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**Subordination**

CTIC Order # 19NW7125200PK

**Chicago Title Insurance Company**  
1030 W. Higgins Road, #200  
Park Ridge, IL 60068

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## SUBORDINATION OF MANAGEMENT AGREEMENT

THIS SUBORDINATION OF MANAGEMENT AGREEMENT (this "Agreement") is entered into as of August 13, 2019, by and among **CHICAGO DWELLINGS ASSOCIATION**, a Illinois not-for-profit corporation ("Owner"), Community Management Association Inc., an Illinois not-for-profit corporation ("Manager"), and **KAREP REIT V, LLC**, a Delaware limited liability company ("Lender").

### RECITALS

A. Owner owns certain real Project more particularly described in Exhibit A attached hereto and made a part hereof (the "Project").

B. Owner has applied to the Lender for a loan (the "Loan") in accordance with and pursuant to that certain Loan and Security Agreement, dated as of the date hereof, between the Lender and Owner (the "Loan Agreement").

C. The Loan is to be secured by, among other things, the Project.

D. Owner and Manager have entered into that certain Real Estate Management Agreement, dated as of July 1, 1997 whose term has expired but is continued on a year to year basis (the "Management Agreement"), pursuant to which Manager has agreed to manage the Project.

E. Owner has collaterally transferred and assigned to Lender all of its right, title and interest under the Management Agreement.

F. The Lender, as a condition of making the Loan, has required that Owner and Manager enter into this Agreement.

NOW THEREFORE, in consideration of the foregoing premises, the parties hereto hereby agree as follows:

### SECTION 1 Definitions

1.1 Each capitalized term that is used and not defined in this Agreement shall have the same meaning as defined in the Loan Agreement.

### SECTION 2 Certification and Acknowledgment

2.1 Owner and Manager hereby certify to Lender that (a) the copy of the Management Agreement annexed hereto as Exhibit B is a true and complete copy thereof, (b) the terms of the Management Agreement, although expired by its terms, continue on a year to year basis and is in full force and effect, (c) Owner owes payments to Manager for services rendered prior to the date of the Agreement ("Past Fees") and (d) none of their rights or interests thereunder have been assigned or encumbered.

2.2 Manager acknowledges and agrees that any and all rents, profits or other sums (collectively herein called "Project Proceeds") collected or received by Manager from the Project after the date of this Agreement are subject to a security interest of Lender pursuant to the Loan Documents, and shall be collected and held by Manager in trust for the benefit of Owner and Lender. Manager hereby

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disclaims any and all interests in any of the Project Proceeds. Upon written notice from Lender that an Event of Default has occurred under the Loan Documents that remains uncured and that as a result thereof, Lender has revoked Owner's license to collect the Project Proceeds pursuant to the terms of the Loan Documents, Manager agrees (a) not to pay any of the Project Proceeds to Owner without the prior written approval of Lender and (b) to pay the Project Proceeds as instructed by Lender. Lender acknowledges that until an Event of Default has occurred which remains uncured, Manager may use the Project Proceeds to pay the then current and past due expenses of the Project and its operation.

## SECTION 3 Subordination and Termination

3.1 The Management Agreement and the Fees and Amounts (defined below) are hereby made and shall at all times be subject and unconditionally subordinate in all respects (i) to the Loan and all of the Liabilities, (ii) to the lien and charge of each of the Loan Documents, and (iii) to any and all increases, renewals, extensions, modifications (including "work outs" arranging or modifying the repayment of the Loan by Owner in lieu of foreclosure of the Loan by Lender), assignments, replacements or consolidations of the Loan and the rights, privileges, and powers of the Lender under the Loan Documents, and any refinancing of the Loan.

3.2 Owner shall be solely liable to Manager for all fees, reimbursements, indemnifications and charges of whatsoever kind or nature accruing to Manager under the Management Agreement, or at law or in equity with respect to Manager ("Fees and Amounts"). Lender shall in no event or under any circumstances be responsible for any Fees and Amounts, and any right or remedy Manager may have to collect such outstanding Fees and Amounts shall be unconditionally and absolutely subordinated to the indefeasible payment in full in cash of the Loan and the Liabilities (irrespective of any reduction of same as an allowed amount in any bankruptcy proceeding) (the "Loan Repayment"); provided, however, so long as the Management Agreement has not been terminated, and so long as Manager has not received from Lender a notice stating that Owner is in default under the Loan Agreement, Manager shall have the right to receive from Owner the Fees and Amounts pursuant to the terms of the Management Agreement. Manager shall not place a lien on, attach, or otherwise encumber the Collateral. Should any payment be made to Manager in violation of this Agreement, such payment shall be delivered forthwith to the Lender as additional collateral for the Loan. Until so delivered, any such payment or collateral shall be held by Manager in trust for Lender and shall not be commingled with other funds or Project of Manager.

3.3 Without limiting the subordination set forth in Section 3.1 above, upon the foreclosure by Lender of any mortgage or deed of trust affecting the Project, or upon the acceptance by Lender or Lender's nominee of a deed in lieu of foreclosure with respect to the Project, or at such time following an Event of Default as a receiver is appointed with respect to the Project, or upon Lender's otherwise taking possession and control of the Project following any such Event of Default, then at Lender's sole option and in Lender's sole discretion the Management Agreement and all of the rights and interests of Manager with respect to the Project, including without limitation, Manager's right to the Fees and Amounts, shall terminate and be of no further force or effect; and upon written demand from Lender, Manager shall surrender possession and control of the Project forthwith to Lender (or to any appointed receiver), along with all books, records, security deposits, accounts, and all other tangible and intangible Project relating to the Project.

## SECTION 4 Covenants

4.1 Until the Loan is repaid in full, (a) the Management Agreement shall not be amended, modified, supplemented or terminated, and no right of Owner thereunder shall be waived by Owner, without the written consent of Lender; (b) Owner and Manager shall promptly notify Lender of

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any sale or transfer of a controlling interest in Manager to any Person that is not owned and controlled by the Person(s) that currently own and control Manager, and any such sale or transfer shall entitle Lender to re-approve Manager; (c) Owner and Manager shall (i) at Lender's reasonable request, meet with Lender to discuss the financial and physical condition of the Project and the management of the Project, including without limitation personnel, tenant satisfaction, marketing and other issues pertinent to the success of the Project, and (ii) at Lender's reasonable request, provide Lender with reports relating to any of such matters; (d) Lender will have the right to inspect and to make copies of the books, accounts and records of Manager that relate to the Project and the Management Agreement at all reasonable times and upon reasonable advance notice and in a reasonable fashion; and (e) a copy of each written notice of default, notice of termination, threat of litigation, or notice of arbitration which any party to the Management Agreement shall give to any other party thereto shall be given to Lender, and any right or remedy of Manager resulting from or dependent upon any such notice will take effect only after notice is so given to Lender.

4.2 Manager shall give written notice to Lender of any default of Owner under the Management Agreement, and shall give Lender at least twenty (20) days notice prior to suspending or terminating its obligations under the Management Agreement. Lender shall have the right, but not the obligation, to cure any default of Owner under the Management Agreement (and any and all sums expended by Lender in curing any such default shall be immediately due and payable by Owner, shall bear interest at the Default Rate from the date incurred until paid and shall be secured by the Security Instrument).

4.3 Manager agrees to (A) execute such affidavits and certificates as Lender shall reasonably require to further evidence the agreements herein contained, (B) on reasonable request from Lender, furnish Lender with copies of such information as Owner is entitled to receive under the Management Agreement, and (C) reasonably cooperate with Lender's representative in any inspection of all or any portion of the Project made in accordance with the terms of the Loan Agreement and the other Loan Documents. Owner and Manager hereby acknowledge and agree that if any permits, licenses or authorizations necessary for the use, operation and maintenance of the Project as it is currently being used (including without limitation any liquor license) (collectively, the "Permits") are held by or in the name of Manager, that (i) Manager is holding or providing all such Permits for the benefit of Owner, and (ii) as security for the repayment of the Loan by Owner in accordance with the Loan Agreement, to the extent permitted by applicable law, Manager hereby grants to Lender a security interest in and to the Permits. Moreover, Manager hereby agrees that, upon an Event of Default, it will assign the Permits to Lender (or its designee) if such Permits are assignable under applicable law, or otherwise continue to hold such Permits for the benefit of Lender until such time as Lender can obtain such Permits in its own name or the name of its designee, subject to available funds and continued required payments under the Management Agreement.

4.4 All employees working at the Project shall be the employees of Manager. Notwithstanding anything herein to the contrary, if Lender elects to terminate the Management Agreement in accordance with this Agreement and such termination would cause sufficient employment losses to individuals working at the Project giving rise to a notice obligation under the Worker Adjustment and Retraining Notification Act ("WARN Act"), then the date of actual termination of the Management Agreement (the "Actual Termination Date") shall be extended for a period that is fifteen (15) days plus the number of days, if any, employees of the Project are required to be given advance notice of termination of employment (such period to be inclusive of the above-mentioned thirty (30) day notice period), to allow Manager to provide the statutory notices required under the WARN Act. For the avoidance of doubt, nothing in this Agreement shall be construed or interpreted to create an obligation for Lender to provide any notices under the WARN Act or to suggest that any individuals working at the Project are employees of Lender under the WARN Act or any other statute or regulation. Manager agrees

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and acknowledges that to the extent that any WARN Act notice obligations arise during the term of this Agreement with respect to any individuals working at the Project, such obligations shall be the responsibility of Manager as the employer of such individuals.

## SECTION 5 Miscellaneous Provisions

5.1 All notices required or permitted to be given hereunder (each, a "**Notice**") shall be in writing addressed to the party to be so notified at its address set forth below, or at such other address as such party may specify by giving at least ten (10) days' prior written notice of such change of address, (a) sent by electronic mail, in each case with a copy of the Notice sent concurrently by one of the means described in clauses (b), (c) or (d) below (provided that for electronic mail delivery, the beginning of the subject line in such electronic mail shall state, in capitalized letters and minimum 12 point font: "NOTICE PURSUANT TO SUBORDINATION OF MANAGEMENT AGREEMENT SECTION 5.1"), (b) sent by registered or certified mail, postage prepaid, return receipt requested, (c) delivered by hand, or (d) delivered by reputable overnight commercial courier. Notices shall be deemed to have been received: (i) if sent by electronic mail, upon the earlier of (A) the date that the sender receives a telephonic response from an employee or representative of the party receiving notice on behalf of such party, acknowledging receipt (which response shall not be a computer-generated response) and (B) the date of delivery on a Business Day (or the first attempted delivery if refused) of the copy of such Notice delivered in accordance with clause (b), (c) or (d) above, and (ii) if delivered by hand, sent by registered or certified mail, or sent by overnight commercial courier, on the date of delivery of a Business Day (or the first attempted delivery if refused).

Addresses for Notices:

If to Owner:

Chicago Dwellings Association  
 Thomas F. Bennington Jr.  
 Attorney for Owner  
 Lawrence, Kamin, Saunders & Uhlenhop LLC  
 300 South Wacker Drive, Suite 500  
 Chicago, Illinois 60606  
 E-mail: tbennington@lawrencekaminlaw.com  
 Telephone: 312-924-4261

with a copy to:

Regina Murillo  
 Lawrence, Kamin, Saunders & Uhlenhop LLC  
 300 South Wacker Drive, Suite 500  
 Chicago, Illinois 60606  
 E-mail: rmurillo@lawrencekaminlaw.com  
 Telephone: 312-924-4242

If to Lender:

Karep Reit V, LLC  
 One Town Center Road, Suite 300  
 Boca Raton, Florida 33486  
 Attn: Russell Reiter, Esq.



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If to Manager:

Community Management Association, Inc.  
1926 W. Harrison Street, Suite 817  
Chicago, Illinois 60612  
with a copy to Owner

5.2 This Agreement embodies and constitutes the entire understanding among the parties with respect to this Agreement. Neither this Agreement nor any provision hereof may be waived, amended or terminated except by an instrument signed by the party against whom the enforcement of such waiver, amendment or termination is sought, and then only to the extent set forth in such instrument. No waiver of any provision of the Loan Documents shall be effective unless in writing and signed by the party against whom enforcement is sought provided that copies of original signature pages to the amendment, modification or supplement, including copies delivered by PDF or other electronic means shall have the same import and effect as original counterparts and shall be valid, enforceable and binding for the purposes of this Agreement.

5.3 This Agreement shall be governed by, and construed in accordance with, the laws of the State of Illinois (without regard to principles of conflicts of law).

5.4 **TO THE MAXIMUM EXTENT PERMITTED BY LAW, OWNER, MANAGER AND LENDER HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE THE RIGHT TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENT (WHETHER VERBAL OR WRITTEN) OR ACTION OF ANY PARTY OR ANY EXERCISE BY ANY PARTY OF THEIR RESPECTIVE RIGHTS HEREUNDER OR IN ANY WAY RELATING TO THIS AGREEMENT. THIS WAIVER IS A MATERIAL INDUCEMENT FOR THE LENDER TO ENTER INTO THIS AGREEMENT.**

5.5 This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute a single instrument. Copies of originals, including copies delivered by facsimile, PDF or other electronic means, shall have the same import and effect as original counterparts and shall be valid, enforceable and binding for the purposes of this Agreement.

5.6 This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective assigns, successors in interest and legal representatives.

5.7 The Lender, the Owner and the Manager agree to submit to personal jurisdiction and to waive any objection as to venue in the state or federal courts of Cook County, Illinois. Service of process on the Lender, the Owner or the Manager in any action arising out of or relating to this Agreement shall be effective if mailed to such party at the address listed in **Section 5.1** hereof. Nothing herein shall preclude the Lender, the Owner, or the Manager from bringing suit or taking other legal action in any other jurisdiction.

[Remainder of page intentionally left blank.]

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IN WITNESS WHEREOF, this Agreement was executed as of the date first above written.

**MANAGER**

**COMMUNITY MANAGEMENT ASSOCIATION INC.**, an Illinois not-for-profit corporation

By: Christine Oliver  
Name: Christine Oliver  
Title: President

**OWNER**

**CHICAGO DWELLINGS ASSOCIATION**, an Illinois not-for-profit corporation

By: Christine Oliver  
Name: Christine Oliver  
Title: President

**LENDER**

**KAREP REIT V, LLC**, a Delaware limited liability company

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_


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**LENDER**

**KAREP REIT V, LLC,**  
a Delaware limited liability company

By:  
Name:  
Title:

  
David Selznick  
Vice President

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## EXHIBIT A

### Description of the Project

A TRACT OF LAND LOCATED IN THE CITY OF CHICAGO, COUNTY OF COOK, STATE OF ILLINOIS, AND LYING IN THE WEST HALF OF THE NORTHEAST QUARTER OF SECTION 18, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, AND BOUND BY A LINE DESCRIBED AS FOLLOWS:

COMMENCING AT THE INTERSECTION OF THE SOUTH LINE OF WEST CONGRESS PARKWAY WITH THE WEST LINE OF SOUTH WOLCOTT AVENUE; THENCE SOUTH ALONG THE WEST LINE OF SOUTH WOLCOTT AVENUE TO ITS INTERSECTION WITH THE NORTHWEST LINE OF WEST OGDEN AVENUE; THENCE SOUTHWESTERLY ALONG THE NORTHWEST LINE OF WEST OGDEN AVENUE TO ITS INTERSECTION WITH THE NORTH LINE OF WEST HARRISON STREET; THENCE WEST ALONG THE NORTH LINE OF WEST HARRISON STREET TO ITS INTERSECTION WITH THE EAST LINE OF SOUTH DAMEN AVENUE; THENCE NORTH ALONG THE EAST LINE OF SOUTH DAMEN AVENUE TO ITS INTERSECTION WITH THE SOUTH LINE OF WEST CONGRESS PARKWAY; THENCE EAST ALONG THE SOUTH LINE OF WEST CONGRESS PARKWAY TO THE PLACE OF BEGINNING.

EXCEPTING THAT PART OF THE LAND FALLING IN THE WEST 23.50 FEET OF BLOCK 21 IN ASHLAND'S 2ND ADDITION TO CHICAGO.

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**EXHIBIT B**

**Management Agreement**

(to be attached)

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**REAL ESTATE MANAGEMENT AGREEMENT**

**BETWEEN**

**CHICAGO DWELLING ASSOCIATION**

**AND**

**COMMUNITY MANAGEMENT ASSOCIATION**

**FOR**

**Medical Center Apartments  
1926 W. Harrison St.  
Chicago, Illinois 60612**

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## REAL ESTATE MANAGEMENT AGREEMENT

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This Real Estate Management Agreement ("Agreement") is made this 1<sup>st</sup> day of July 1997, by and between Chicago Dwellings Association ("Owner") and Community Management Association ("Agent").

WHEREAS, the Owner owns certain real estate, which is described in Paragraph b of this Agreement, said real estate being a multifamily housing development;

WHEREAS, the Agent represents that it is experienced in the business of managing and operating real estate and real estate interest in particular, of the character, condition and occupancy of the Premises;

The Owner and Agent therefore agree as follows:

## I. GENERAL CONDITIONS

A. APPOINTMENT AND ACCEPTANCE The Owner hereby appoints Agent as the sole and exclusive agent for the management of the real estate described in Paragraph B of this Agreement and Agent accepts this appointment, subject to the terms and conditions set forth in this Agreement, and if required, subject to the approval by the Department of Housing and Urban Development ("HUD") of the Owner's intention to enter into this Real Estate Management Agreement. Agent shall manage the Premises in accordance with the highest professional standards, and in all cases in accordance with such guidelines and standards, and in all cases in accordance with such guidelines and standards as may be required by HUD as are applicable to Premises.

B. DESCRIPTION OF REAL ESTATE TO BE MANAGED The real estate to be managed by the Agent is located in the City of Chicago, County of Cook and State of Illinois and is commonly

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known as Medical Center Apartments ("the Premises"), a housing development consisting of the land, building and other improvements.

The Premises is further described as follows:

NAME:

ADDRESS: 1926 W. Harrison St.

NO. of DWELLING UNITS: 306

NO. of COMMERCIAL UNITS: 1

NO. of Parking Spaces: 222

C. TERM The term of this Agreement shall be for an initial period of five (5) years (the "Initial Term"), from September 1, 2010 to and including August 31, 2015, and thereafter shall be automatically renewed from one year to the next year unless terminated as provided in Section IV of this Agreement.

D. CONSIDERATION Owner shall pay Agent a fee for the provision of management services rendered pursuant to this Agreement, all as more fully described in Exhibit A attached hereto. Such fee shall also cover the provisions of the following services, the costs of which shall be borne by the Agent as part of its general management costs of the Premises to be paid by the Owner.

1. maintain the Agent's corporate office or corporate branch offices, which are properly staffed by certain personnel, including but not limited to those who will perform managerial, bookkeeping, and clerical functions, and which are properly equipped and supplied, including bookkeeping, clerical and management overhead expenses attributable to the Agent;



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2. designing, operating and maintaining procedures and systems for the management of Real Estate;
3. monitoring operations of Premises by periodic site visits by management personnel of the Agent;
4. providing monthly and special reports to the Owner, as provided in Section III (G), preparing the budget, as provided in Section III (E);
5. recruiting, hiring, training and supervising personnel employed on the Premises;
6. meeting with the Owner, tenants, neighborhood groups, suppliers or government officials;
7. providing, maintaining, and distributing to Owner and tenants a written Emergency Procedure System and 24-hour emergency telephone number;
8. Maintenance of proper licenses to operate a property management company;
9. Purchasing errors and omissions or equivalent insurance and fidelity bond;

E. SCOPE OF SERVICES Agent shall exercise due diligence in connection with its exercise of the responsibilities and duties and conferred upon assumed by It in this Agreement. Agent shall provide the necessary professional and technical personnel, materials, equipment, supplies and facilities to manage and maintain the Premises and the personal property contained within the Premises, is in the Owner's best interest, in accordance with generally accepted and sound management practices and applicable statutes, regulations, policies, procedures and directives.

F. NOTIFICATION OF TENANTS Within 2 (two) calendar days of the effective date of this Agreement, the Agent shall notify the tenants in writing of the change in the management of the Premises. The notification

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will include information relative to the payment of the rents, and will identify the name and telephone number of the Agent to whom questions can be directed.

## II. DUTIES, RIGHTS AND RESPONSIBILITIES OF OWNER

A. BASIC INFORMATION As soon as possible after the execution of this Agreement by the parties, the Owner shall furnish the Agent with copies of any and all plans and specifications of the Premises, if currently available, together with available copies of all guarantees, warranties and inspection reports, if any, relative to the Premises, including, but not limited to the electrical, heating, plumbing, air conditioning and ventilating systems, the elevators, and all other mechanical equipment. Further, if it has not already been done at the time of execution of this Agreement, the Owner's best interest, in accordance with generally accepted and sound management practices, and applicable statutes, regulations, policies, procedures and directives.

B. MANAGEMENT OFFICE The Owner shall provide the Agent with suitable space at the Premises for the maintenance of a management office. The Owner shall not charge the Agent for the use of this space.

C. LIABILITY INSURANCE The Owner shall obtain and keep in force adequate insurance against physical damage (e.g., fire with extended coverage endorsement, boiler and machinery, etc.) and persons which might arise out of the occupancy, management, operation, or maintenance of the Premises. The amounts and types of insurance shall be determined by Owner provided that such insurance is comparable to that maintained by owners of similar buildings in Chicago, Illinois, and any deductible required under such insurance policies shall be the owner's expense. Agent shall be covered as an additional insured on all liability insurance maintained with respect to the Premises. Owner agrees to furnish Agent with certificates evidencing such insurance or with duplicate

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copies of such policies within 10 (ten) days of the execution of this Agreement. Said policies shall provide that notice of default cancellation shall be sent to Agent as well as Owner. Owner shall provide Agent with a minimum of 21 (twenty-one) days written notice to Agent before any cancellation of or changes are made to said policies.

Agent shall obtain from all contractors and service providers, who provide services to the Premises a current and official Certificate of insurance from Contractors Insurance carrier evidencing \$1,000,000 General Liability, Hired and Owned Auto and Statutory Workers Compensation. Agent shall not allow vendor or contractor work at premises without such insurance.

D. ACCOUNTING The Owner shall contract with a firm of certified public accountants to perform monthly accounting services and prepare annual reports of all applicable accounts, which shall be paid for by Owner.

E. LEASING During the term of this Agreement, Owner shall not authorize any other person, firm, or corporation, other than Agent, to negotiate or act as leasing or rental agent with respect to any leases for residential space in the building. Owner agrees to promptly forward all inquiries about residential leases to Agent.

F. REPRESENTATIONS The Owner hereby warrants and represents:

- a. that the Owner has full power and authority to enter in this Agreement;
- b. That to the best of the Owner's knowledge, there are no recorded easements, restrictions, reservations, or rights of way;
- c. That to the best of the Owner knowledge, the Premises is zoned for the intended use;

### III. DUTIES, RIGHTS AND RESPONSIBILITIES OF AGENT

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A. BASIC INFORMATION Sixty (60) days prior to the end of the Initial Term and sixty (60) days prior to the expiration of any succeeding terms, the Agent shall provide the Owner with an updated copy of its business resume, which includes but is not limited to the disclosure of any change that has occurred in the majority ownership of the Agent.

B. MANAGEMENT OFFICE The Agent shall maintain a management office on the Premises in a rent free space which shall be provided by the Owner. The office shall be located in a place which is convenient to the tenants. The agent shall keep the office open to tenants, potential renters and others for a minimum of eight (8) hours per day five (5) days per week unless otherwise authorized in writing by the Owner. The office shall be located no later than 9:00 a.m. and shall be closed no earlier than 5:00 p.m.

The Agent shall provide and maintain a 24 hour emergency telephone number and emergency procedures which shall be available for distribution to all tenants.

C. INSURANCE The Agent will pay all insurance premiums approved by Owner out of the GENERAL OPERATING ACCOUNT or such other account as owner may direct and said premiums shall be treated as operating expenses. The Agent shall investigate and furnish the Owner with full and complete reports as to all accidents, claims, and potential claims for damages relating to the Premises, and will cooperate with the Owner's insurers in connection therewith.

D. MANAGEMENT PLAN No later than forty-five (45) days of the effective date of this Agreement, the Agent shall prepare and submit to the Owner a proposed Management Plan ("Plan") within fourteen (14) business days of receipt, the Owner shall modify the Plan as requested by

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the Owner. Once approved, the Plan shall be used to guide the operation and maintenance of the Premises.

The Plan shall be updated annually and include, but need not be limited to the following:

## 1. Fiscal

- a) Recommend current and projected rental rate for each dwelling unit and commercial space based on the current market survey performed by the Agent. Agent shall provide such market survey to Owner in a written report. Rental rate recommendations shall always reflect market comparable and adjustments for the current condition of each unit or space.
- b) Recommend rental policies, with specific emphasis on tenant selection, move-in/move-out procedures, collections, delinquencies and evictions including an estimated schedule of fees and costs.
- c) Methods to be used to assure prompt payment of all real estate tax bills in time to avoid penalties and provide reasonable advance notice in time for making real estate tax appeals.
- d) Actions to assure that proper discounts are taken on all purchases and billings. Actions to assure that late penalties are imposed on delinquent rent payments.
- e) Recommend telephone service, local and long distance.  
Recommend pager service, cellular or portable phones.
- f) Use of premises employees versus subcontracting for required services.
- g) Methods to be used to assure accurate and up to date tenant income certifications, if applicable.
- h) Agent shall carry out the marketing activities described in the management Plan or approved by Owner in writing. Subject to the prior written approval of Owner, advertising expenses incurred by

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Agent on behalf of Owner shall be paid out of the General Operating Account as expenses of the Premises.

## 2. Physical

- a) A complete physical description of the premises including, but not necessarily limited to:
  - i. Condition of the building;
  - ii. Number and condition of vacant dwelling units;
  - iii. Amount and condition of commercial space;
  - iv. Amount and condition of parking;
  - v. Number and condition of utility buildings and other appurtenances.
- b) A full inventory of chattels and personality, showing the number, condition of each item and inventory or identification number. An inventory log shall be prepared and maintained throughout the term of this Agreement.
- c) Recommend services, facilities, material and labor for effective and efficient operations and maintenance of Premises systems and grounds.
- d) Proposed written and logged work order system for repairs. Log all incoming work orders completed work orders, work orders on hold and unfinished work orders.
- e) Recommended capital improvements to roof, building exterior, windows, elevator, caulking, tuck pointing, energy efficiency, mechanical equipment, pumps, filters, A/C, electric systems, plumbing systems, server systems, door apartment rehabs, carpet replacement, appliance replacement, including actions needed to reduce short and long term operating costs.

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Recommended Replacement Reserve accounts to meet capital improvement costs.

- f) Methodology to be used to identify and described problems and recommended cures.
- g) Maintenance of supply inventory log.
- h) Procedures to be used to assure periodic inspection of all dwelling units.
- i) Methods to be used to repair damage to units when such repair are necessary to maintain safe, decent and sanitary housing environment. If damage is determined to be caused by tenant neglect or abuse, the tenant shall be charged for the cost of the repair.
- j) Procedures to be used for pest and rodent control.
- k) For those hazardous or unsanitary conditions requiring immediate repair or other actions and which pose an immediate threat to the health and safety of the tenants or the Premises, a detailed description of the process for handling emergency procurements and/or project assignments necessary to correct such conditions. At a minimum, this process should provide for the maintenance of a vendor source list and bidding factors covering most frequent types of repairs.
- l) Maintenance and improvements to commercial space, if any.
- m) Maintenance of 24 hour emergency and on all service with detailed, written procedure.

### 3. Tenant Services



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- a) Activities, through tenant's voluntary participation, including special recreational or civic service, educational and leisure programs.  
Specify plans and action to work with tenant organization, including regular meetings with tenant representative to discuss initiatives, suggested improvements, problems, demands or grievances.
  - b) Appropriate rules and regulations identifying tenant/ management responsibilities.
  - c) Resident Handbook for distribution to tenants stating rules and regulations, emergency procedures, neighborhood information and other general information and policies regarding the management of the building.
  - d) System of communication with tenants (e.g. telephone number, newsletter, emergency numbers, answering service, etc.)
  - e) A program to inform tenants about proper use, care and cleaning of dwelling units and installed appliances and equipment.
  - f) Detailed Emergency procedures and after hours emergency procedures.
  - g) Security needs and recommendations. Detailed written Security Plan and procedures with schedule of service and written sign in sheet for guests to be reviewed and approved by Owner.
4. Other
- a) Procedures for selecting contractors and project personnel.
  - b) Maintenance of an on-site project office, including furniture and equipment needed to establish and maintain its operations.
  - c) Storage requirements
  - d) The residence of Premises employees
  - e) Other suggestions
  - f) Accounts Accountant shall establish a separate account known as the SECURITY DEPOSIT ACCOUNT and such other escrow

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accounts as Owner may direct, which accounts shall be separate and apart from Agents corporate accounts. The GENERAL OPERATING ACCOUNT shall be for the deposit of receipts collected as described herein, and shall be maintained in a bank or other institution whose deposits are insured by the federal government. Such depository shall be selected by the Owner. The Agent shall not be liable in the event of a bankruptcy or failure of a depository. Funds in the GENERAL OPERATING ACCOUNT shall be in the name of the Owner and the Agent. Security deposits received by Agent will be deposited by the Agent into the SECURITY DEPOSIT ACCOUNT which shall be an interest bearing account, separate from all other Owner's accounts and funds. Security Deposits paid by tenants shall be deposited to this account and deposit refunds to tenants shall be made from this account. The account shall be at a bank or other financial institution whose deposits are insured by an agency of the United States government. In accordance with state law, interest earned will be paid to tenant or credited annually to each tenant's security deposit at an annual rate as determined by local ordinance. The account will be carried in the name of the Owner and Agent.

- g) **RECORDS AND REPORTS** The Agent will have the following responsibilities with respect to records and reports.
- i. The Agent will establish and maintain a comprehensive system of records, including computerized systems, in accordance with the Management Plan in a manner satisfactory to the Owner. The Agent agrees that representatives of the Owner shall have full and free access, during working hours or on reasonable advance request, to all such records of the Premises, including the right to make photo copies of, excerpts or transcriptions from, such

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records and related supporting documents, and that it will facilitate the completion of an annual or any special reports of the operations of the Premises.

- ii. The Agent will cooperate with the Accountant in furnishing such information as may be requested by the Owner from time to time with respect to the financial condition of the Premises. The Agent will provide such information regarding the physical or operation condition of the Premises as may be requested by the Owner from time to time. Agent shall submit the following reports on a monthly basis, by the 25<sup>th</sup> day of the following month:

1. Marketing report and rent roll, indicating units leased, units vacated, initial vacate date, length of vacancy status, and vacant apartments at the end of the month;
2. Aged accounts receivable report, including a list of tenants whose rents are delinquent over 30 day, the amount of the delinquency and the status of actions taken to collect the delinquent balance.
3. A narrative report including out of the ordinary actions taken, unusual problems at the premises or emergencies responded to and a report of any accidents, claims or potential or threatened claim for the prior month;
4. Delinquency Report
5. Any other monthly reports as may reasonably be required by the Owner. Agent shall prepare, execute and file all forms and reports required by law in connection with employment of personnel unemployment insurance, workman's compensation

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insurance, disability, social security, benefits now or hereafter in effect or imposed.

6. In addition, Agent shall submit the following written reports:

- a. Weekly Occupancy Report
- b. Weekly Status Report of vacant units and preparations of units for occupancy

h) **LEASING AND RENTING** The agent shall use all diligent and reasonable efforts to keep the Premises rented and minimizing vacancy and rent loss by procuring tenants for the residential, parking and commercial space if any, of the Premises. Agent is authorized within costs approved in the annual operating budget to advertise the premises or portions thereof for rent, using news paper media periodicals, signs plans brochures or displays or such other means as Agent may deem advisable. Agent is authorized to place signs on the Premises advertising the space for rent, provided such signs comply with the applicable law. The costs of such advertising will be paid out of the **GENERAL OPERATING ACCOUNT**. All advertising which shall be subject to approval by Owner shall make clear the Agent is the management agent of the Premises.

Agent is authorized subject to Owner approval to negotiate, prepare, and execute all rental, parking and commercial lease shall be agreed to by the Owner and Agent. No leases, residential or commercial, shall be in excess of one year without written approval by Owner. Parking Leases shall be on-a-month basis.

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Agent shall offer for rent and shall rent the dwelling units in the Premises in accordance with a rent schedule and pursuant to a form of rental lease and parking lease approved in writing by Owner. In relation thereto:

- a. Agent shall show dwelling units for rent and the premises to all prospective tenants.
- b. Agent shall, on an application form reviewed and approved by Owner, take and process applications for rentals, including prospective tenant interviews application verification and credit checks. If an application is rejected, the applicant shall be advised in writing of the reason for rejection. Agent will counsel all prospective tenant interviews application verification and credit checks. If an application is rejected, the applicant shall be advised in writing of the reason for rejection.
- c. Agent shall, subject to prior written approval of Owner of any deviation from Owner's approved rent schedule and lease in Agent's name, identified thereon as Agent for Owner.
- d. Agent shall collect, deposit and disburse security deposits, if required, in accordance with the terms of each lease. The amount of each security deposit shall be as specified in the Management Plan or as approved by Owner in writing. Security deposits shall be held by Agent in the security deposit account pursuant to Section III(F) herein.
- e. Agent shall maintain, in a written report submitted quarterly to Owner, by chronological order of initial application by prospective tenant, a current list and/or waiting list of acceptable prospective tenants and undertake all

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arrangements necessary to the acceptance of rental applications and the execution of leases. Agent shall exercise its best efforts, including, but not limited to, placement of advertising, interviewing of prospective tenants, assistance and completion of applications and processing of documents and credit and employment verifications, to effect the leasing of dwelling units.

- f. Agent shall participate in the inspection of the dwelling unit identified in the lease together with the tenant prior to move in and upon move out, and shall record in working any previous damage to the unit and any damage occurring during the tenant's occupancy.
- g. Agent shall provide a Weekly Occupancy Report by Tuesday, for the prior week indicating number of occupied units, vacant units, re-rents and transfers of units.

## J. COLLECTION OF RENTS AND OTHER RECEIPTS

Agent shall collect when due all rents, charges and other amounts receivable on Owner's account in connection with the management and operation of the Premises. Such receipts shall be held in the General Operating Account, previously described in Section 11(F) above.

K. SECURITY DEPOSITS Agent shall collect deposits, maintain, refund and keep records pertaining to security deposits to the fullest extent consistent with local real estate policy, custom and law. As previously discussed in Section 6 above, the security deposits shall be deposited into

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an interest bearing, separate account. The Agent shall ascertain whether or not any claim shall be made against the tenant's security deposit in the event of default of lease by tenant. Adequate documentation to statements shall be made retained in the tenant's file. A disposition of tenants' security deposit shall be prepared by Agent upon each tenant move-out. Information on contested actions by the tenant shall be provided to the Owner. Refunds of the security deposit, in full or in part, shall be made by bank check, security deposit account, receipt of which shall be evidenced by the canceled check.

L. ENFORCEMENT OF LEASES The Agent will secure full compliance by each tenant with the terms of tenant's dwelling, parking and/or commercial lease. The Agent may (and shall, if requested by Owner) lawfully terminate any tenancy when, in the Agent's judgment, sufficient cause (including but not limited to, the non payment of rent) for such termination occurs under the terms of the tenant's lease. For this purpose, the Agent is authorized to consult and contract with legal counsel and/or a collection agency to bring actions for eviction and to execute notices to vacate and judicial pleadings incident to such actions; except, however, for actions which are in excess of \$2,500.00; involve a question of title; involve a novel or important legal issue; were caused by Agent's neglect, misfeasance or malfeasance; or, potentially involve a counter-claim, must be reported to the Owner before counsel is contracted. In any event, the Agent must keep the Owner advised of all claims or lawsuits and must follow such instructions as the



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Owner advised of all claims or lawsuits and must follow such instructions as the Owner may prescribe for the conduct of any such action. Subject to the Owners approval, attorney fees and costs incurred in connection with such actions will be paid out of the "GENERAL OPERATING ACCOUNT" as a Premises expense.

M. MAINTENANCE AND REPAIR The Agent will cause the Premises to be maintained and repaired in a condition at all times acceptable to the Owner, and in accordance with local codes including but not limited to the performance of cleaning, painting, decorating, plumbing, carpentry, grounds care and other maintenance and repair work as may be necessary, subject to any limitations imposed by the Owner in addition to those contained herein.

The following provisions shall apply to the Agent's maintenance and repair of the Premises:

1. Special attention shall be given to preventive maintenance and, to the greatest extent feasible, the utilization of the services of regular in-house maintenance employees.
2. Subject to Owner's prior written approval, the Agent will contract with qualified independent contractors for the maintenance and repair of major mechanical systems including, but not limited to heating and ventilation systems

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- and elevators, and for extraordinary repairs beyond the capability of regular in-house maintenance employees;
3. The agent will systematically and promptly receive and investigate all service requests from tenants, take such action thereon as may be justified, and will keep written records and procedures of the same. Emergency requests which involve manifest danger to persons or to the Premises, or are required to avoid the suspension of necessary services to the tenant will be received and serviced on a 24-hour basis;
  4. The Agent shall submit to Owner on Agent's form and will obtain the owner's approval, which shall be granted or denied within 7 business days prior to entering into any contract for recurring services. Recurring services shall include but are not limited to landscaping, elevators, trash disposal, pest control and/or preventive maintenance contracts;
  5. The Agent shall use its best efforts to take such action as may be necessary to comply promptly with any and all orders or requirements of federal, state, county or municipal authorities having jurisdiction over the Premises and shall notify Owner thereof.
  6. Agent shall cause there to be at the minimum, an annual inspection and written report of each dwelling unit. Such inspection to include verification of functioning smoke detector

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in each dwelling unit. A report of the results of the inspection shall be submitted to Owner on an annual basis. The information contained in the inventory will be based upon inspections made during lease renewals, turnover inspections, or such other inspection made by Agent. Further, Agent shall cause there to be an annual inventory of personal property and equipment maintained on the Premises. A report of the annual inventory shall be provided to Owner.

7. The Owner shall have the right to inspect the Premises at any time to determine whether the Premises are being maintained in an acceptable condition. The Owner shall provide written notice of any conditions noted which it deems unacceptable. The Owner shall have the right to terminate this Agreement within 30 days written notice if these unacceptable conditions are not cured within a reasonable time period (not to exceed 30 days) or such unacceptable conditions are allowed to reoccur.

**N. PURCHASE SUPPLIES AND SERVICES FOR MAINTENANCE AND REPAIR** The Agent is authorized pursuant to the operating budget approved by Owner, to purchase all materials, equipment, tools, appliances, supplies and services necessary for proper maintenance, repair and operation of the Premises, where the cost of a single item or total cost of a series of related items to be procured at one time does not

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exceed FIVE THOUSAND DOLLARS (\$5,000.00). The cost for any such purchase must be clearly documented as being exclusive of the consideration paid as the Agents management fee.

The prior approval of the Owner shall be required for any expenditure which exceeds FIVE THOUSAND DOLLARS (\$5,000.00) in any one instance for labor, materials, or otherwise in connection with the maintenance and repair of the Premises, except for: a) utility expenses or recurring expenses pursuant to a contract already approved by Owner within the limits of the operating budget; or, b) emergency repairs involving manifest danger to persons or Premises, or required to avoid suspension of any necessary service to the Premises, where the Agent has been unable to obtain the prior approval of Owner, the Agent will inform the Owner of the amount of the disbursement and the circumstances requiring disbursement without prior approval as soon as possible. The following provisions apply to the purchase of supplies and services:

1. The dollar limitation may be increased only upon written authorization of the Owner;
2. Purchase shall only be made in accordance with approved budget for the Premises.
3. The Agent and Owner are directed to utilize minority and women vendors, suppliers, contractors and professionals. Agent shall use its best efforts to meet or exceed 25% minority

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and 5 % women's business in purchasing materials and services. Purchases shall be on a competitive basis, to the maximum practical extent.

4. All solicitations and all purchases are to be made in accordance with the procedures prescribed in section III (p), below.

5. The Agent shall not fragment orders or undertake "Bid-splitting" to circumvent the expenditure limits.

## O. DISBURSEMENT FROM GENERAL OPERATING BANK ACCOUNT

1. From the funds collected and held by Agent in the GENERAL OPERATING ACCOUNT as described in Section III (F) above. Owner shall make the following disbursements promptly when payable:
  - a. Salaries and other compensation due and payable to the persons employed on the Premises (except those persons described in Section I (D) above), social security and other payments required in conjunction with the payroll of such persons;
  - b. The monthly payments for mortgage debt service, if applicable, and other payments as identified to Agent by the Owner.
  - c. Other payment due and payable by Owner as operating expenses incurred pursuant to the approved Operating Budget and in accordance with this Agreement and the Management Plan.

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- d. Distributions to or at the direction of Owner.
2. In the event that the balance in the General Operating Account is at any time insufficient to pay disbursement due and payable under this section, Agent shall immediately inform Owner and Owner shall then remit to Agent sufficient funds to cover the deficiency or otherwise direct the Agent as to the allocations of available funds to those disbursements required by this Section. In no event shall Agent be required to use its own funds to pay such disbursements.
- P. ANNUAL OPERATING BUDGET Within 60 (sixty) days of the effective date of this Agreement, Agent shall prepare and submit an operating budget to the Owner for its review and approval for the current year. This Agreement shall not become effective and may be terminated by either party at any time until Owner has approved in writing the proposed budget notwithstanding execution and delivery of this Agreement or anything herein to the contrary. In addition to preparing and submitting a proposed operating budget for each subsequent year in which it is the managing agent, and shall submit the same to Owner at least 60 (sixty) days before the beginning of such year.

In preparing each proposed annual operating budget, Agent shall use its best efforts using historical data, industry rule-of-thumb, economic forecast and other pertinent forecasting methods, to take account of anticipated increase in real estate taxes, utility charges and other operating costs. To the extent feasible, Agent shall support anticipated increases with

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written evidence, budget notes or documentation. The budget shall include goals of vacancies and delinquencies. Proposed annual operating budgets for the Premises shall be subject to written approval by Owner. Agent shall make no expenditures in excess of the amounts set forth for any category of expense in the approved operating budget without the prior written approval of Owner except as may be permitted herein for emergency repairs as described in Section III (L) (3). The Owner may terminate this Agreement within 30 days written notice if Agent repeatedly fails to operate within the approved budget.

Q. BIDS, DISCOUNT, REBATES, ETC. The Owner and Agent agreed to obtain contract materials, supplies and services at the lowest possible cost and on the terms most advantageous to the Premises. The Owner and Agent agree that when goods and services are purchased from individuals or companies having an identity-of-interest with the Agent, the Owner shall be charged at costs not in excess of those that would be incurred in making arms-length purchases on the open market. The Agent shall solicit written cost estimates from at least three contractors or suppliers for any work item which the Agent estimates will cost \$2,500.00 or more for any contract or ongoing supply or service arrangement which is estimated to exceed \$2,500.00 per year. Agent agrees to accept the bid which represents the lowest price taking into consideration the bidder's reputation for quality of workmanship or



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materials and timely performance, the timeframe within which the service or goods are needed, and the Agent's prior experience and bidder.

For any contract or ongoing supply or service agreement obtainable from more than one source and estimated to cost less than \$2,500.00, or for any work item estimated to cost less than \$2,500.00, or for any work item estimated to cost less than \$2,500.00, the Agent shall solicit verbal or written cost estimates, as necessary to assure that the Premises is obtaining services, supplies and purchases at the lowest possible cost. The Agent must make a written record of any verbal estimate obtained. Copies of all required bids and documentation of all other written or verbal cost comparisons made by the Agent shall be made part of the Premises' records and shall be retained for three years from the date the work was completed.

Agent shall annually review contractors and vendors for best competitive price.

- R. **NOT DISCRIMINATE** In the performance of its obligation under this Agreement, the Agent will comply with the provisions of any federal, state or local law prohibiting discrimination in housing on the grounds of race, color, creed, sex or national origin, including Title VI of the Civil Rights Act of 1964 (Public Law 88-352, 78 Stat. 241) all requirements imposed by or pursuant to the Regulations of the Title VIII of the 1968 Civil Rights Act or any Act, Regulation or law which implements or furthers the above.

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S. INDEMNIFICATION OF AGENT AND OWNER To the extent permitted by law, Owner agrees to defend, indemnify and save harmless Agent from all claims and suits in connection with the premises provided that the same are attributable to injury to persons or tangible property, and such claims and suits are caused by a negligence act or omission of Owner, its officers, employees or agents.

To the extent permitted by law, Agent agrees to defend, indemnify and save harmless Owner and its partners, officers, directors and employees from all claims, investigations and suits, or from actions or failures to act of Agent, with respect to (a) any alleged or actual violation of laws pertaining to employees, it being expressly agreed and understood that as between Owner and Agent all persons employed in connection with the premises are employees of Agent, not Owner, (b) any breach of this Agreement by Agent, or (c) gross negligence or intentional misconduct of Agent or its employees. Agent shall at all times keep its employees and contractors insured for statutory workers compensation and other employees benefits required by applicable law, or union contract and shall maintain employers liability insurance for an amount not less than \$1,000,000 covering claims and suits by or on behalf of employees and others, not otherwise covered by statutory workers compensation insurance. Owner and its partners shall be named as an additional insured under all such insurance. Agent shall provide Owner with a Certificate of Insurance evidencing that such insurance is in full force and effect. Such insurance

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shall contain a written clause stating that it shall not be amended or cancelled without ten (10) days prior written notice to Owner.

In the event of an occurrence and the names and addresses of the injured and any witnesses shall be given to the Owner. Further, if claim is made or a suit is brought against the Agent, the Agent shall immediately forward to the Owner a copy of every demand, notice, summons or other form of process.

Liability of Agent Except as otherwise provided herein, the obligations or duties of Agent under this Agreement shall be performed as Agent of Owner, but Agent, personally, shall be liable for any breaches of this Agreement by Agent or its employees or subcontractors. All expense incurred by Agent in accordance with its obligations and duties under this Agreement and consistent with Owners approved operating budget, except those arising due to such breaches and those expressly specified as Agents expenses herein, shall be for the account of and on behalf of Owner.

T. PERSONNEL POLICY Agent shall maintain a written Personnel Policy and job description for staff employed at the premises. Such personnel policy and job description to be provided to staff and Owner.

#### IV. TERMINATION OF AGREEMENT

This Agreement may be terminated by either Owner or Agent, with or without cause:

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At the end of the initial term or any renewal term upon the giving of thirty (30) days written notice prior to the end of said initial term or the renewal term.

In the event of a transfer of control or a majority of the outstanding shares of Agent, or a change in the person primarily responsible for management duties at the Premises without the prior written consent of Owner.

In the event Agent fails to submit an acceptable proposed operating budget within the time period permitted or makes expenditures in excess of amounts permitted hereunder, if an acceptable budget is not submitted or such excess expenditures are not reimbursed by Agent within ten (10) days after written notice by Owner to Agent.

Notwithstanding the foregoing, this Agreement shall terminate in any event and all obligations of the parties hereunder shall cease (except as to liabilities or obligations which have accrued or arisen prior to such termination, obligations to ensure and indemnify and any obligations expressly surviving termination), upon the occurrence of any of the following events:

- A. BREACH OF AGREEMENT (10) days after the receipt of notice by Owner to Agent specifying in detail a material breach of this Agreement, if such breach has not been cured within said ten (10) day period; or if such breach is of a nature that it cannot be cured within a reasonable time thereafter, if efforts to cure such breach have not commenced and/or such

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efforts are not proceeding and being continued diligently both during and after such ten (10) day period prior to the breach being cured. However, the breach of any obligation of Agent to pay any monies to Owner party under the terms of this Agreement shall be deemed to be curable within ten (10) days;

B. EXCESSIVE DAMAGE Upon the destruction of or substantial damage to the Premises by any cause, or the taking of all or a substantial portion of the Premises;

C. INADEQUATE INSURANCE If Agent does not provide evidence that errors and omissions insurance, as provided in Section III (C), or a fidelity bond, as provided in Section III (D), has been maintained, Owner shall have the right to cancel this Agreement upon the service of notice to the Agent.

D. PETITION IN BANKRUPTCY In the event that a petition in bankruptcy is filed by or against either of the principal parties, or in the event that either makes an assignment for the benefit of creditors or takes advantage of any insolvency act, the other party may terminate this Agreement without notice of such termination after such termination notice is given to each of the principal parties, Other Provisions of Agreement Pursuant to Section III (L) (7) and Section III (O) of this Agreement; within five (5) days after the termination of this Agreement, Agent shall close all accounts and pay the balances or assign all certificates of deposit regarding the Premises. Within thirty (30) days after the termination of this Agreement,

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Agent shall submit to Owner all reports required under Section III (G) hereof to date of such termination, and Agent and Owner shall account to each other with respect to all matters outstanding as of the date of termination.

V. HEADINGS All headings and subheadings employed within this Agreement and on any accompanying Addendum are inserted only for convenience and ease of reference and are not to be considered in the construction or interpretation any provision of this Agreement.

## VI. INTERPRETATIVE PROVISION

- a. This Agreement constitutes the entire Agreement between Owner and the Agent with respect to the management and operation of the Premises, and no change will be valid, unless made by supplemental written agreement, executed and approved by the Parties; and
- b. This Agreement may be executed in several counterparts, each of which shall constitute a complete original Agreement, which may be introduced in evidence or used for any other purpose without production of any of the other counterparts.

VII. NOTICES Any notices, demands, consent, and reports necessary or provided for under this Agreement shall be in writing and shall be addressed as follows, or at such other addresses as Owner and Agent individually may specify hereafter in writing;

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Agent: Community Management Association, Inc.  
360 North Michigan Avenue  
Suite 910  
Chicago, Illinois 60601

Owner: Chicago Dwellings Association  
360 North Michigan Avenue  
Suite 910  
Chicago, Illinois 60601

Such notice or other communication may be mailed by United States registered or certified mail, return receipt requested, postage prepaid, and may be deposited in a United States Post Office or a depository for the receipt of mail regularly maintained by the Post Office. Such notices, demands, consent and reports may also be delivered by hand or by any other receipt method or means permitted by law. For purposes of this Agreement, notices shall be deemed to have "given" or "delivered" upon personal delivery thereof of forty eight (48) hours after having been deposited in the United States mail as provided herein.

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IN WITNESS WHEREOF, Parties (by their duly authorized officers) have executed this Agreement on the date first above written.

AGENT:

OWNER:

Community Management Association, Inc.

Chicago Dwellings Association

By: *Shanette Thomas*

By: *Christine Dixon*

Title: *Director of Corporate Operations*

Title: *Pres/CEO*

Date: *9-1-2010*

Date: *9.1.2010*

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## EXHIBIT A CONSIDERATION

The Agent will be compensated for its management services under this Agreement by monthly fees which are payable out of the General Operating Account. Such fees are payable on the last day of each month in the amount of 7.5% of the gross collections received during the preceding month. "Gross Collections" shall mean amounts actually collected by Agent as rents or other payments, but excluding (1) security deposits; (2) all other monies received from persons other than tenants or users of the Premises.

Further, the Owner will compensate the Agent for the renting and leasing of any commercial space on the Premises as follows: 7% of first year base rental and 3% of the base rental for each year thereafter.

Further, for lease renewals of commercial space, Agent shall be compensated in the amount of 3% of the base rental for the term of the renewal. Agent will cooperate with other licensed Brokers who may have prospective tenants for commercial or retail occupancy in the Premises, and in the event a Broker presents a prospect which results in a signed lease, then the Agent shall be paid by Owner a commission in accordance with the schedule above and the commission due the Broker shall be paid by the Owner. Upon any default by a tenant for which the Agent has received a lease commission, the Owner shall be refunded for any commission paid for lease periods subsequent to the date of default.

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## LEGAL DESCRIPTION

Order No.: 19NW7125200PK

**For APN/Parcel ID(s): 17-18-244-042-0000**

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A TRACT OF LAND LOCATED IN THE CITY OF CHICAGO, COUNTY OF COOK, STATE OF ILLINOIS, AND LYING IN THE WEST HALF OF THE NORTHEAST QUARTER OF SECTION 18, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, AND BOUND BY A LINE DESCRIBED AS FOLLOWS:

COMMENCING AT THE INTERSECTION OF THE SOUTH LINE OF WEST CONGRESS PARKWAY WITH THE WEST LINE OF SOUTH WOLCOTT AVENUE; THENCE SOUTH ALONG THE WEST LINE OF SOUTH WOLCOTT AVENUE TO ITS INTERSECTION WITH THE NORTHWEST LINE OF WEST OGDEN AVENUE; THENCE SOUTHWESTERLY ALONG THE NORTHWEST LINE OF WEST OGDEN AVENUE TO ITS INTERSECTION WITH THE NORTH LINE OF WEST HARRISON STREET; THENCE WEST ALONG THE NORTH LINE OF WEST HARRISON STREET TO ITS INTERSECTION WITH THE EAST LINE OF SOUTH DAMEN AVENUE; THENCE NORTH ALONG THE EAST LINE OF SOUTH DAMEN AVENUE TO ITS INTERSECTION WITH THE SOUTH LINE OF WEST CONGRESS PARKWAY; THENCE EAST ALONG THE SOUTH LINE OF WEST CONGRESS PARKWAY TO THE PLACE OF BEGINNING.

EXCEPTING THAT PART OF THE LAND FALLING IN THE WEST 23.50 FEET OF BLOCK 21 IN ASHLAND'S 2ND ADDITION TO CHICAGO.

Cook County Clerk's Office