-13-211-002-0000	1 of 1	2014	\$663.62	Paid	\$571.36	Paid

Perm tax# 10-13-211-002-0000 Pcl 1 of 1 Volume 53

O 20. Terms and conditions of the Illinois Affordable Housing Tax Credit Regulatory Agreement dated December 17, 2015 and recorded December 22, 2016 as Document No. 1535656125.

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Exhibit "B"

Letter of Stipulation And Letter of Acknowledgment

Letter of Stipulation of Owner

To: Community Partners for Affordable Housing (the "Seller")

Date:

I will be purchasing a home from Community Partners for Affordable Housing ("Seller") having an address of 400 Central Avenue #111, Highland Park, Illinois. The home is located at 1941 Jackson Avenue, Evanston, IL, 60201, Illinois (the "Property"). Seller will transfer title to the Property subject to certain restrictions (the "Deed Restrictions") set forth in that certain Special Warranty Deed recorded with the Recorder of Deeds of Cook County, Illinois. This letter is given to the Grantor pursuant to the Deed Restrictions.

My legal counsel, Jeffrey Goldberg, has explained to me the terms and conditions of the Deed Restrictions and other legal documents that are part of this transaction. I understand the way these terms and conditions will affect my rights as the owner of the Property and as a Qualified Purchaser (as defined in the Deed Restrictions), now and in the future.

In particular I understand and agree with the following points:

1. One of the goals of the Grantor is to keep homes for lower income households from one Qualified Purchaser to the next. I acknowledge this goal as a Qualified Purchaser.
2. The Deed Restrictions will keep the Property affordable for future "Qualified Purchasers". If and when I want to sell the Property, I am required to sell it either to the Grantor or its assignee, designee or nominee or to another Qualified Purchaser, and the price for which I can sell the Property, in order to keep it affordable for Qualified Purchasers, is limited to the price that is determined in accordance with the Deed Restrictions.
3. It is also a goal of the Grantor to promote ownership of affordable homes by individuals who will occupy those homes as their principal residence. For this reason, the Deed Restrictions require that if I and my family move out of the Property permanently, I must sell it. I cannot continue to own it as an absentee owner.
4. I understand that upon my death, I can leave the Property to my spouse, or to my Domestic Partner (as defined in the Deed Restrictions) or one or more of my children, provided that my Domestic Partner or any such child or children has resided at the Property for at least one year immediately prior to my death, and that after my death, such person(s) can own the Property for as long as they want to live in it and abide by the Deed Restrictions, or they can sell the Property on the terms permitted by the Deed Restrictions.

As a Qualified Purchaser, it is my desire to see the Deed Restrictions and related documents honored. I consider these terms fair to me and others.

Sincerely,

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Letter of Acknowledgment of Legal Counsel of Owner

To: Community Partners Affordable Housing (the "Grantor")

Date:

I, Jeffrey Goldberg, have been independently employed by Charles Carr (the "Client") who intends to purchase a home in the City of Evanston. The home is located at 1941 Jackson Avenue, Evanston, Illinois (the "Property").

In connection with the contemplated purchase of the Property, I reviewed with the Client the following documents relating to the transaction:

- 1) this Letter of Acknowledgment and a Letter of Stipulation of Owner from the Client;
- 2) a proposed deed conveying the Property to the Client (the "Deed"); and
- 3) the covenants, conditions and restrictions of record to which the Deed is subject (including, without limitation, the covenants, conditions and restrictions set forth in that certain Special Warranty Deed recorded with the Recorder of Deeds of Cook County, Illinois.

The Client has received full and complete information and advice regarding this conveyance and the foregoing documents. My advice and review have been given to reasonably inform the Client of the present and foreseeable risks and legal consequences of the contemplated transaction.

The Client is entering into the aforesaid transaction in reliance on his/her own judgment and upon his/her investigation of the facts. The advice and information provided by me was an integral element of such investigation.

Name Jeff Goldberg

Title attorney

Firm/Address 1811 Ridgeway Rd
Hickland Park, IL
60355

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Exhibit "C"

Certificate of Compliance

The undersigned hereby certifies that, to the best of his knowledge, based upon the information that the Grantor has in its possession and the information that has been delivered to the Grantor, the conveyance of the property commonly known as 1941 Jackson Avenue, Evanston, IL from Community Partners for Affordable Housing to _____, pursuant to the deed or other instrument to which this Certificate of Compliance is attached, complies with and is not in violation of the covenants, conditions and restrictions set forth in that certain Special Warranty Deed recorded with the Recorder of Deeds of Cook County, Illinois on _____.

Executive Director
Community Partners for Affordable Housing

STATE OF ILLINOIS)
) SS.
COUNTY OF LAKE)

I, the undersigned, a Notary Public in said County in the State aforesaid, **DO HEREBY CERTIFY** that Kim Ulbrich the Executive Director of Community Partners for Affordable Housing, 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 acknowledged that as such he/she signed and delivered the said instrument pursuant to proper authority, as his/her free and voluntary act, and as the free and voluntary act and deed of the Grantor for the uses and purposes therein set forth.

Given under my hand and notarial seal, this ___ day of _____, 200__.

Notary Public

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Exhibit "D"

Sample Calculation of the Formula Price

Assumed Facts:

Initial Purchase

Initial appraised value	\$300,000
<i>Minus</i> purchase price reduction	<u>\$120,000</u>
<i>Equals</i> Home Buyer's Purchase Price	\$180,000

Resale -- 7 years later

Current Appraised Value	\$350,000
<i>minus</i> Initial Appraised Value	<u>300,000</u>
<i>Equals</i> Market Value Appreciation	50,000

<i>multiplied by</i> Home Owner's Investment Ratio	<u>60%¹</u>
<i>Equals</i>	\$ 30,000

<i>multiplied by</i> shared appreciation factor	<u>15%²</u>
<i>Equals</i> Home Buyer's Share of Market Value Appreciation	\$ 4,500

Home Owner's Purchase Price	\$180,000
<i>plus</i> Home Buyer's Share of Market Value Appreciation	4,500
<i>plus</i> Structural and Mechanical Improvements Credit (if any)	<u>4,800³</u>
<i>Equals</i> Formula Resale Price	\$189,300

Note: The Purchase Option Price is the lesser of the Formula Price and the Current Appraised Value.

- Home Buyer's Investment Ratio is the Purchase Price (\$180,000) divided by the Initial Appraised Value (\$300,000).
- The shared appreciation factor is established to ensure a fair return to the owner and enable CPAH to meet the permanent affordability goals for the community. CPAH researched other comparable programs formulas and calculated potential resales in Highland Park to determine an appropriate percentage.
- Calculation of Structural and Mechanical Improvements Credit: Assume that Home Owner added a new roof in year 4 of ownership at an approved cost of \$6,000. At 15-year straight line depreciation (subtract \$400 each year), the value of the credit after year 7 is \$4,800.

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Exhibit "E"

Capital Improvements Credit

Permissible Expenditures

Owner may elect to receive a Capital Improvements Credit, which credit shall be applied in the calculation of the Formula Purchase Price as set forth in Section 7 of the Special Warranty Deed, for any one or more of the following expenditures:

Any one or more of the following structural or mechanical improvements to the Property undertaken by the Owner:

- a. Repair and/or replacement of the heating system only to the extent that such repair or replacement is necessary because of a safety hazard caused by the heating system or failure of the Heating System due to full life span depreciation estimated at roughly 18 years. No credit will be given for upgrades designed to increase efficiency as the only reason for improvement.
- b. Repair and/or replacement of electrical components that are directly related to health and safety. For example, the Grantor would approve a credit for open wiring found to be an electrical safety hazard but would not approve a credit for a new living room lighting fixture.
- c. Repair and/or replacement of plumbing components that relate to either safety or flow problems. For example, the Grantor would approve a credit for inadequate water flow to a shower fixture (to be determined by independent testing) but would not approve a credit for replacing a faucet with a different model.
- d. Repair and/or replacement of the roof when it is deemed to be fully depreciated.
- e. Repair and/or replacement of a damaged structural element that threatens the structural integrity of the Improvements.

Owner may not receive a Capital Improvements Credit for any expenditure that is not included in the above list.

Qualification for Improvements Undertaken By Owner

In order to qualify for a Capital Improvements Credit for improvements to the Property to be undertaken by the Owner, Owner must receive the written consent of the Grantor before undertaking any work. After receiving such written consent, Owner shall present the Grantor with a selected bid. The Grantor shall review the bid and notify Owner of the Maximum Capital Improvements Credit to be

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allowed. Owner shall notify the Grantor upon completion of construction and shall provide the Grantor with a copy of all receipts for payments related to the improvement. Following inspection by the Grantor of the completed construction, the Grantor shall provide Owner with written Approval of Capital Improvements Credit setting forth the date construction was completed and the amount of the Maximum Capital Improvements Credit allowed. Such approval shall be evidenced by the Exhibit F, Approval of Capital Improvements Credit.

To determine the amount of the Capital Improvements Credit for such improvements for the purpose of calculating the Formula Purchase Price pursuant to Section 7, the Maximum Capital Improvements Credit shall be depreciated on a straight line basis for a period of fifteen (15) years following completion of construction. There will be no Capital Improvements Credit after the end of such 15-year period. The value of the credit will be prorated for partial years.

Below is an example of the calculation of the Capital Improvements Credit for structural and mechanical improvements to the Property undertaken by the Owner based on the following facts:

- Owner repairs heating system at a cost of \$1,500
- Construction is completed on December 31, 2010

To calculate the value of the Capital Improvements Credit at 15-year straight line depreciation, subtract \$100 each year from \$1,500 (the maximum Capital Improvements Credit allowed). The following table shows the value of the credit over the allowable 15-year depreciation period. The year, for purposes of this sample calculation, begins on January 1.

Year	Value of Credit
2011	\$1,400
2012	\$1,300
2013	\$1,200
2014	\$1,100
2015	\$1,000
2016	\$900
2017	\$800
2018	\$700
2019	\$600
2020	\$500
2021	\$400
2022	\$300
2023	\$200
2024	\$100
2025	\$ 0

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Exhibit "F"

Approval of Capital Improvements Credit

1. Name of Owner: _____
2. Address of Property: _____, Highland Park, IL 60035
3. Description of improvement (Check applicable improvement and describe as necessary.)
 - _____ Repair/replacement of heating system in Owner's unit due to safety hazard or failure of system due to full life span depreciation estimated at approximately 18 years
 - _____ Repair/replacement of electrical components in Owner's unit directly related to health and safety
 - _____ Repair/replacement of plumbing components in Owner's unit related to safety or flow problems
 - _____ Repair/replacement of the roof when it is deemed to be fully appreciated
 - _____ Repair/replacement of a damaged structural element that threatens the structural integrity of the improvement.
4. Maximum amount of Capital Improvements Credit allowed: \$ _____
5. Date construction completed: _____
6. Total cost of improvement (attach copy of all payment receipts): \$ _____
7. Date of inspection of improvement by Grantor: _____

Based on the above information, the Grantor, by its designee, hereby approves a Capital Improvements Credit for the above-described improvement for the maximum amount indicated. For purposes of calculating the value of the credit in determining the formula purchase price pursuant to Section 8, a year will run from *[insert month and date of the day immediately following completion of construction]* through *[insert month and date]*.

(Name)

(Date)

(Title)