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**This Document Prepared By
and After Recording Return to:**

Mary Ann Murray
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Chicago, Illinois 60654

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RHSP FEE: \$9.00 RPRF FEE: \$1.00

KAREN A. YARBROUGH

COOK COUNTY RECORDER OF DEEDS

DATE: 08/31/2018 03:40 PM PG: 1 OF 39

Address of Property:

56 E. North Avenue, Northlake, Illinois

PIN Nos.:

12-32-326-042

12-32-326-043

12-32-326-060

12-32-326-061

12-32-326-062

40039646 (2014)

ASSIGNMENT AND ASSUMPTION OF LEASE

THIS ASSIGNMENT AND ASSUMPTION OF LEASE (this "Assignment") is made and entered into as of the 28th day of August, 2018, by and between Turnstone Development Corporation, an Illinois not-for-profit corporation ("Assignor"), and Turnstone Northlake Phase 2, LP, an Illinois limited partnership ("Assignee").

Recitals

WHEREAS, Assignor and the City of Northlake, Illinois, an Illinois home rule municipality (the "Landlord") are parties to that certain Ground Lease dated August 28, 2018 (the "Lease"), a copy of which is attached hereto as **Exhibit B**, pursuant to which Assignor leases from Landlord certain property, as more fully described in the Lease, commonly referred to as 56 East North Avenue in Northlake, Illinois and more particularly described on **Exhibit A** attached hereto and incorporated herein (the "Property"); and

WHEREAS, Assignor desires to assign to Assignee, and Assignee desires to assume from Assignor, Assignor's right, title, interest and obligations in, to and under the Lease relating to the Property, subject to the terms of this Assignment.

NOW, THEREFORE, in consideration of the mutual covenants set forth in this Assignment and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor and Assignee hereby agree as follows:

1. Assignment of Lease. Assignor hereby assigns and transfers to Assignee all of its right, title and interest in and to the Lease, and Assignee hereby accepts from Assignor all such right, title and interest in the Lease. Notwithstanding the foregoing, Assignor shall not be released or discharged for any liability or obligation under the Lease.

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2. Assumption of Liabilities and Obligations. Assignee hereby assumes all the liabilities under the Lease from and after the date of this Assignment.

3. Successors and Assigns. This Assignment shall be binding upon and inure to the benefit of Assignor and Assignee, and their respective successors and assigns. This Assignment shall not confer any rights or remedies upon any third party.

4. Entire Agreement; Amendments to Agreement. This Assignment (including the recitals to this Assignment which are incorporated herein) sets forth the entire understanding and agreement (written or oral) between Assignor and Assignee on or prior to the date of this Assignment with respect to the matters set forth herein. No amendment of any terms of this Assignment, waiver of the obligations of Assignor or Assignee under this Assignment, or termination of this Assignment, shall be valid unless set forth in writing and executed by Assignor and Assignee.

5. Counterparts. This Assignment may be executed in any number of counterparts, each of which shall be deemed an original and all of which counterparts together shall constitute one agreement with the same effect as if the parties had signed the same signature page.

6. Terms. Capitalized terms used herein and not otherwise defined herein shall have the respective meanings given to such terms in the Lease.

7. Construction. This Assignment shall be governed by and construed in accordance with the laws of the State of Illinois.

[Remainder of page intentionally left blank;
Signatures on following page]

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IN WITNESS WHEREOF, Assignor and Assignee have executed this Assignment as of the date first written above.

ASSIGNOR:

TURNSTONE DEVELOPMENT CORPORATION, an Illinois not-for-profit corporation

By: Wm. Schneider
Name: William Schneider
Title: Executive Director

ASSIGNEE:

TURNSTONE NORTHLAKE PHASE 2, LP, an Illinois limited partnership

By: Turnstone Northlake Phase 2 GP, LLC, an Illinois limited liability company, its' sole general partner

By: Turnstone Development Corporation, an Illinois not for profit corporation, its sole member

By: Wm. Schneider
Name: William Schneider
Its: Executive Director

Property of Cook County Clerk's Office

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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, certify that William Schneider, personally known to me to be the Executive Director of Turnstone Development Corporation, 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 he/she signed and delivered the said instrument in his/her capacity as Executive Director of Turnstone Development Corporation, as his/her free and voluntary act and deed and as the free and voluntary act and deed of Turnstone Development Corporation, for the uses and purposes therein set forth.

Given under my hand and official seal this 23RD day of August, 2018.



Rhonda M. Hardy
Notary Public

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

I, the undersigned, a Notary Public in and for the County and State aforesaid, certify that William Schneider, personally known to me to be the Executive Director of Turnstone Development Corporation, the sole member of Turnstone Northlake Phase 2, GP LLC, the general partner of Turnstone Northlake Phase 2, LP, 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 he/she signed and delivered the said instrument in his/her capacity as Executive Director of Turnstone Development Corporation, as his/her free and voluntary act and deed and as the free and voluntary act and deed of Turnstone Development Corporation, for the uses and purposes therein set forth.

Given under my hand and official seal this 23RD day of August, 2018.



Rhonda M. Hardy
Notary Public

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EXHIBIT A

LEGAL DESCRIPTION OF PREMISES

LOT 1 IN MAYOR SHERWIN'S WISDOM VILLAGE SUBDIVISION, BEING A SUBDIVISION OF THE SOUTH 1/2 OF SECTION 32, TOWNSHIP 40 NORTH, RANGE 12 EAST OF THE THIRD PRINCIPAL MERIDIAN, RECORDED AUGUST 20, 2018 AS DOCUMENT NO. 1823217033, IN COOK COUNTY, ILLINOIS.

ALSO DESCRIBED AS:

LOTS 20 THROUGH 25 (EXCEPT THE WEST 20.00 FEET OF LOT 25) AND THE VACATED 20 FOOT PUBLIC ALLEY VACATED PER DOCUMENT NUMBER 1817916072 LYING NORTH OF AND ADJACENT TO LOTS 20 THROUGH 25 (EXCEPT THE WEST 20.00 FEET) THE VACATED 20 FOOT PUBLIC ALLEY VACATED PER DOCUMENT NUMBER 1817916072 LYING EAST OF AND ADJACENT TO LOT 20 AND THE NORTHERLY EXTENSION OF THE EAST LINE OF LOT 20 AND THAT PART OF THE VACATED PUBLIC PARK VACATED PER DOCUMENT NUMBER 1820016048 LYING SOUTH OF A LINE DRAWN FROM THE SOUTHEAST CORNER OF LOT 15 TO THE NORTHWEST CORNER OF LOT 19, ALL IN BLOCK 1 IN MIDLAND DEVELOPMENT COMPANY'S NORTHLAKE VILLAGE UNIT NO. 3, BEING A SUBDIVISION OF PART OF THE SOUTH HALF OF SECTION 32, TOWNSHIP 40 NORTH, RANGE 12, EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED AS DOCUMENT NO. 12378621, IN COOK COUNTY, ILLINOIS, IN THE MANNER REPRESENTED ON THE PLAT HEREON DRAWN.

CONTAINING 29,896 SQUARE FEET OR 0.686 ACRES MORE OR LESS.

Address: 56 East North Avenue, Northlake, Illinois

PINs: 12-32-326-042; 12-32-326-043; 12-32-326-060; 12-32-326-061; 12-32-326-062

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EXHIBIT B

GROUND LEASE

See attached.

COOK COUNTY
RECORDER OF DEEDS

COOK COUNTY
RECORDER OF DEEDS

COOK COUNTY
RECORDER OF DEEDS

Property of Cook County Clerk's Office

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GROUND LEASE

This Ground Lease ("Lease") is made and effective this 28th day of August, 2018 ("Effective Date") by and between the City of Northlake, Illinois, an Illinois home rule municipality ("Lessor"), and Turnstone Development Corporation, an Illinois not-for-profit corporation ("Lessee") (collectively "Parties").

Recitals

A. Lessor owns the Property commonly known as 56 East North Avenue, Northlake Illinois which is legally described on Exhibit A, a copy of which is attached hereto and made a part hereof (the "Property").

B. Lessee desires and proposes to construct upon the Property a 50-unit rental project, located in one building, for lease to occupants age sixty-two (62) years and older (the "Project" or the "Improvements"). Lessor is willing to enter into this Lease with Lessee in order to allow Lessee to construct the Project in accordance with this Agreement.

C. Capitalized terms not otherwise defined shall have the meaning set forth in Article XVI Definitions.

NOW, THEREFORE, in consideration of the mutual covenants and conditions hereinafter contained, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree as follows. The foregoing recitals are incorporated as though fully set forth herein by this reference.

ARTICLE I Property

1.1 The Property. Lessor, for and in consideration of the Rent, covenants and agreements hereinafter contained upon the part and on behalf of Lessee to be paid, kept and performed, does hereby Lease and demise unto Lessee and Lessee does hereby hire and rent from Lessor the Property for the Term, at the rentals and upon and subject to each and all of the terms, conditions, covenants, and agreements hereinafter set forth.

1.2 Warranty of Title. Lessor covenants and warrants that, except as described herein, to Lessor's knowledge the Property is not subject to any leases, tenancies, agreements, restrictive covenants, encumbrances, easements, licenses, rights of way or liens made, done or suffered by Lessor, whether or not recorded in the land records of Cook County, Illinois.

ARTICLE II Term

2.1 Term. The term of this Lease shall be for a period beginning on August __, 2018 and ending on the date ninety nine (99) years after the date of the last to occur of (a) substantial completion of construction of the Project, as determined by Lessor's issuance of a certificate of

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occupancy for, or other form of permission to occupy, the Project, but in no event ending later than December 31, 2117 ("Term"), unless sooner terminated or extended as provided for in this Lease.

ARTICLE III

Rent

3.1 Basic Guaranteed Net Rent. Lessee shall pay to Lessor, at such place and in such manner as Lessor may designate in writing, rent for the Property during the Term at the rate of One Dollar (\$1.00) per year (the "Rent"). The parties hereto agree that Rent in the amount of \$99.00 has been paid in full as of the date hereof for the full 99-year Term.

3.2 Rent to Be Net to Lessor. It is the intention of the parties hereto that the Rent hereunder shall be net to Lessor, so that this Lease shall yield to Lessor the annual net Rent specified herein during the Term of this Lease, and that all costs, expenses and obligations of every kind and nature whatsoever relating to the Property shall be paid by Lessee.

3.3 No Offsets. Lessee shall pay without abatement, deduction or offset, all of the sums hereinabove set forth in this Article III.

ARTICLE IV

Taxes and Assessments

4.1 Lessee's Obligation for Taxes. Subject to the provisions of Section 4.4 below, Lessee shall pay without abatement, deduction or offset all real and personal property taxes, general and special assessments, and other charges of every description levied on or assessed against the Property, the Improvements located on the Property, personal property located on or in the Property or the Improvements, the leasehold estate, or any subleasehold estate, to the full extent of installments falling due during the Term, whether belonging to or chargeable against Lessee; however, Lessee shall not be responsible for taxes attributable to any period prior to the date hereof, even if such taxes are due and payable after the date hereof. Lessee shall make all such payments directly to the charging authority prior to delinquency and before any fine, interest or penalty shall become due or be imposed by operation of law for their nonpayment. If, however, the law expressly permits the payment of any or all of the above items in installments (whether or not interest accrues on the unpaid balance), Lessee may, at Lessee's election, utilize the permitted installment method, but shall pay each installment with any interest before delinquency.

4.2 Lessee's Right to Contest. Lessee may contest the legal validity or amount of any taxes, assessments, or charges for which Lessee is responsible under this Lease and may institute such proceedings as Lessee considers necessary. If Lessee contests any such tax, assessment, or charge, Lessee may withhold or defer payment or pay under protest but shall protect Lessor and the Property from any lien by adequate surety bond or other appropriate security.

Lessor appoints Lessee as Lessor's attorney-in-fact for the purpose only of contesting any taxes, assessments, or charges, conditioned on Lessee's preventing any liens from being levied on the Property or on Lessor.

4.3 Exemptions. Lessee's obligation to pay taxes or assessments levied or charged against the Property or the Improvements or against specified personal property shall not

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include the following, whatever they may be called: business income, or profits taxes levied or assessed against Lessor by federal, state or other governmental agency; estate, succession, inheritance, or transfer taxes of Lessor; or corporation, franchise, or profits taxes imposed on the corporate owner of the fee title of the Property. If, however, during the Term, taxes are imposed, assessed, or levied on the Rent derived from the Property in lieu of all or any part of real property taxes, personal property taxes, or real and personal property taxes that Lessee would have been obligated to pay under the foregoing provisions, and the purpose of the new taxes is more closely akin to that of an ad valorem or use tax than to an income or franchise tax on Lessor's income, Lessee shall pay the taxes as provided above for property taxes and assessments.

4.4 Abatement and Exemptions from Real Estate Taxes. Lessee shall have the right to apply, at its sole cost, for and receive an exemption or abatement of real estate taxes on the Property as may be available to it under Illinois law. Lessor agrees to join in the execution and delivery of any required documentation or supporting information required of Lessor for the Lessee's application and qualification for such exemption or abatement, including, but not limited to, a separation of the tax parcels for the Property and/or the separation of the leasehold and fee interest.

ARTICLE V Use of Property

5.1 Use. It is understood that Lessee is leasing the Property with the express intention of developing the Project on the Property. Lessee agrees to use and permit the use of the Property for this purpose only.

5.2 Land Use Restrictions. Lessee may enter into agreements restricting use or granting easements over the Property, or obtain zoning changes or conditional use permits, provided they are limited to the Term of this Lease. Except as provided in Section 6.4 below, Lessee must obtain Lessor's prior written consent to any restrictions on the Property, its use, or its alienation, for periods extending beyond the Term. Lessee agrees that the units comprising the Project will be leased only as described in Recital B above, unless Lessor agrees otherwise in writing.

5.3 Prohibited Uses.

(a) No outdoor storage of materials or supplies shall be allowed or permitted on the Property; except, however, this restriction shall not apply to the storage of materials and equipment used in connection with the prosecution of construction or erection of any approved buildings or other Improvements being erected or constructed on the Property.

(b) Except as otherwise permitted by Lessor, the Property shall not be used, maintained, developed and improved for use for any purpose or purposes whatsoever other than for the Project.

5.4 Operation of the Improvements.

(a) Lessee agrees that first priority shall be given to residents of the City of Northlake, Illinois in connection with the rental of sixteen (16) of the apartment units (the "Units") in the Project, subject to Rules and Regulations set forth in that certain

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Agreement between the City of Northlake as Lessor and Turnstone Northlake Phase 2, LP (as assignee of Lessee), Providing for a Housing Assistance Program dated August 28, 2018. Any Qualified Northlake Resident (as defined below) desiring to rent one of the Units in the Project shall automatically be moved to the first position on the waiting list with respect to the Units (the "Waiting List") and shall be behind only other Qualified Northlake Residents already on the Waiting List. This is a material condition of this Lease and Lessee's failure to comply with this condition shall be a breach of this Lease. For purposes of this Lease, "Qualified Northlake Resident" means a resident of Northlake who is 62 years of age or older and meets the income requirement of 60% of the area median income or less.

(b) Lessee agrees during the term of the Extended Use Agreement that the construction and subsequent operation of the Project and Improvements will be in accordance with (i) Section 42 of the Internal Revenue Code of 1986 and the regulations of the U.S. Department of Treasury and Internal Revenue Service promulgated thereunder, codified at 26 CFR Part 1.42, as amended from time to time, the Low Income Housing Tax Credit Qualified Allocation Plan for the Low Income Housing Tax Credits (as hereinafter defined) allocated to the Lessee and the Project by the Illinois Development Housing Authority ("IHDA") and the rules and regulations of IHDA codified at 47 Ill. Adm. Code Part 350, as amended from time to time; and (ii) the Illinois Housing Development Act, the Illinois Income Tax Act and associated rules and regulations in connection with the allocation of State Affordable Housing Tax Credits (as hereinafter defined), all allocated by IHDA to the Lessee in connection with the development of the Project.

(c) Lessee agrees to rent apartment units within the Project without discrimination based on race, color, religion, sex, national origin or ancestry, or disability.

ARTICLE VI **Improvements**

6.1 **Lessee's Duty to Construct Improvements.** Lessee shall commence construction of the Project on the Property in accordance with the plans and specifications ("Plans and Specifications") approved by Lessor within 180 days of the Effective Date. Lessee shall construct the Project in substantial conformance with the Plans and Specifications approved in writing by Lessor through the building permit process. Lessee is obligated to obtain all necessary zoning variances and building permits in order to complete the Project. Lessee also agrees to comply with all applicable codes, ordinances, regulations and requirements, including, but not restricted to, grading permits, building permits, zoning and planning requirements and approvals from various governmental agencies and bodies having jurisdiction over the Property.

6.2 **Builder's Risk and Other Insurance.** Prior to the commencement of construction of the Project, Lessee shall deliver to Lessor (1) certificates of insurance evidencing coverage for "builder's risk"; (2) evidence of workers' compensation insurance covering all persons, if any, employed by Lessee and Lessee's contractors and subcontractors (whose contracts have been let) in connection with the work in respect to whom death or bodily injury claims could be asserted against Lessor or the Property; and (3) evidence that Lessee has paid or caused to be paid all premiums for the coverage described herein and any increase in premiums on insurance provided for in Article XI hereof on insurance, sufficient to assure maintenance of all insurance above during the anticipated course of the work of constructing the Project. Lessee shall maintain, keep in force, and pay all premiums required to maintain and keep in force all

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insurance above at all times during which such work is in progress. Lessor shall be named as an additional insured on all insurance policies.

6.3 Soil Conditions. Lessee may enter onto the Property before commencement of the Term to make soil and structural engineering tests that Lessee considers necessary. All such tests made by or on behalf of Lessee shall be at Lessee's sole expense and shall be evidenced by a separate contract. A copy of the report shall be delivered to Lessor at commencement of the Term. After the commencement of construction, Lessee may take such activities on the Property as necessary or desirable for Lessee's use, provided such activities are in accordance with all permits issued by Lessor or other applicable governmental entity, and in accordance with the Northlake City Code.

6.4 Lessee's Right to Grant Easements. Lessor grants to Lessee the right to grant to public entities or to public service corporations, for the purpose of serving only the Property, rights of way or easements on or over the Property (including subterranean) for poles or conduits or both for telephone, electricity, water, sanitary or storm sewers or both and for other utilities and municipal or special districts services.

6.5 Diligent Prosecution to Completion. Once the work is begun, Lessee shall with reasonable diligence prosecute to completion all construction of the Project. Lessee shall use its best efforts to complete the Project within twenty four (24) months after commencement of construction. All work shall be performed in a good and workmanlike manner and shall comply with the Plans and Specifications described in Section 6.8, as amended during construction, and all applicable governmental permits, laws, ordinances and regulations in all material respects.

6.6 Protection of Lessor Against Costs or Claims. Lessee shall pay or cause to be paid the total cost and expense of all works of improvement on the Property, as that phrase is defined in the Mechanics' Lien Act in effect in the State of Illinois when the work begins. No such payment shall be construed as Rent. Lessee shall not suffer or permit to be enforced against the Property or any part of it any mechanic's, materialman's, contractor's or subcontractor's lien arising from any work of improvement, however it may arise. However, Lessee may in good faith and at Lessee's own expense contest the validity of any such asserted lien, claim, or demand.

Lessee shall defend and indemnify Lessor against all liability and loss of any type arising out of work performed on the Property by Lessee, or its agents, assigns, contractors, and subcontractors, together with reasonable attorneys' fees and all costs and expenses incurred by Lessor in negotiating, settling, defending, or otherwise protecting against such claims, other than any and all liability or loss arising from the negligence or willful misconduct of Lessor or its agents, assigns, contractors and subcontractors.

6.7 Lessor's Right to Discharge Lien. In the event a final judgment has been rendered against Lessee by a court of competent jurisdiction for the foreclosure of a mechanic's, materialman's, contractor's or subcontractor's lien claim, and if Lessee fails to stay the execution of the judgment by lawful means or to pay the judgment, Lessor shall have the right, but not the duty, to pay or otherwise discharge, stay or prevent the execution of any such judgment or lien or both. Lessee shall reimburse Lessor for all sums paid by Lessor under this Section, together with all of Lessor's reasonable attorneys' fees and costs, plus interest on those sums, fees, and costs at the rate of ten percent (10%) per year or, if greater, judgment interest, from the date of payment until the date of reimbursement.

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6.8 Changes in Plans and Specifications. The Project shall be constructed in substantial accordance with the Plans and Specifications prepared by Piekarz Associates dated March 28, 2018, Project No. 1178. No material changes may be made to the height or bulk of the Project without the prior written consent of Lessor. During the construction of the Project, Lessee may make non-structural changes to the Plans and Specifications without Lessor's consent, unless Lessor's consent is required under Lessor's building code.

ARTICLE VII Maintenance; Repairs; Alterations, Reconstruction Lessee Required to Maintain Property

7.1 Definition of Duty: Compliance with Laws. Throughout the Term, Lessee shall, at its sole cost and expense maintain the Project and all Improvements thereon in first class condition and repair, ordinary wear and tear excepted, and in accordance with all applicable laws, rules, ordinances, orders and regulations of: (i) federal, state, county, municipal and other governmental agencies and bodies having or claiming jurisdiction over the Property and/or the Project or both and all their respective departments, bureaus, and officials; (ii) the insurance underwriting board or insurance inspection bureau having or claiming jurisdiction over the Property and/or the Project or both; and (iii) all insurance companies insuring all or any part of the Property or Project or both.

Except as hereinafter provided, Lessee shall promptly and diligently repair, restore, and replace the Improvements as required above, or remedy all damage to or destruction of all or any part of the Improvements resulting wholly or in part from causes required by this Lease to be covered by fire or extended coverage insurance. If the cost of the work required to be performed exceeds the full replacement value of the Improvements, or alternatively, if the cost of the work is not covered by the fire or extended coverage insurance which is required to be maintained by this Lease, then Lessor shall retain the option of paying any additional sums needed or required (in excess of the available insurance proceeds) to complete the necessary repair, replacement, or restoration. Lessee shall at all times remain liable and responsible for any and all excess insurance costs or uninsured costs which are attributable to damage, destruction, or replacement caused by the fault or negligence of Lessee, and nothing herein shall be deemed or construed as creating an obligation for Lessor to contribute these funds or, alternatively, preventing Lessor from recouping those funds once expended as hereinabove stated.

The completed work of maintenance, compliance, repair, restoration, or replacement shall be equal in value, quality, and use to the Improvements before the event giving rise to the work, except as expressly provided to the contrary in this Lease. Lessor shall not be required to furnish any services or facilities or to make any repairs or alterations of any kind in or on the Property. Lessor's election to perform any obligation of Lessee upon Lessee's failure or refusal to do so shall not constitute a waiver of any right or remedy for that Lessor may have in connection with Lessee's default.

Nothing in this provision defining the duty of maintenance shall be construed as limiting any right given elsewhere in this Lease to alter, modify, demolish, remove, or replace any Improvement, or as limiting provisions relating to condemnation or to damage or destruction during the Term. No deprivation, impairment, or limitation of use resulting from any event or work contemplated by this Section shall entitle Lessee to any offset, abatement, or reduction in Rent nor to any termination or extension of the Term.

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Lessee shall indemnify and save harmless Lessor from and against any and all costs, expenses, claims, losses, damages, fines or penalties because or due to Lessee's failure to comply with the foregoing.

Notwithstanding anything to the contrary contained in this Lease, the provisions of the most senior Project Mortgage shall govern the adjustment, disbursement and use of casualty insurance and condemnation proceeds. Any casualty insurance proceeds or condemnation award will be applied either to the repair or restoration of all or part of the Project, or to the payment of the outstanding principal balance of the Project Loan obligations, as determined by the mortgagee holding the most senior Project Mortgage.

7.2 Timely Commencement and Completion of Work. Lessee agrees to timely commence and complete all work required or undertaken by it pursuant to this Lease. Lessee shall commence all work arising under Section 7.1 within one hundred twenty (120) days after the date of any such loss, damage or destruction and shall complete such work within a reasonable time thereafter. Prior to the commencement of any such work, any plans and specifications shall be filed with and approved by all municipal or other governmental departments or authorities having jurisdiction thereof. Lessee shall be liable for and shall defend and save harmless Lessor from and against any and all claims, costs, expenses, liens, and the like, related to the repair, restoration or replacement of all or any part of the Project other than such claims, costs, expenses, liens and the like as shall arise from the negligence or willful misconduct of Lessor or Lessor's agents or employees.

7.3 Right to Contest Governmental Order. Lessee has the right to contest by appropriate judicial or administrative proceedings, without cost or expense to Lessor, the validity or application of any law, ordinance, order, rule, regulation, or requirement ("Law") that requires that Lessee repair, maintain, alter, or replace the improvements in whole or in part, and Lessee shall not be in default for failing to do such work until a reasonable time following final determination of Lessee's contest. Lessor may, but is not required to, contest any such Law independently of Lessee. Lessor also may join in Lessee's contest.

7.4 Lessee's Right to Terminate Lease. If at any time during the final five (5) years of the Term or any extended Term hereof the Project is destroyed or damaged to such extent that the cost of repair, restoration or reconstruction shall exceed fifty percent (50%) of the replacement value thereof (exclusive of foundations, immediately prior to such damage or loss), Lessee shall have the right and option to terminate this Lease in its entirety upon giving written notice thereof to Lessor within thirty (30) days of the occurrence of said casualty, upon and subject to each and all of the following conditions:

- (a) Lessee shall not be in default under any of the conditions or provisions of this Lease;
- (b) Lessee shall, at no cost and expense to Lessor, promptly shall remove all debris and remains of the Project and restore the Property to a clean and tidy condition;
- (c) Lessee discharges the Property of and from all liens and encumbrances, including leasehold mortgages, made, done or suffered thereon by Lessee;
- (d) Lessee effectively relinquishes all options (if any are hereafter granted) to extend or renew the Lease, provided that the giving of notice of damage or destruction

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as a condition of relief from the obligation to repair, restore, or reconstruct shall be conclusively construed as such a relinquishment.

ARTICLE VIII **Ownership of Improvements**

8.1 Ownership of Improvements During Term. All Improvements constructed on the Property by Lessee as permitted by this Lease shall be owned by Lessee until expiration of the Term or the sooner termination of this Lease (unless conveyed by Lessee as permitted under Section 9.1 hereof). Lessee shall not, however, remove any Improvements from the Property nor waste, destroy, or modify the Improvements, except as permitted by this Lease.

8.2 Ownership at Termination. Subject to the provisions of Article XV below, all Improvements at the expiration of the Term or sooner termination of this Lease shall, without compensation to Lessee, then become Lessor's property free and clear of all claims to or against them by Lessee or any third person.

8.3 Lessee's Right to Remove Trade Fixtures. At the normal expiration of the Term, provided Lessee is not then in default, Lessee shall have the right to remove any or all trade fixtures, provided all resulting injuries to the Property and remaining Improvements are completely remedied and Lessee complies with Lessor's reasonable requirements respecting the resulting appearances.

Trade fixtures, for purposes of this Lease, shall include all machinery, furniture, furnishings, bins, racks, floor coverings, special lighting fixtures, exterior and interior signs, and other equipment and personal property installed or placed in or on the Property whether or not permanently attached to the real property, but shall not include elevators, radiators, boilers, or air conditioning equipment.

ARTICLE IX **Landlord Lien and Permitted Leasehold Encumbrances**

9.1 Mortgage by Lessee.

(a) It is covenanted and agreed between Lessor and Lessee that Lessee, at all times during the Term, shall have the right to mortgage or convey by trust deed, or other instrument adequate for the purpose of securing any actual bona fide debt, (including without limitation the Project Loans), this Lease or the leasehold interest of Lessee created by this Lease, together with all its right and interest in the Improvements now on or hereafter to be placed upon the Property; provided, however, that any such mortgage, conveyance, or encumbrance will be subject at all times to and be inferior to the prior right, title and interest of Lessor in and to the fee of the Property as well as Lessor's rights under the Lease.

(b)

(i) In the event of any breach or default of any of the covenants, terms or conditions of the Lease by Lessee, the holder of the mortgage, the trust deed or other instrument provided for in this Section, (including without limitation the Project Mortgages) may make any and all payments and perform all acts which may be necessary or required to prevent a forfeiture of the Lease and shall thereby and thereupon be subrogated to all the rights of Lessee under the Lease.

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In furtherance of this provision, Lessor covenants and agrees that, if the holder of said mortgage, trust deed or other instrument above referred to, notifies Lessor in writing that such mortgage, deed or other instrument has been executed and delivered by Lessee to it, together with the address to which it desires notices be sent, Lessor will thereafter send to the said holder, at the address specified, copies of all written notices or demands which Lessor may serve upon Lessee under and pursuant to the terms of the Lease or otherwise.

(ii) Lessor shall send to each Project Lender, by certified or registered mail, or overnight courier, a true, correct and complete copy of any notice to Lessee of a default by Lessee under this Lease at the same time as and whenever any such notice of default shall be given by Lessor to Lessee, addressed to each Project Lender at the address specified in Section 15.1(c) below or, if different, the address, if any, last furnished to Lessor by such Project Lender as provided in Section 15.1(c). No notice by Lessor shall be deemed to have been given unless and until a copy thereof shall have been so given to and received by each Project Lender. Lessee irrevocably directs that Lessor accept, and Lessor agrees to accept, performance and compliance by any Project Lender of and with any term, covenant, agreement, provision, condition or limitation on Lessee's part to be kept, observed or performed under this Lease with the same force and effect as though kept, observed or performed by Lessee.

(iii) Notwithstanding anything provided to the contrary in this Lease, this Lease shall not be terminated because of a default or breach thereunder on the part of Lessee until and unless:

(A) Notice of any such default or breach shall have been delivered to each Project Lender in accordance with the provisions of Subparagraph (ii) above;

(B) With respect to a default or breach that is curable solely by the payment of money, no Project Lender has cured such default or breach within sixty (60) days following the expiration of any of Lessee's notice and cure period set forth in this Lease; and

(C) With respect to a default or breach that is not curable solely by the payment of money, no Project Lender has cured such default or breach within one hundred twenty (120) days following the expiration of any of Lessee's notice and cure periods set forth in this Lease or, if such default or breach is curable but cannot be cured within such time period, no Project Lender (i) has commenced to cure such default or breach within such one hundred twenty (120) day time period, and (iii) is diligently prosecuting such cure to completion.

Furthermore, notwithstanding anything to the contrary contained herein, if any Project Lender determines to foreclose or cause its designee to foreclose the lien of its Project Mortgage or to acquire or cause its designee to acquire the Mortgaged Property or to succeed or cause its designee to succeed to Lessee's possessory rights with respect to the Property or to appoint a receiver before it effectuates the cure of any breach or default by Lessee under this Lease, the cure periods set forth above shall be extended by any period during which

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foreclosure proceedings, or legal proceedings to succeed to Lessee's possessory rights, or proceedings to appoint the receiver are conducted, as the case may be. Any such proceedings shall be commenced promptly after the notice of default is delivered to each Project Lender and shall be diligently prosecuted. Promptly after any Project Lender or a designee of the Project Lender acquires the Property pursuant to foreclosure proceedings or otherwise or succeeds to Lessee's possessory rights or promptly after a receiver is appointed, as the case may be, Project Lender or its designee shall cure said breach or default. The Lessee shall permit the appointment of a receiver by any Project Lender in accordance with the applicable Project Mortgage and the right of a Project Lender or receiver to enter and take possession of the Property to manage and operate the same and to cure any default under any Project Mortgage or any default by Lessee under this Lease.

(iv) Notwithstanding anything provided to the contrary in this Lease, this Lease shall not be terminated because of a default or breach thereunder on the part of Lessee (e.g, the bankruptcy or insolvency of the Lessee) which cannot reasonably be cured by a Project Lender.

(c) In the event of default or breach of the terms, covenants or conditions of any Project Mortgage, the holder of such Project Mortgage may take possession of the Property, either by foreclosure or any other means provided in the instrument or by law, and said holder of the Project Mortgage shall be subrogated to all the rights of Lessee under the Lease; provided, however, the Project Mortgagee above referred shall in no way be liable to Lessor for the payment of any Rent or additional rents or for the performance of any other covenants, terms or conditions under the Lease until such time as said Project Mortgagee shall acquire by conveyance from Lessee or by foreclosure or other proceedings provided by law or the terms of the Project Mortgage, all the right, title and interest of Lessee under the Lease. Any entity who shall acquire said right, title and interest of Lessee as above provided shall thereupon and thereby become liable for the full performance and payments provided for and required under the covenants, terms and conditions of the Lease as fully and completely and to the same extent as Lessee itself would have been if it still had retained its rights, title and interest thereunder.

Notwithstanding the foregoing, no Project Mortgagee shall be liable to Lessor for any acts of Lessee that occur prior to the date such Project Mortgagee acquires the Property, or any identification obligations of Lessee to Lessor under this Lease.

9.2 Lessor's Interest in the Fee Estate. Nothing herein shall preclude Lessor from encumbering or mortgaging any of its fee title to any real estate which it owns other than the Property. Notwithstanding anything to the contrary contained in this Lease, Lessor shall not hereafter encumber Lessor's fee simple interest in the Property or reversionary fee interest in the Improvements or any part thereof with a deed of trust, mortgage or other security instrument without the prior written consent of Lessee and the holders of all Project Mortgages then encumbering the Mortgaged Property, which consent may be withheld unless such encumbrance contains or is accompanied by recognition agreements which adequately protect the interests of the Lessee and the holders of all Project Mortgages then encumbering the Mortgaged Property in the Mortgaged Property.

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ARTICLE X Assignment and Subletting

10.1 Lessee's Right to Assign.

(a) Lessee shall have no right to assign all or any part of this Lease unless the prior written consent of Lessor is first obtained. Notwithstanding the foregoing, Lessee may assign this Lease in furtherance of the Project, to Turnstone Northlake Phase 2, LP, without the consent of Lessor.

(b) Notwithstanding Subsection (a) above, the following transfers shall be permitted and shall not require the approval or consent of the Lessor:

(A) An assignment to a Project Lender as collateral for a Project Loan of the general partnership interests in, and capital contribution obligations to (collectively, the "Partnership Collateral"), from the Lessee and the acquisition of such Partnership Collateral by a Project Lender or its nominee or designee upon the realization of such Project Lender's security interest therein; or

(B) Any subsequent transfer of the Property by a Project Lender or its nominee or designee if such Project Lender, or such nominee or designee, is the purchaser at such foreclosure sale or under such assignment or transfer in lieu of foreclosure.

10.2 Lessee's Right to Sublet. Lessee shall have no right to sublet all or any part Property unless the prior written consent of Lessor is first obtained except as to residential leases to tenants who are described in Recital B above.

10.3 Lessor's Right to Assign. Lessor reserves the right to assign its interest under this Lease without Lessee's prior written consent so long as the construction of the Project is complete.

ARTICLE XI Insurance

11.1 Fire and Extended Coverage. Subject to the provisions of Article XV:

(a) Lessee's Duty to Keep Improvements Insured. Throughout the Term, Lessee shall at its own cost and expense keep or cause to be kept insured for the mutual benefit of Lessor and Lessee, all Improvements located on or appurtenant to the Property against loss or damage by fire and such other risks as are now or hereafter included in an extended coverage endorsement in common use for commercial structures, including vandalism and malicious mischief. The amount of the insurance shall be sufficient to prevent either Lessor or Lessee from becoming a coinsurer under the provisions of the policies. Lessor shall not carry any insurance the effect of which would be to reduce the protection or payment to Lessee under any insurance that this Lease obligates Lessee to carry. All such policies shall be issued by such responsible companies authorized to do business in the State of Illinois and shall name Lessor as an additional insured. Lessee may include the holder of any mortgage of the leasehold as a loss payee.

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(b) Proceeds of Fire and Extended Coverage Insurance. Lessor shall, at Lessee's cost and expense, cooperate fully with Lessee to obtain the largest possible recovery.

Payments of proceeds for repair, restoration, or reconstruction of Improvements shall be made monthly on architects' certificates until the work is completed and accepted.

Any insurance proceeds remaining after complying with the provisions of this Lease relating to maintenance, repair, and reconstruction of Improvements shall be Lessee's sole property.

Lessor shall not be required to maintain any insurance for the Property or the Project

(c) Notwithstanding anything to the contrary contained in this Lease, the provisions of the most senior Project Mortgage shall govern the adjustment, disbursement and use of casualty insurance and condemnation proceeds. Any casualty insurance proceeds or condemnation award will be applied either to the repair or restoration of all or part of the Mortgaged Property, or to the payment of the outstanding principal balance of the Project Loan obligations, as determined by the Mortgagee holding the most senior Project Mortgage.

11.2 Builder's Risk Coverage Before commencement of any demolition or construction, Lessee shall procure and shall maintain in force until completion and acceptance of the Work, "all risks" builder's risk insurance including vandalism and malicious mischief, in a form reasonably acceptable to Lessor, covering the Improvements in place and all materials and equipment at the job site furnished under contract, but excluding contractor's, subcontractor's, and construction manager's tools and equipment and property owned by contractor's or subcontractor's employees, in an amount reasonably acceptable to Lessor. Lessor shall be named as an additional insured on all such policies.

11.3 Other Insurance and Indemnification.

(a) Public Liability Insurance. Throughout the Term, at Lessee's sole cost and expense, Lessee shall keep, or cause to be kept in force, comprehensive broad form general public liability insurance against claims and liability for personal injury, death, or property damage arising from the use, occupancy, disuse, or condition of the Property, the Improvements, or adjoining areas or ways, in such amounts as may be reasonably acceptable to Lessor. Lessor shall be named as an additional insured on such public liability insurance.

(b) Boiler, Unusual Hazards, Other Insurance. Lessee shall procure and keep in force in effect coverage reasonably satisfactory to Lessor:

(i) Boiler and machinery insurance if at any time or from time to time such equipment is located on the Property; and

(ii) If Lessee commits, permits, or causes the conduct of any activity or the bringing or operation of any equipment on or about the Property creating unusual hazards, Lessee shall, promptly on notice of demand from Lessor,

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procure and maintain in force, during such activity or operation, insurance sufficient to cover the risks represented thereby. Lessor's demand for unusual hazard insurance shall not constitute a waiver of Lessor's right, if Lessor would otherwise have that right, to demand the removal, cessation or abatement of such activity or operation.

11.4 Policy Form, Content, Insurer. All insurance required by express provisions of this Lease shall be carried only in responsible insurance companies licensed to do business in the State of Illinois and shall name Lessor as an additional insured. All such policies shall be non-assessable and shall contain language, to the extent obtainable, to the effect that (1) any loss be payable notwithstanding any act or negligence of Lessor that might otherwise result in a forfeiture of the insurance, (2) the insurer waives the right of subrogation against Lessor and against Lessor's agents and representatives, (3) the policies are primary and noncontributing with any insurance that may be carried by Lessor, and (4) they cannot be cancelled or materially changed except after ten (10) days' notice by the insurer to Lessor or Lessor's designated representative. Lessee shall furnish Lessor with copies of all such policies promptly on receipt of them, or with certificates evidencing the insurance. Before commencement of the Lease, Lessee shall furnish Lessor with certificates representing all insurance required by this Lease. At the expiration of the Term, Lessor shall, reimburse Lessee pro rata for all prepaid premiums on insurance required to be maintained by Lessee, and Lessee shall assign all Lessee's right, title and interest in that insurance to Lessor. Lessee may put in effect for its own account any insurance not required under this Lease. Lessee may provide by blanket insurance covering the Property and any other location or locations any insurance required or permitted under this Lease.

11.5 Proof of Compliance. Lessee shall deliver to Lessor, in the manner required for notices, copies or certificates of all insurance policies required by this Lease, together with evidence reasonably satisfactory to Lessor of payment required for procurement and maintenance of the policy, within the following time limits:

- (a) For insurance required at the commencement of this Lease, on the date the Term of this Lease is to commence.
- (b) For insurance becoming required at a later date, at least ten (10) days before the requirement takes effect, or as soon thereafter as the requirement, if new, takes effect.
- (c) For any renewal or replacement of a policy already in existence, at least ten (10) days before expiration or other termination of the existing policy.

If Lessee fails or refuses to procure or to maintain insurance as required by this Lease or fails or refuses to furnish Lessor with required proof that the insurance has been procured and is in force and paid for, Lessor will have the right, at Lessor's election and ten (10) days' notice, to procure and maintain such insurance, and Lessee shall pay reasonable attorneys' fees incurred by Lessor for such procurement and maintenance of the insurance. The premiums paid by Lessor shall be treated as added rent due from Lessee with interest at the greater of eight percent (8%) or judgment interest to be paid on the first day of the month following the date on which the premiums were paid. Lessor shall give prompt notice of the payment of such premiums, stating the amounts paid and the names of the insurer or insurers, and interest shall run from the date of Lessee's receipt of the notice.

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11.6 Lessor's Nonliability. Lessor shall not be liable, and Lessee shall defend and indemnify Lessor against all liability and claims of liability, for damage or injury to persons, including wrongful death, or property, on or about the Project or the Property from any cause. Lessee waives all claims against Lessor for damage or injury to persons or property arising or asserted to have arisen from any cause. The foregoing provisions shall not apply to any liability created or arising from or by reason of any willful, wrongful, or negligent act of Lessor, its officers, agents or employees.

ARTICLE XII Condemnation

12.1 Preliminary Provisions.

(a) Definitions. The following definitions apply in construing provisions of this Lease relating to the taking of or damage to all or any part of the Property or the Improvements or any interest in them by eminent domain or inverse condemnation:

(i) "Taking" means the taking or damaging, including severance damage, by eminent domain or by inverse condemnation or for any public or quasi-public use under any statute. The transfer of title may be either a transfer resulting from the recording of a final order in condemnation or a voluntary transfer or conveyance to the condemning agency or entity under threat of condemnation, in avoidance of an exercise of eminent domain, or while condemnation proceedings are pending. The taking shall be considered to take place as of the later of (i) the date actual physical possession is taken by the condemnor, or (ii) the date on which the right to compensation and damages accrue under the law applicable to the Property.

(ii) "Total taking" means the taking of the fee title to all the Property and the Improvements on the Property, which shall be considered to include any off-site improvements constructed by Lessor to serve the Property or the Project.

(iii) "Substantial taking" means the taking of so much of the Property or the Project or both that one or more of the following conditions results: A reasonable amount of reconstruction would not make the Property and Improvements a practical improvement and reasonably suited for Lessee's continued occupancy for the uses and purposes for which the Property is leased.

(iv) "Partial taking" means any taking of the fee title that is not either a total or a substantial taking.

(b) Notice to Other Party. The party receiving any notice of the kinds specified below shall promptly give the other party notice of the receipt, contents, and date of the notice received:

(i) Notice of intended taking;

(ii) Service of any legal process relating to condemnation of the Property or the Project;

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(iii) Notice in connection with any proceedings or negotiations with respect to such a condemnation; or

(iv) Notice of intent or willingness to make or negotiate a private purchase, sale, or transfer in lieu of condemnation.

(c) **Representative of Each Party, Effectuation.** Lessor, Lessee, and all persons and entities holding an interest in the Property under Lessee shall each have the right to represent his or its respective interest in each proceeding or negotiation with respect to a taking or intended taking and to make full proof of his or its claims. No agreement, settlement, sale, or transfer to or with the condemning authority shall be made without the consent of Lessor and Lessee. Lessor and Lessee each agree to execute and deliver to the other any instruments that may be required to effectuate or facilitate the provisions of this Lease relating to condemnation.

12.2 Total or Substantial Taking.

(a) **Effect on Rents and Terms.**

(i) **Total Taking.** On a total taking, Lessee's obligation to pay Rent shall terminate on the date of taking, but Lessee's interest in the leasehold estate shall continue until the taking is completed by deed, contract or order of final condemnation.

(ii) **Substantial Taking.** If the taking is substantial under the definition appearing in Section 12.1(a)(iii) hereof, Lessee may, by notice to Lessor given within thirty (30) days after Lessee receives notice of intended taking, elect to treat the taking as a substantial taking. If Lessee does not so notify Lessor, the taking shall be deemed a partial taking. If Lessee gives such notice and Lessor gives Lessee notice disputing Lessee's contention within ten (10) days following Lessee's notice, the dispute shall be promptly determined by an architect mutually selected by the parties. If Lessor gives no such notice, the taking shall be considered a substantial taking. A substantial taking shall be treated as a total taking if (1) Lessee delivers possession to Lessor within ten (10) days after determination that the taking was a substantial taking, and (2) Lessee is not in default under the Lease and has complied with all Lease provisions concerning apportionment of the award. If these conditions are not met, the taking shall be treated as a partial taking.

(b) **Early Delivery of Possession.** Lessee may continue to occupy the Property and the Project until the condemnor takes physical possession. However, at any time following notice of intended total taking, or within the time limit specified for delivering possession in the provision on substantial taking, Lessee may elect to deliver possession of the Property and ownership of the Project to Lessor before the actual taking. The election shall be made by notice declaring the election and covenanting to pay all unpaid Rent, if any, required under this Lease to the date of taking. Lessee's right to apportionment of or compensation from the award shall then accrue as of the date that Lessee goes out of possession.

(c) **Apportionment, Distribution of Award for Total Taking.** On a total taking, subject to the rights of the holders of the Project Mortgages, all sums including damages

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and interest awarded for the fee, shall be promptly deposited with an escrow agent selected by the Parties, and shall be distributed and disbursed by it in the following order of priority:

First: To discharge all real and personal property taxes and assessments constituting a lien on the Property and the Project, less such pro rata share thereof allocable by State Law to the condemnor cancelable upon consummation of said taking; all such amounts so paid to be charged against and deducted from Lessee's share of said award.

Second: To Lessor, a sum equal to the value of the Property taken, valued exclusive of the Improvements as unimproved land and unburdened by all leases and subleases.

Third: To any Project Lender, the balance owing on the note secured by such Project Mortgage.

Fourth: The residue of the total award shall be paid to Lessee.

Provided, however, notwithstanding anything set forth in this Section above, the Lessor shall not be entitled to a distribution pursuant to this Section if Lessor is the condemning entity.

(d) **Partial Taking, Effect on Lease and Term.** On a partial taking, this Lease shall remain in full force and effect, covering the remaining Property, except that the Rent shall be reduced in the same ratio as the value of the portion of the Property taken (after deducting expenses of collection, including any attorneys' fees and restoration costs) bears to the value of the entire Property as of the date of taking possession, excluding any Improvements then in existence.

(e) **Restoration of Improvements.** Promptly after a partial taking and upon receipt of compensation by Lessee therefrom, at Lessee's expense and in the manner specified in provisions of this Lease relating to maintenance, repairs, and alterations, Lessee shall repair, alter, modify, or reconstruct the Improvements (hereafter referred to as restoring) so as to make them reasonably suitable for Lessee's continued occupancy for the uses and purposes for which the Property is leased. If the reasonably estimated cost of the work represents more than thirty percent (30%) of the then fair market value of the Improvements before the taking, Lessee may, in the manner provided for a substantial taking, elect to treat the taking as substantial. If Lessee does not repair, alter, modify, or reconstruct as above ("Repair"), the cost of such Repair shall be deducted from Lessee's share of the award and paid to any leasehold mortgagee demanding it, and otherwise to Lessor.

(f) **During Final Years of Term.** Lessee is relieved of the duty to, but may, repair, alter, modify, or reconstruct the Improvements if a partial taking occurs during the final five (5) years of the Term. The conditions for relief are:

(i) The work of repair, alteration, modification or reconstruction would constitute a "major" repair or alteration as defined in the provisions of this Lease relating to maintenance, repair, and alteration of Improvements;

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(ii) Within thirty (30) days after Lessee receives notice of intended taking, Lessee gives Lessor notice of election to claim the relief described in this provision;

(iii) Lessee complies with all conditions described as conditions in the provisions of this Lease relating to damage or destruction during the final years of the Term (see Article VII). If the conditions described in this provision are met, the award shall be apportioned as for a substantial taking, applying the requirements of this provision relating to Lessee's obligations; provided Lessee's right, title and interest in the Property, the Improvements, and leasehold estate and in all options not exercised or relinquished shall continue until the taking is completed by deed, contract or final order of condemnation.

If all the foregoing conditions for relief are satisfied, the cost of such repair, alteration, modification, or reconstruction shall be deducted from Lessee's share of the award and paid to any leasehold mortgagee demanding it by notice within thirty (30) days after Lessee's notice of election, and otherwise to Lessor.

(g) **Apportionment, Distribution of Award for Partial Taking.** On a partial taking, subject to the rights of the holders of the Project Mortgages, all sums, including damages and interest, awarded for the fee title or the leasehold or both, shall be deposited promptly with an escrow agent acceptable to the Parties, and shall be distributed and disbursed in the following order of priority:

First: To the cost of restoring the Improvements, plus any amount assessed, awarded, paid or incurred to remove or relocate any tenants in the Project.

Second: Lessor a sum equal to the fair market value of the Property taken, valued as unimproved land exclusive of the Improvements and unburdened by all leases and subleases plus the resulting or consequential (severance) damages, if any, to the remaining part of the Property, considered as vacant, unencumbered and unleased lands. Lessor may, at Lessor's election, direct disbursement of this portion to any fee mortgagee under any note not executed by Lessee.

Third: To leasehold mortgagee a sum equal to any decrease in its security resulting from the taking.

Fourth: To Lessor and to Lessee their respective expenses or disbursements reasonably and necessarily paid or incurred for or in connection with the condemnation proceedings.

Fifth: To Lessee the residue thereof.

Provided, however, notwithstanding anything set forth in this Section above, the Lessor shall not be entitled to a distribution pursuant to this Section if Lessor is the condemning entity.

12.3 Limited Takings.

(a) **Taking of Less Than Fee Title.** On the taking, other than a fee title interest in the Property or the Improvements or both, the question whether the taking is

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total, substantial, or partial, and the effects on Term, Rent, and apportionment of award shall be determined by arbitration.

(b) **Taking for Temporary Use.** On any taking of the temporary use of all or any part or parts of the Property, or the Improvements or both for a period, or of any estate less than a fee, ending on or before the expiration date of the Term, neither the Term nor the Rent shall be reduced or affected in any way, and Lessee shall be entitled to any award for the use or estate taken. If a result of the taking is to necessitate expenditures for changes, repairs, alterations, modifications, or reconstruction of the Improvements to make them economically viable and a practical whole, Lessee shall receive, hold and distribute the award in trust for such work. At the completion of the work and the discharge of the Property and Improvements from all liens and claims, Lessee shall be entitled to any surplus and shall be liable for any deficit.

If any such taking is for a period extending beyond the expiration date of the Term, the taking shall be treated under the foregoing provisions for total, substantial, and partial takings.

(c) Any award, settlement or compensation made expressly as compensation for any claim (including for purposes of illustration but not limitation, claims for furnishings and trade fixtures and equipment), by Lessee or any person holding under Lessee (except a claim for an interest in the fee of the Property or for a leasehold value) and interest paid thereon as damages for delay in making compensation, shall belong to that Lessee or persons holding under it which made such claim and such amount shall, notwithstanding the provisions of Sections 12.2(d) and 12.3(a), be part of the total awards referred to in Sections 12.2(c) and 12.3(a), to be distributed in accordance with the provisions thereof.

12.4 **Application of Condemnation Proceeds.** Notwithstanding anything to the contrary contained in this Lease, any and all adjustment, disbursement and application of condemnation proceeds under this Article XII shall be subject to Section 11.1 hereof.

ARTICLE XIII **Default; Remedies**

13.1 **Lessee's Default.**

(a) Each of the following (subject to all applicable notice and cure periods) events shall be a default by Lessee and a breach of this Lease:

(i) **Failure to Perform Lease Covenants.** Abandonment or surrender of the Property or of the leasehold estate, or failure or refusal to pay when due any installment of Rent, additional rent or any other sum required by this Lease to be paid by Lessee, or to perform as required or conditioned by any other covenant or condition of this Lease.

(ii) **Attachment or Other Levy.** The subjection of any right or interest of Lessee in the Property to attachment, execution, or other levy, or to seizure under legal process, if not released within thirty (30) days, provided that the foreclosure of any mortgage permitted by provisions of this Lease relating to

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purchase or construction of the Improvements shall not be construed as a default within the meaning of this subsection.

(iii) **Appointment of Receiver.** The appointment of a receiver to take possession of the Property or the Improvements or of Lessee's interest in the leasehold estate or of Lessee's operations on the Property for any reason, including but not limited to, assignment for benefit of creditors or voluntary or involuntary bankruptcy proceedings, but not including receivership (i) pursuant to administration of the estate of any deceased or incompetent Lessee or of any deceased or incompetent individual member of any Lessee, or (ii) pursuant to any mortgage permitted by provisions of this Lease relating to purchase or construction of the Improvements, or (iii) instituted by Lessor, the event of default being not the appointment of a receiver at Lessor's instance but the event justifying the receivership, if any.

(iv) **Insolvency, Bankruptcy.** An assignment by Lessee for the benefit of creditors or the filing of a voluntary or involuntary petition by or against Lessee under any law for the purpose of adjudicating Lessee a bankrupt; or for extending time for payment, adjustment, or satisfaction of Lessee's liabilities; or for reorganization, dissolution or arrangement on account of or to prevent bankruptcy or insolvency; unless the assignment or proceedings, and all consequent orders, adjudications, custodies, and supervisions are dismissed, vacated, or otherwise permanently stayed or terminated within ninety (90) days after assignment, filing or other initial event.

(v) **Failure to Make Loan Payments to Lessor.** The failure by Lessee to make, when due, any payment owed by Lessee to Lessor pursuant to a promissory note in the amount of \$810,000.00 (the "Note"), which Note shall be secured by a first mortgage on the Project and the Property, made by Lessee to Lessor to guarantee repayment of a loan ("Loan") made by Lessor to Lessee to assist Lessee to pay for the cost of the Project. All other loans obtained by Lessee in connection with the Project shall be subordinate to the Loan. For the sake of clarity, it is anticipated that the Loan will be used to repay the principal amount due on the construction loan made by Bank of America, N.A.

13.2 Notice and Right to Cure.

(a) **Notice as Precondition to Lessor's Remedies.** As a precondition to pursuing any remedy for an alleged default by Lessee, Lessor shall, before pursuing any remedy, give notice of default to Lessee, Lessee's Investor and all Project Mortgagees. A qualifying mortgagee is a mortgagee under a mortgage then existing under the provisions of this Lease relating to purchase, construction, and permanent financing of the Project and Improvements (or refinancing a loan made by an existing qualifying mortgagee). Each notice of default shall specify the alleged default and the intended remedy.

(b) **Mortgagee's Right to Cure Defaults.** Each Project Mortgagee under a mortgage then existing, under provisions of this Lease permitting mortgages relating to purchase, construction, and permanent financing of improvements, including the Improvements, shall have one hundred twenty (120) days after service of notice of default within which, at mortgagee's election, either:

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(i) To cure the default if it can be cured by the payment or expenditure of money; or

(ii) If such Project Mortgagee does not elect to cure by the payment or expenditure of money, or if the default cannot be cured, to cause the prompt initiation of foreclosure, to prosecute it diligently to conclusion, and to perform and comply with all other covenants and conditions of this Lease requiring the payment or expenditure of money by Lessee until the leasehold estate shall be released or reconveyed from the effect of the mortgage or until it shall be transferred or assigned pursuant to or in lieu of foreclosure.

(c) **Lessee's Right to Cure Defaults.** If the alleged default is non-payment of Rent, taxes or other sums to be paid by Lessee as provided in Article III hereof or elsewhere in this Lease directed to be paid as added or additional rent, Lessee shall have sixty (60) days after notice is given to cure the default. For the cure of any other default, Lessee shall promptly and diligently after the notice commence curing the default and shall have sixty (60) days after notice is given to complete the cure, plus any additional period that is reasonably necessary for the curing of the default.

(d) **Lessor's Right to Cure Lessee's Defaults.** After expiration of the applicable time for curing a particular default, or before the expiration of that time in the event of emergency, Lessor may at Lessor's election, but is not obligated to, make any payment required of Lessee under this Lease or under any note or other document pertaining to the financing of improvements, including the Improvements, or fixtures on the Property, or perform or comply with any covenant or condition imposed on Lessee under this Lease or under any such note or document, and the amount so paid plus the reasonable cost of any such performance or compliance, plus interest on such sum at the greater of the rate of eight percent (8%) per year or judgment interest from the date of payment, performance, or compliance (herein called act), shall be deemed to be additional rent payable by Lessee within sixty (60) days of Lessor's written demand. No such act shall constitute a waiver of default or of any remedy for default or render Lessor liable for any loss or damage resulting from any such act. Notwithstanding the foregoing, the senior Project Lender shall not be liable for any payments made by Lessor on junior mortgages pursuant to this Section 13.2(d), including debt service on any loans made by Lessor to Lessee, to the extent the same is subordinated to the rights of the senior Project Lender.

Investor's Right to Cure Defaults. Investor may, at its option and during the time specified for Lessee to cure any default hereunder, either pay any amount or do any act or thing required of Lessee by the terms of this Lease. All payments made and all acts performed by Investor during the cure period shall be effective to prevent a termination of this Lease to the same extent as if they had been performed by Lessee. Lessee hereby authorizes Investor to take any such action at the Investor's option and does hereby authorize entry upon the Property by Investor for such purpose. In addition to all other rights of Investor hereunder, Investor's commencement of proceedings to exercise its right (the "Removal Right") under the Partnership Agreement to remove and replace the Lessee's general partner shall be deemed initiation of a cure to the same extent as if initiated by a Project Lender under Section 9.1(b)(iii), provided that each of the following conditions is satisfied:

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(i) the default is one which cannot be cured only by payment of money;

(ii) In the reasonable opinion of Investor, removal of the general partner is necessary.

(iii) Investor notifies Lessor within 30 days following receipt of Lessor's default notice of Investor's intention to exercise the Removal Right and does in fact perform all required activity pursuant thereto; and

(iv) Investor is performing all other good faith commercially reasonable activity necessary to cure the default.

13.3 Lessor's Remedies.

(a) Introductory Clause. If any default by Lessee shall continue uncured, following notice of default as required by this Lease, and subject to all applicable notice and cure periods under the applicable provision of this Lease, Lessor shall have the following remedies in addition to all other rights and remedies provided by law or equity, to which Lessor may resort cumulatively or in the alternative:

(i) Nonmonetary Remedies.

(A) Termination. Lessor may at Lessor's election terminate this Lease by giving Lessee notice of termination. On the giving of the notice, all Lessee's rights in the Property and in all improvements, including the Improvements, shall terminate. Promptly after notice of termination, Lessee shall surrender and vacate the Property and all Improvements in broom-clean condition, and Lessor may reenter and take possession of the Property and all remaining Improvements and eject all parties in possession or eject some and not others or eject none; provided that no tenant qualifying under nondisturbance provisions of this Lease shall be ejected. Termination under this subsection shall not relieve Lessee from the payment of any sum then due to Lessor or from any claim for damages previously accrued or then accruing against Lessee.

(B) Reentry Without Termination. Lessor, may at Lessor's election, reenter the Property, and, without terminating this Lease, at any time and from time to time relet the Property and Improvements or any part or parts of them for the account and in the name of Lessee or otherwise. Lessor may at Lessor's election eject all persons or eject some and not others or eject none; provided that no tenant qualifying under nondisturbance provisions of this Lease shall be ejected. Lessor shall apply all rents from reletting as in the provision on assignment of subrents. Any reletting may be for the remainder of the Term or for a longer or shorter period. Lessor may execute any leases made under this provision either in Lessor's name or in Lessee's name and shall be entitled to all rents from the use, operation or occupancy of the Property or Improvements or both. Lessee shall nevertheless pay to Lessor on the due dates specified in this Lease the equivalent of all sums required of

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Lessee under this Lease, plus Lessor's expenses, less the money available from any reletting or attornment. No act by or on behalf of Lessor under this provision shall constitute a termination of this Lease unless Lessor gives Lessee notice of termination. Lessor's right to reentry under this Section 13.3(B) shall be subject to the rights of the senior Project Lender under the Project Loan Documents.

(b) **Notice of Lessor's Default, Lessee's Waiver.** Lessor shall not be considered to be in default under this Lease unless (1) Lessee has given notice specifying the default, and (2) Lessor has failed for sixty (60) days to cure the default, if it is curable, or to institute and diligently pursue reasonable corrective or ameliorative acts for noncurable defaults.

(c) **Additional Notice to Lessee.** Any notice of default provided to Lessee under this Section 13 shall also be provided to any direct or indirect owner of Lessee, which identity of such owner has been provided to Lessor by Lessee. To the extent the default is cured by such direct or indirect owner of Lessee, Lessor shall accept the cure as if the same had been cured by Lessee itself.

13.4 Provisions Applicable to Both Parties.

(a) **Unavoidable Default or Delay.** Any prevention, delay, nonperformance, or stoppage due to any of the following causes shall excuse nonperformance for a period equal to any such prevention, delay, nonperformance, or stoppage, except the obligations imposed by this Lease for the payment of Rent, taxes, insurance, or obligations to pay money that are treated as rent. The causes referred to above are: strikes, lockouts, labor disputes, failure of power, acts of God, acts of public enemies of this state or of the United States, riots, insurrections, civil commotion, inability to obtain labor or materials or reasonable substitutes for either, governmental restrictions or regulations or controls except those reasonably foreseeable in connection with the uses contemplated by this Lease, or other causes beyond the reasonable control of the party obligated to perform.

(b) **Waiver, Voluntary Acts.** No waiver of any default shall constitute a waiver of any other breach or default, whether of the same or any other covenant or condition. No waiver, benefit, privilege, or service voluntarily given or performed by either party shall give the other any contractual right by custom, estoppel or otherwise. The subsequent acceptance of Rent or additional rent pursuant to this Lease shall not constitute a waiver of any preceding default by Lessee other than default in the payment of the particular rental payment so accepted, regardless of Lessor's knowledge of the preceding breach at the time of accepting the Rent or additional rent, nor shall acceptance of Rent, additional rent or any other payment after termination constitute a reinstatement, extension, or renewal of the Lease or revocation of any notice or other act by Lessor.

(c) **Attorneys' Fees and Venue.** If either party brings any action or proceeding to enforce, protect or establish any right or remedy, the prevailing party shall be entitled to recover reasonable attorneys' fees. Arbitration is not an action or proceeding for the purpose of this provision. Venue for any litigation arising in connection with this Lease shall be in the Circuit Court of Cook County, Illinois.

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ARTICLE XIV Rights to Ingress and Egress

14.1 Rights to Ingress and Egress. Lessor grants to Lessee, its employees, tenants, agents, and invitees, a right to ingress and egress the Property over and upon any roads, sidewalks or thoroughfares then used or utilized by Lessor for purposes of pedestrian and vehicular access, ingress and egress to and from the Property. Lessor reserves the right to alter, modify, remove, maintain and replace those roads, sidewalks and thoroughfares from time to time, including the right to change the location of those roads, sidewalks and/or thoroughfares; provided, however, that (a) the Lessor shall not remove or change the location of the roads, sidewalks and/or thoroughfares from those depicted in the Plans and Specifications without the prior written consent of Lessee and any mortgagee, and (b) Lessee, its employees, tenants, agents, and invitees shall have the same right to ingress and egress to the Property over any such altered, modified, changed or relocated roads, sidewalks or thoroughfares. Except for any physical damage to the foregoing roads, sidewalks, or thoroughfares caused by Lessee or its permittees, Lessor shall be responsible, in its sole discretion and at its sole cost and expense, for the maintenance and repair of the such roads, sidewalks and thoroughfares that are subject to this right of ingress and egress.

Lessor also grants to Lessee, its agent, employees, contractors, and the like, a limited access right to travel over and across any of Lessor's property adjacent to the Property for the purpose of constructing the Improvements. Lessee agrees to repair, restore, and replace any and all damage caused or occasioned by such use. Lessor shall be notified of all such intended use prior to its actual use, and Lessor reserves the right to limit or modify Lessee's intended use of the Property.

ARTICLE XV General Conditions; Miscellaneous Provisions

15.1 Transactions Between Parties.

(a) Definition of Notice; Application of Provision. As used in this Lease, notice includes but is not limited to the communication of notice, request, demand, approval, statement, report, acceptance, consent, waiver, and appointment. No notice of the exercise of any option or election is required unless the provision giving the election or option expressly requires notice.

(b) Writing. All notices must be in writing; provided that no writing other than the check or other instrument representing the rent payment itself need accompany the payment of rents.

(c) Any and all notices, demands, requests and other communications necessary or desirable to be served under this Agreement shall be in writing and shall be either personally delivered or delivered to the Party or the Party's attorney by (i) facsimile transmission, (ii) email, (iii) prepaid same-day or overnight delivery service (such as Federal Express or UPS), with proof of delivery requested, or (iv) United States registered or certified mail, return receipt requested, postage prepaid, in each case addressed as follows:

Notice to Lessor: Mayor Jeffrey T. Sherwin
City of Northlake

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55 E. North Avenue
 Northlake, Illinois 60164
 Fax: 708-343-8308
northlakemayor@comcast.net

With copy to: Mark H. Sterk
 Odelson & Sterk Ltd.
 3318 West 95th Street
 Evergreen Park, Illinois 60805
 Fax: 708-424-5829
msterk@odelsonsterk.com

Notice to Lessee: Bill Schneider
 Executive Director
 Turnstone Development
 10 South LaSalle Street, Suite 3510
 Chicago, Illinois 60603
 Fax: 312-453-0622
 Email: bschneider@turnstonedev.org

With copy to: Mary Ann Murray
 Quarles & Brady LLP
 300 N. LaSalle Street, Suite 4000
 Chicago, Illinois 60654
 Fax: 312-632-1711
 Email: maryann.murray@quarles.com

Notice to
 Construction Lender: Bank of America, N.A.
 Commercial Real Estate Banking / Community Development
 One Bryant Park, 35th Floor
 New York, NY 10036
 Attention: Melissa McCormack

With copy to: Bank of America, N.A.
 Mail Code: MC: FL1-400-06-13
 101 E. Kennedy Boulevard, 6th Floor
 Tampa, FL 33602
 Attention: Loan Administration

Notice to IHDA: Illinois Housing Development Authority
 111 West Wacker Drive
 Chicago, Illinois 60601
 Attention: Director, Multifamily Programs

With a copy to: Illinois Housing Development Authority
 111 West Wacker Drive
 Chicago, Illinois 60601
 Attention: General Counsel

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Notice to Investor Raymond James Housing Opportunities Fund 52 L.L.C.
 c/o Raymond James Tax Credit Funds, Inc.
 880 Carillon Parkway
 St. Petersburg, Florida 33716
 Email Address: Steve.Kropf@RaymondJames.com
 Attention: Steven J. Kropf, President

With a copy to: Brad M. Tomtishen
 Nuyen, Tomtishen and Aoun, P.C.
 2001 Commonwealth Blvd.
 Suite 300
 Ann Arbor, Michigan 48105
 Email Address: bmt@ntalaw.com

or such other address or addresses or to such other party when any party entitled to receive notice hereunder may designate for itself from time to time in a written notice served upon the other parties hereto in accordance herewith. Any notice sent as hereinabove provided shall be deemed to have been received (i) on the date it is personally delivered, if delivered in person, (ii) on the date it is electronically transmitted by email or facsimile transmission, (iii) on the first business day after the date it is deposited with the overnight courier service, if delivered by overnight courier service, or (iv) on the third (3rd) business day following the postmark date which it bears, if delivered by United States registered or certified mail, return receipt requested, postage prepaid.

(d) Change of Recipient or Address. Either party may, by notice given at any time or from time to time, require subsequent notices to be given to another individual person, whether a party or an officer or representative, or to a different address, or both. Notices given before actual receipt of notice of change shall not be invalidated by the change.

(e) Performance of Lessee's Covenants by Others. Lessee may not delegate performance of any or all covenants under this Lease to any assignee without the prior written consent of the Lessor.

(f) Nonmerger of Fee and Leasehold Estates. If the fee estate in the Property and leasehold estate created by this Lease become vested in the same legal entity, then the fee estate and leasehold estate shall not merge and the leasehold estate created by this Lease shall not be destroyed by application of the doctrine of merger or any other legal theory, except upon the written consent and election of such legal entity and the express written consent any mortgagees under all mortgages encumbering the Property.

(g) Estoppel Certificates. At any time and from time to time, within ten (10) days after notice of request by Lessor, Lessee or any Project Lender, the requested party shall execute, acknowledge, and deliver to the requesting party, or to such other recipient as the notice shall direct, a statement certifying that this Lease is unmodified and in full force and effect, or, if there have been modifications, that it is in full force and effect as modified in the manner specified in the statement. The statement shall also state the dates to which the Rent and any other charges have been paid.

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Lessee or Lessor's failure to execute, acknowledge, and deliver, on request, the certified statement described above within the specified time shall constitute acknowledgment by such party to all persons entitled to rely on the statement that this Lease is unmodified and in full force and effect and that the Rent and other charges have been duly and fully paid to and including the respective due dates immediately preceding the date of the notice of request and shall constitute a waiver, with respect to all persons entitled to rely on the statement, of any defaults that may exist before the date of the notice.

15.2 Interpretation of Lease.

(a) **Captions.** The captions of the various articles and sections of this Lease are for convenience and ease of reference only and do not define, limit, augment, or describe the scope, content or intent of this Lease or of any part or parts of this Lease.

(b) **Gender.** The neuter gender includes the feminine and masculine, the masculine includes the feminine and neuter, and the feminine includes the neuter, and each includes corporation, partnership, or other legal entity when the context so requires.

(c) **Singular and Plural.** The singular number includes the plural whenever the context so requires.

(d) **Exhibits, Addenda.** All exhibits and addenda to which reference is made in this Lease are incorporated in the Lease by the respective references to them, whether or not they are actually attached, provided they have been signed or initialed by the parties. Reference to "this Lease" includes matters incorporated by reference.

(e) **Entire Agreement.** This Lease contains the entire agreement between the parties. No promise, representation, warranty or covenant not included in this Lease has been or is relied on by either party. Each party has relied on his own examination of this Lease, the counsel of his own advisors, and the warranties, representations, and covenants in the Lease itself. The failure or refusal of either party to inspect the Property or Improvements, to read the Lease or other documents, or to obtain legal or other advice relevant to this transaction constitutes a waiver of any objection, contention, or claim that might have been based on such reading, inspection, or advice.

(f) **Severability.** The invalidity or illegality of any provision shall not affect the remainder of the Lease.

(g) **Successors.** Subject to the provisions of this Lease on assignment and subletting, each and all of the covenants and conditions of this Lease shall be binding on and shall inure to the benefit of the heirs, successors, executors, administrators, assigns, and personal representatives of the respective parties.

(h) **Lessee's Duty to Surrender.** At the expiration or earlier termination of the Term, Lessee shall surrender to Lessor the possession of the Property and Improvements (subject to Article VIII). Surrender or removal of Improvements, fixtures, and trade fixtures shall be as directed in provisions of this Lease on ownership of Improvements at termination. Lessee shall leave the surrendered Property and Improvements and any other property in good and broom-clean condition except as

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provided to the contrary in provisions of this Lease on maintenance and repair of Improvements. All property that Lessee is required to surrender shall become Lessor's property at termination of the Lease. All property that Lessee is not required to surrender but that Lessee does abandon shall, at Lessor's election, become Lessor's property at termination.

(i) **Holding Over.** This Lease shall terminate without further notice at expiration of the Term. Any holding over by Lessee after expiration shall not constitute a renewal or extension or give Lessee any rights in or to the Property except as otherwise expressly provided in this Lease.

(j) **No Surrender or Modifications.** Without the prior written consent of each Mortgagee identified in Section 15.1(c), Lessor agrees not to accept a cancellation or voluntary surrender of this Lease and neither Lessor nor Lessee shall amend or modify this Lease at any time while the any Project Mortgage shall remain a lien on the Property and any such attempted cancellation, surrender or modification of this Lease without the written consent of each Mortgagee shall be null and void and of no force or effect.

15.3 **New Lease to Project Lender.** If this Lease is terminated because of Lessee's default thereunder or for any other reason or is extinguished for any reason (including, without limitation, rejection of this Lease by a trustee in bankruptcy), then the Mortgagee holding the most senior Project Mortgage (or any subordinate Project Lender if such senior Project Lender fails to act) may elect to demand a new lease of the Property (the "New Lease") by notice to Lessor within thirty (30) days after such termination. Upon any such election, the following provisions shall apply:

(a) The New Lease shall be for the remainder of the term of this Lease, effective on the date of termination, at the same rent and shall contain the same covenants, agreements, conditions, provisions, restrictions and limitations as are then contained in this Lease. Such New Lease shall be subject to all then-existing subleases.

(b) The New Lease shall be executed by Lessor within thirty (30) days after receipt by Lessor of notice of the Mortgagee's or such other acquiring person's election to enter into a New Lease.

(c) Any New Lease and the leasehold estate created thereby shall, subject to the same conditions contained in this Lease, continue to maintain the same priority as this Lease with regard to any Project Mortgages or any other lien, charge or encumbrance affecting the Property.

(d) Concurrently with the execution and delivery of the New Lease, Lessor shall assign to the Lessee named therein all of its right, title and interest in and to moneys, if any, then held by or payable to Lessor which Lessee would have been entitled to receive but for the termination of this Lease.

(e) If Lessee refuses to surrender possession of the Property, Lessor shall, at the request of the senior Mortgagee or such other acquiring person, institute and pursue diligently to conclusion the appropriate legal remedy or remedies to oust or remove Lessee and all subtenants actually occupying the Property or any part thereof

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who are not authorized to remain in possession hereunder. Any such action taken by Lessor at the request of the senior Mortgagee or such other acquiring person shall be at such Mortgagee's or such other acquiring person's sole expense.

15.4 Bankruptcy Provisions.

(a) So long as any Project Mortgage shall remain outstanding, the right of election arising under Section 365 (h) (1) of the Bankruptcy Code, 11 U.S.C. §101 et seq. (the "Bankruptcy Code") shall be exercised by the Mortgagee holding the most senior Project Mortgage and not by Lessee. Any exercise or attempted exercise by Lessee of such right of election in violation of the preceding sentence shall be void.

(b) However, if despite the foregoing provision Mortgagee is not permitted to exercise such right of election and the Lessor (or any trustee of the Lessor) shall reject this Lease pursuant to Section 365(h) of the Bankruptcy Code, (i) Lessee shall without further act or deed be deemed to have elected under Section 365(h) (1)(A) of the Bankruptcy Code to remain in possession of the Property for the balance of the term of this Lease; (ii) any exercise or attempted exercise by Lessee of a right to treat this Lease as terminated under Section 365(h) (1)(A) of the Bankruptcy Code shall be void; (iii) the Project Mortgages shall not be affected or impaired by such rejection of this Lease; and (iv) this Lease shall continue in full force and effect in accordance with its terms, except that Lessee shall have the rights conferred under Section 365(h) (1)(B) of the Bankruptcy Code.

(c) For purposes of Section 365(h) of the Bankruptcy Code, the term "possession" shall mean the right to possession of the Property granted to Lessee under this Lease whether or not all or part of the Property has been subleased.

(d) If Lessee shall reject this Lease pursuant to Section 365(a) of the Bankruptcy Code, the Lessor shall serve on the Mortgagees, identified in Section 15.1(c), notice of such rejection, together with a statement of all sums at the time due under this Lease (without giving effect of any acceleration) and of all other defaults under this Lease then known to the Lessor. The Mortgagee holding the most senior Project Mortgage shall have the right, but not the obligation, to serve on Lessor within thirty (30) days after service of the notice provided in the preceding sentence, a notice that such Mortgagee elects to (i) assume this Lease, and (ii) cure all defaults outstanding thereunder (x) concurrently with such assumption as to defaults in the payment of money, and (y) within sixty (60) days after the date of such assumption as to other defaults, except for defaults of the type specified in Section 365(b)(2) of the Bankruptcy Code. If the Mortgagee holding the most senior Project Mortgage serves such notice of assumption, then, as between the Lessor and such Mortgagee (i) the rejection of this Lease by Lessee shall not constitute a termination of this Lease, (ii) such Mortgagee may assume the obligations of Lessee under this Lease without any instrument or assignment of transfer from Lessee, (iii) such Mortgagee's rights under this Lease shall be free and clear of all rights, claims and encumbrances of or in respect of Lessee, and (iv) such Mortgagee shall consummate the assumption of this Lease and the payment of the amounts payable by it to the Lessor pursuant to this Section at a closing to be held at the offices of the Lessor (or its attorneys) within thirty (30) days after such Mortgagee shall have served the notice of assumption hereinabove provided. Upon a subsequent assignment of this Lease by such

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Mortgagee, such Mortgagee shall be relieved of all obligations and liabilities arising from and after the date of such assignment.

15.5 Memorandum of Lease. Lessor may at Lessor's expense, record a Memorandum of Lease.

ARTICLE XVI Definitions

"Borrower" means Turnstone Northlake Phase 2, LP, an Illinois limited partnership, its successors and assigns.

"Extended Use Agreement" means that certain Low Income Housing Tax Credit Extended Use Agreement dated as of August 28, 2018, by and between IHDA and the Borrower.

"Investor" means Raymond James Housing Opportunities Fund 52 L.L.C., its successors and assigns.

"Improvements" means all improvements constructed on the Property by Lessee during the Term of this Lease, including without limitation, the Project and all facilities, buildings, structures, utility systems, parking areas and fixtures. Improvements do not include any personal property of Lessee used at the Property.

"Low Income Housing Tax Credits" means the allocation of 1,387,390 of Low Income Housing Tax Credits, as evidenced by that certain Conditional Reservation Letter dated October 23, 2017, from IHDA to the Lessee, based on IHDA's authority as the low income housing tax credit agency for the State of Illinois under the Illinois Housing Development Act to allocate federal low income housing tax credits, in connection with the construction and subsequent operation of the Project and Improvements.

"Mortgagor" means Turnstone Northlake Phase 2, LP, an Illinois limited partnership, as assignee of the leasehold estate under this Lease.

"Mortgaged Property" means the Mortgagor's leasehold estate in the Land under this Lease and fee simple estate in the Improvements.

"Partnership Agreement" means that certain Amended and Restated Agreement of Limited Partnership of Borrower, dated as of August 1, 2018, entered into by Turnstone Northlake Phase 2 GP, LLC, an Illinois limited liability company, as general partner, and Investor, as limited partner.

"Plans and Specifications" means the Plans prepared by Piekarz Associates P.C. dated May 1, 2017 and revised May 18, 2018.

"Project" means the 50-unit residential complex to be used as housing, as described in the Recitals.

"Project Lender" means, singly or collectively, as the context requires, the following lenders making Project Loans and their respective successors and assigns: (1) Bank of

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America, N.A., a national banking association ("Bank of America"), (2) IHDA, and (3) Turnstone Development Corporation.

"Project Loans" means the following loans made by the Project Lenders to the Borrower and secured by a Project Mortgage: (1) a \$9,473,658.00 construction loan from Bank of America, (2) a \$2,423,625.00 construction and permanent HOME loan from IHDA, and (3) an \$180,542.00 construction and permanent loan from Turnstone Development Corporation to the Borrower.

"Project Loan Documents" means all promissory notes evidencing the Project Loans, the Project Mortgages and all other documents evidencing, securing or relating to the Project Loans.

"Project Mortgagee" means the holder of a Project Mortgage.

"Project Mortgages" means any mortgage or deed of trust encumbering the Mortgaged Property under this Lease to secure any Project Loans and/or any refinancing of any Project Loans.

"Property" means the land situated in the City of Northlake in Cook County, Illinois, that is owned by the City and is more particularly described in Exhibit A, attached hereto and incorporated herein by reference.

"Rent" has the meaning set forth in Section 3.1.

"State Affordable Housing Tax Credits" means the allocation of 374,950 of Affordable Housing Tax Credits, as evidenced by that certain Conditional Reservation Letter dated June 15, 2018, from IHDA to the Lessee, based on IHDA's authority under the Illinois Housing Development Act and Illinois Income Tax Act, in connection with the construction and subsequent operation of the Project and Improvements. In exchange for the allocation of State Affordable Housing Tax Credits, IHDA has required a \$749,901.00 donation of the Property which shall be made by the Lessor to the Lessee.

"Term" has the meaning set forth in Section 2.1.

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IN WITNESS WHEREOF, the parties hereto have executed this Lease in duplicate on the date and year hereinabove set forth.

LESSEE:

Turnstone Development Corporation,
an Illinois not-for-profit corporation

By: William Schneider
Name: William Schneider
Title: Executive Director

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

Before me, a Notary Public in and for said county and state, personally appeared William Schneider, the Executive Director of Turnstone Development Corporation, an Illinois not-for-profit corporation, who acknowledged execution of the foregoing Lease for and on behalf of said company.

WITNESS my hand and Notary Seal this 21st day of August, 2018.



Gardenia L. Parham
Notary Public

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Exhibit A

Legal Description of the Property

LOT 1 IN MAYOR SHERWIN'S WISDOM VILLAGE SUBDIVISION, BEING A SUBDIVISION OF THE SOUTH 1/2 OF SECTION 32, TOWNSHIP 40 NORTH, RANGE 12 EAST OF THE THIRD PRINCIPAL MERIDIAN, RECORDED AUGUST 20, 2018 AS DOCUMENT NO. 1823217033, IN COOK COUNTY, ILLINOIS.

ALSO DESCRIBED AS:

LOTS 20 THROUGH 25 (EXCEPT THE WEST 20.00 FEET OF LOT 25) AND THE VACATED 20 FOOT PUBLIC ALLEY VACATED PER DOCUMENT NUMBER 1817916072 LYING NORTH OF AND ADJACENT TO LOTS 20 THROUGH 25 (EXCEPT THE WEST 20.00 FEET) THE VACATED 20 FOOT PUBLIC ALLEY VACATED PER DOCUMENT NUMBER 1817916072 LYING EAST OF AND ADJACENT TO LOT 20 AND THE NORTHERLY EXTENSION OF THE EAST LINE OF LOT 20 AND THAT PART OF THE VACATED PUBLIC PARK VACATED PER DOCUMENT NUMBER 1820016048 LYING SOUTH OF A LINE DRAWN FROM THE SOUTHEAST CORNER OF LOT 15 TO THE NORTHWEST CORNER OF LOT 19, ALL IN BLOCK 1 IN MIDLAND DEVELOPMENT COMPANY'S NORTHLAKE VILLAGE UNIT NO. 3, BEING A SUBDIVISION OF PART OF THE SOUTH HALF OF SECTION 32, TOWNSHIP 40 NORTH, RANGE 12, EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED AS DOCUMENT NO. 12378621, IN COOK COUNTY, ILLINOIS, IN THE MANNER REPRESENTED ON THE PLAT HEREON DRAWN.

CONTAINING 29,896 SQUARE FEET OR 0.686 ACRES MORE OR LESS.

COMMONLY KNOWN AS: 56 East North Avenue, Northlake, Illinois 60164

PINs: 12-32-326-042-0000
12-32-326-043-0000
12-32-326-060-0000
12-32-326-061-0000
12-32-326-062-0000