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Illinois Anti-Predatory Lending Database Program

Certificate of Exemption



Report Mortgage Fraud
844-768-1713



2001719080

Doc# 2001719080 Fee \$88.00

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

EDWARD M. MOODY

COOK COUNTY RECORDER OF DEEDS

DATE: 01/17/2020 02:16 PM PG: 1 OF 42

The property identified as: **PIN:** 17-28-218-028-0000

Address:

Street: 2302-22 S. State

Street line 2:

City: Chicago

State: IL

ZIP Code: 60616

Lender: CHICAGO HOUSING AUTHORITY

Borrower: Southbridge 4 Master Owner, LLC

Loan / Mortgage Amount: \$10,849,285.00

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

41044527 (25)

Handwritten signatures and stamps, including a vertical stamp that reads "RECORDED" and "INDEXED".

Certificate number: 158C5758-23BD-4437-94DD-3F50686CA904

Execution date: 1/16/2020

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Recording Requested By and
When Recorded Send to:

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

SUBORDINATE MORTGAGE, SECURITY AGREEMENT AND FINANCING STATEMENT

THIS SUBORDINATE MORTGAGE, SECURITY AGREEMENT AND FINANCING STATEMENT (this "**Mortgage**") is dated as of January 16, 2020, and is made by **SOUTHBRIDGE 4 MASTER OWNER LLC**, an Illinois limited liability company ("**Mortgagor**"), having an address of c/o The Community Builders, 135 South LaSalle Street, Suite 3350, Chicago, Illinois 60603, to **CHICAGO HOUSING AUTHORITY**, an Illinois municipal corporation (collectively with its successors and assigns, "**Mortgagee**"), having its principal office at 60 East Van Buren Street, 12th Floor, Chicago, Illinois 60605, Attn: Chief Executive Officer.

RECITALS:

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

B. To evidence the Loan, Mortgagor has executed and delivered to Mortgagee a promissory note (such promissory note, together with any and all amendments or supplements thereto, extensions thereof and notes which may be taken in whole or partial renewal, substitution or extension thereof, shall be called, collectively, the "**Note**"), payable to the order of Mortgagee, payment of which is secured by, among other things, this Mortgage covering the leasehold interest of Mortgagor in the land as legally described on Exhibit A attached hereto and hereby made a part hereof (the "**Land**") under the Ground Lease (as hereinafter defined), together with the fee interest of Mortgagor in the Buildings (as hereinafter defined) and other Improvements (as hereinafter defined) now existing or to be constructed thereon (collectively, the "**Premises**").

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C. Mortgagor intends to construct on the Premises various improvements, including a single building(s) (the “**Building(s)**”) containing one hundred three (103) residential housing units, approximately ten thousand one hundred (10,100) square feet of ground-floor commercial retail space, approximately fifty-three (53) parking spaces and related Improvements (collectively, the “**Development**”). The Development will include 34 Rental Units to be leased to Section 8 Project-Based Voucher public housing eligible tenants pursuant to the RAD Requirements (the “**Project**”).

D. The Loan is in the principal amount of Ten Million Eight Hundred Forty-Nine Thousand Two Hundred Eighty-Five and 00/100 Dollars (\$10,849,285.00) (the Loan Agreement, the Note, this Mortgage and any collateral security instruments and other agreements required by Mortgagee in connection with the Loan are herein collectively referred to as the “**Loan Documents**”).

E. Mortgagee entered into a Ground Lease of the Land, dated January 16, 2020, with TCB Development Services LLC, an Illinois limited liability company (“**TCB Development**”), which Ground Lease has been assigned to and assumed by Mortgagor pursuant to that certain Assignment and Assumption and Amendment of Ground Lease, dated of even date herewith, among TCB Development, Mortgagor and Mortgagee (as from time to time supplemented, amended and restated, the “**Ground Lease**”).

F. Mortgagee, as landlord, has entered into that certain Master Lease, dated January 16, 2020 (the “**Master Lease**”), with Southbridge 1-4 Housing LLC, an Illinois limited liability company (the “**Master Tenant**”), as tenant, pursuant to which Mortgagee leased to Master Tenant, its right, title and interest in the Affordable Condo Unit (as defined in the Loan Agreement).

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

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

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

(A) all of the interests of Mortgagor in the Premises and the Development, including, but not limited to, the other Improvements (as hereinafter defined), and the Mortgagor’s interest, as tenant, under the Ground Lease, and all easements, water rights, hereditaments, mineral rights and other rights and interests appurtenant thereto, and stipulated herein (the “**Real Property**”);

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(B) all of the interests of Mortgagor in the Buildings, structures and other improvements of every kind and description now or hereafter erected, situated or placed upon the Premises (including, but not limited to, the Rental Units), together with any fixtures or attachments now or hereafter owned by Mortgagor and located in or on, forming part of, attached to, used or intended to be used in connection with or incorporated in the Development, including all extensions, additions, betterments, renewals, substitutions and replacements of any of the foregoing (the “**Improvements**”);

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

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

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

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

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

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

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

All of the property referred to in the preceding clauses (A) through (I) to the extent it relates to the Real Property shall be called, collectively, the “**Mortgaged Property**.” For purposes of this Mortgage, the term “**Mortgage Act**” shall mean the Illinois Mortgage Foreclosure Law, 735 ILCS 5/15-1101 et seq., as amended, supplemented and restated from time to time.

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

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

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

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

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

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

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

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

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

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(iv) Mortgagor has good, indefeasible and merchantable fee title in and to the Buildings and other Improvements, and a leasehold estate in the Land under the Ground Lease, free and clear of all liens, charges and encumbrances except those listed on Exhibit B hereto (the “**Permitted Encumbrances**”);

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

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

(vii) Mortgagor is not obligated under any written contract, lease or agreement with respect to the ownership, use, operation or maintenance of the Mortgaged Property, except for the Ground Lease, the Master Lease, the Permitted Encumbrances, RAD Documents, Tax Credit Documents, various property management documents and agreements (including a tenant selection plan and affirmative fair housing marketing plan) and related agreements approved by Mortgagee.

(b) Mortgagor shall:

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

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

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

(iv) comply in all material respects with all statutes, rules, regulations, orders, decrees and other requirements of any federal, state or local governmental body having jurisdiction over the Premises and the use thereof, and observe, and comply with any conditions and requirements necessary to preserve and extend any and all rights, licenses, permits (including, without limitation, zoning variances, special exceptions and non-

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conforming uses), privileges, franchises and concessions that are applicable to the ownership, renovation, use and occupancy of the Mortgaged Property;

(v) comply with the requirements of the Ground Lease, the Master Lease, the RAD Requirements for the Project and the other Permitted Encumbrances;

(vi) after construction completion, make no material alterations in the Mortgaged Property, except for those required by law and in the ordinary course of business, without Mortgagee's prior written consent, which consent shall not be unreasonably withheld or delayed;

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

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

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

(x) not abandon the Mortgaged Property nor do anything whatsoever to materially impair the value of the Mortgaged Property or the security of this Mortgage;

(xi) refrain from any action and correct any condition which would increase the risk of fire or other hazard to all or any portion of the Real Property; and

(xii) not permit any unlawful use or nuisance to exist upon the Mortgaged Property.

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

If requested by Mortgagee, Mortgagor shall furnish Mortgagee, within thirty (30) days after the date upon which any Charge is due and payable by such Mortgagor, official receipts of the appropriate authority, or other proof satisfactory to Mortgagee, evidencing the payment thereof. Mortgagor shall have the right, before any delinquency occurs, to contest or object to the amount

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or validity of any Charge by appropriate legal proceedings properly instituted and prosecuted in such manner as shall stay collection of the contested Charge and prevent the imposition of a lien or the sale or forfeiture of the Mortgaged Property, to collect the same; provided that no such contest or objection shall be deemed or construed in any way as relieving, modifying or extending Mortgagor's covenant to pay any such Charge at the time and in the manner provided in this Mortgage unless Mortgagor has given prior written notice to Mortgagee of Mortgagor's intent to contest or object to a Charge and, unless at Mortgagee's sole option, (i) Mortgagor shall demonstrate to Mortgagee's satisfaction that legal proceedings instituted by such Mortgagor contesting or objecting to such Charge shall conclusively operate to prevent a lien against or the sale or forfeiture of the portion of the Mortgaged Property in which it has an interest, to the extent subject to the lien of this Mortgage, or any part thereof, as satisfaction of such Charge prior to final determination of such proceedings, and (ii) Mortgagor shall furnish to Mortgagee (or, to the title company, or if there is a Senior Lender, to Senior Lender, with a copy to Mortgagee naming Mortgagee as a co-obligee thereunder) a good and sufficient bond or surety, or a good and sufficient undertaking, as may be required or permitted by law to accomplish a stay of any such sale or forfeiture of the Mortgaged Property during the pendency of such contest, in an amount (x) not less than 125% of such Charge, and (y) adequate fully to pay all such contested Charges and all interest and penalties upon the adverse determination of such contest.

A. **Deposits.** From and after the date, if any, that Mortgagee shall be the holder of the senior mortgage lien on the Premises, Mortgagee may require Mortgagor to deposit into an account established by Mortgagee with a financial institution which is a member of and whose deposits are insured by the Federal Deposit Insurance Corporation, on the first day of each month until the indebtedness is fully paid, a sum equal to one-twelfth (1/12th) of 105% of the most recent ascertainable annual Charges and insurance premiums. Such deposits are to be held without any allowance of interest and are to be used for payment of Charges and premiums next due and payable when they become due. Mortgagor shall pay such Charges when the same become due and payable. If the funds so deposited are insufficient to pay any such Charges for any year (or installments thereof, as applicable) when the same shall become due and payable, Mortgagor shall promptly deposit additional funds as may be necessary to pay such Charges or premiums in full. Mortgagor shall submit copies of the appropriate bills and payment request, and if applicable, initiate an electronic payment request therefor to Mortgagee's Director of Asset Management and Treasury Department (or as otherwise directed by Mortgagee) as soon as practicable but in any event at least 15 calendar days prior to the due date. Mortgagor shall transmit check disbursement information electronically to the financial institution in a manner and format consistent with bank requirements for controlled disbursing services. Prior to an Event of Default, all check disbursements from the account shall require the joint signature of the Mortgagor and of personnel designated by Mortgagee. In addition, at the discretion of Mortgagee, electronic funds transfer capabilities will be utilized, in which event such transfers shall be initiated by Mortgagor's designated authorized personnel and approved by authorized personnel designated by Mortgagee. Mortgagee agrees to process each request for payment of Charges within ten (10) calendar days of receipt of the necessary documentation. In the event that Mortgagee has not either approved or disapproved the payment within such ten (10) calendar days, Mortgagor shall be entitled, upon notice to Mortgagee, to pay such Charges and Mortgagee shall promptly reimburse Mortgagor for such expenditure from any funds then in the account. Authorized representatives of Mortgagee shall at all times have access to this account through signature cards.

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B. Upon an Event of Default, and at any time thereafter, Mortgagee may, at its option, and in addition to any other remedies available to Mortgagee (i) terminate Mortgagor's access to the account at any time and without notice, (ii) apply any monies at the time on deposit pursuant to Section 3A hereof to cure the Event of Default or to pay any of the indebtedness under the Loan Documents in such order and manner as Mortgagee elects. If such deposits are used to cure an Event of Default or to pay indebtedness, Mortgagor shall immediately, upon demand by Mortgagee, deposit with Mortgagee an amount equal to the amount expended by Mortgagor from the deposits. When the indebtedness has been fully paid, any remaining deposits shall be returned to Mortgagor. Mortgagee may also, at its option, pay all or any of such Charges and insurance premiums, and may do so according to any bill, statement or estimate procured from the appropriate public office or other reasonable source and without inquiry into the accuracy of such bill, statement or estimate or into the validity of any tax, assessment, sale, forfeiture, tax lien or title or claim thereof.

4. **Insurance.** Mortgagor shall at all times maintain insurance with respect to the Mortgaged Property as set forth in Exhibit C hereto. For purposes of Exhibit C hereto, the opening of the Loan shall be deemed to occur on the date of recordation of this Mortgage.

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

6. **Damage or Destruction/Insurance Proceeds.** In the event of any damage to, or destruction of a portion of the Mortgaged Property, Mortgagor shall give written notice to Mortgagee of such damage or destruction within five (5) Business Days thereafter and, subject to any applicable terms and conditions of the Ground Lease, the RAD Requirements and the rights of any senior lienholder, authorizes Mortgagee to proceed as follows:

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

(b) In the event of any insured damage to, or destruction of, the Mortgaged Property or any part thereof, Mortgagee shall apply the proceeds of insurance to reimburse Mortgagor or, at the option of Mortgagee, pay directly for the cost of restoring, repairing, replacing or rebuilding such portion of the Mortgaged Property if: (i) an Event of Default hereunder or an event of default under any of the other Loan Documents shall not have occurred and be continuing; (ii) such insurance proceeds shall be in an amount sufficient to restore such portion of the Mortgaged

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Property to at least the same value and substantially the same character as the Mortgaged Property had immediately prior to such damage or destruction (and subject to no liens or encumbrances other than Permitted Encumbrances described in Exhibit B hereto), or if such proceeds are not so sufficient, Mortgagor shall promptly deposit with Mortgagee funds equal to the amount of such deficiency; (iii) Mortgagor shall obtain all required governmental approvals with respect to such restoration, repair, replacement or rebuilding; (iv) prior to such restoration, repair, replacement or rebuilding, Mortgagee shall receive and approve plans and specifications and a detailed budget and cost breakdown with respect to such work; and (v) such restoration, repair, replacement or rebuilding is reasonably susceptible to completion not less than six months prior to the Maturity Date.

(c) In the event that proceeds of insurance, if any, shall be made available to Mortgagor for the restoration, repair, replacement or rebuilding of a portion of the Mortgaged Property, Mortgagor hereby covenants to restore, repair, replace or rebuild the same, to at least equal value, and substantially the same character as prior to such damage or destruction, all to be effected in accordance with plans and specifications submitted to and reasonably approved by Mortgagee, and to expend all such proceeds and any funds deposited by Mortgagor pursuant hereto prior to the further disbursement of any Loan proceeds. If the amount of such insurance proceeds shall be in excess of \$50,000, such proceeds shall be disbursed through an escrow pursuant to an escrow agreement approved by Mortgagee.

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

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

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

7. **Condemnation/Eminent Domain.** Mortgagor shall give Mortgagee prompt notice of any proceedings, pending or threatened, seeking condemnation or taking by eminent domain or any like process (“**Taking**”) of all or any portion of the Mortgaged Property or affecting any easement thereon or appurtenance thereto, and shall deliver to Mortgagee copies of any and all papers served in connection with any such proceedings, and Mortgagor hereby assigns and transfers to Mortgagee, subject to any applicable terms and conditions of the Ground Lease, the RAD Requirements and the rights of any senior lienholder, the entire proceeds of all awards resulting from any Taking. Mortgagee is hereby authorized to collect and receive from the condemnation authorities said awards and is further authorized to give appropriate receipts therefor. In the event of any such Taking, the proceeds of all awards resulting from such taking shall be applied subject to any applicable terms and conditions of the Ground Lease, the RAD Requirements and the rights of any senior lienholder: (i) to reimburse Mortgagor for or, at the option of the Mortgagee, pay directly, the cost of restoring, repairing, replacing or rebuilding the

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Mortgaged Property; and (ii) the balance of such proceeds shall be applied to the indebtedness secured hereby in such order or manner as Mortgagee may elect. In the event that such proceeds, if any, shall be made available to Mortgagor for the restoration, repair, replacement or rebuilding of the Mortgaged Property Mortgagor hereby covenants to restore, repair, replace or rebuild the same, to at least equal value and substantially the same character as prior to such Taking, all to be effected in accordance with plans and specifications submitted to and approved by Mortgagee. If the amount of such proceeds shall be in excess of \$50,000, such proceeds shall be disbursed through an escrow pursuant to an escrow agreement approved by Mortgagee.

Notwithstanding the foregoing, if any provision of this Section conflicts with the RAD Requirements, the provisions of the RAD Requirements shall control.

8. Transfer and Encumbrance.

If Mortgagor is a limited liability company, Mortgagor shall not change its sole member, add additional members or otherwise modify its ownership except as permitted pursuant to the RAD Asset Management Fee Agreement (as that term is defined in the Loan Agreement).

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

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

(i) Mortgagor's failure to pay, when due, any installment of principal or interest, if any, on the Note, where such failure continues unremedied for five (5) days after written notice thereof by Mortgagee to Mortgagor, or to pay when due (including any applicable notice and/or cure periods) any other sums required to be paid by Mortgagor under the Loan Documents;

(ii) default by Mortgagor in the performance or observance of any condition, warranty, representation, covenant, provision or term (other than as referred to in the other paragraphs of this Section) contained herein or in the other Loan Documents, which, in Mortgagee's judgement, causes or which, if not remedied, is likely to cause material harm to Mortgagee and which remains unremedied for thirty (30) days after written notice thereof from Mortgagee to Mortgagor, provided, however, that if any such default cannot reasonably be remedied within said 30-day period and if Mortgagor shall have commenced

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to remedy such default within said 30-day period, and shall thereafter continue diligently to effect such remedy, then said 30-day period shall be extended to sixty (60) days upon written request from Mortgagor to Mortgagee delivered during such 30-day period, and upon further written request from Mortgagor to Mortgagee delivered during said 60-day period, said 60-day period shall be extended to ninety (90) days (provided, however, that Mortgagee shall not be precluded during any such periods from exercising any remedies available under any of the Loan Documents if its security becomes or is about to become materially jeopardized by any failure to cure a default within such period);

(iii) a writ of execution, attachment or any similar process shall be issued or levied against all or any portion of the Mortgaged Property or any interest therein, or any judgment involving monetary damages shall be entered against Mortgagor which shall become a lien on all or any portion of the Mortgaged Property, or any interest therein, and such execution, attachment or similar process or judgment is not released, bonded, satisfied, vacated or stayed within ninety (90) days after its entry or levy, provided, however, that it shall not be an Event of Default if Mortgagor is contesting such writ of execution, attachment or similar process in good faith and Mortgagor provides adequate security as determined by Mortgagee during the pendency of such contest;

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

(v) the abandonment by Mortgagor of all or any portion of the Mortgaged Property for thirty (30) consecutive days or greater;

(vi) Mortgagor's failure to discharge any Charge in accordance with the terms hereof;

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

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

(ix) the dissolution of Mortgagor or the entry of a decree or order for relief by a court having jurisdiction with respect to Mortgagor in an involuntary case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state

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bankruptcy, insolvency or other similar law, or appointing a receiver, liquidator, assignee, custodian, trustee or sequestrator (or other similar official) of Mortgagor or for the Mortgaged Property or for any substantial part of the property of Mortgagor, or ordering the winding-up or liquidation of the affairs of Mortgagor, and the continuance of any such decree or order unstayed and in effect for a period of sixty (60) consecutive days;

(x) the commencement by Mortgagor of a voluntary case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency or other similar law, or the consent by Mortgagor to the appointment of, or taking possession by, a receiver, liquidator, assignee, trustee, custodian or sequestrator (or other similar official) of Mortgagor or the Mortgaged Property, or of any substantial part of the property of Mortgagor, or of any royalties, revenues, rents, issues or profits therefrom, or the making by Mortgagor of any assignment for the benefit of creditors, or the failure of Mortgagor generally to pay its debts as such debts become due, or the taking of action by Mortgagor in furtherance of any of the foregoing;

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

(xii) Mortgagor's sale, partial sale, transfer, refinancing, conveyance, mortgage, pledge, grant of security interest, assignment, syndication or other disposition of all or any portion of the Mortgaged Property or any interest therein without the prior written consent of Mortgagee, which consent shall not be unreasonably withheld or delayed, whether by operation of law, voluntarily or otherwise or if Mortgagor shall enter into a contract to do any of the foregoing without the prior written consent of Mortgagee, or any other violation of Section 8 hereof; provided however, that the foregoing shall not apply to (a) Permitted Encumbrances and permitted transfers (as described under the RAD Asset Management Fee Agreement), (b) residential leases entered into in the ordinary course of Mortgagor's operations and which satisfy the RAD Requirements, as applicable, and comply with the terms of the Ground Lease and Loan Documents, and (c) transfers to CHA pursuant to the Right of First Refusal Agreement, subject to the obtaining of all consents required thereunder, including the consent of Mortgagee, and except as otherwise permitted by this Mortgage and the other Loan Documents;

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

(xiv) failure to complete the construction of the Development in accordance with applicable deadlines set forth in the Loan Agreement or the failure to complete the construction of the Development by the placement in service deadlines for low income housing tax credits under the Internal Revenue Code;

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(xv) any event of default which has not been cured within the applicable grace period, if any, under any other document pursuant to which Mortgagor has obtained financing for the Development, including without limitation any loan agreement secured by a mortgage senior to this Mortgage; and

(xvi) any event of default by Mortgagor under the Ground Lease which has not been cured within the applicable grace period, if any, under the Ground Lease.

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

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

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

13. **Additional Indebtedness.** In the event that: (a) the Note is placed in the hands of an attorney for collection or enforcement, or is collected or enforced through any legal proceeding; (b) an attorney is retained to represent Mortgagee in any bankruptcy, reorganization, receivership or other proceedings affecting creditors' rights and involving a claim under any of the Loan Documents; (c) an attorney is retained to protect or enforce the lien of this Mortgage, or the liens

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or security interests of any of the other Loan Documents; or (d) an attorney is retained to represent Mortgagee in any other proceedings whatsoever in connection with the Loan Documents, or any property subject thereto, then Mortgagor shall pay to Mortgagee all reasonable attorneys' fees, and all costs and expenses incurred in connection therewith.

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

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

Upon taking possession of the Mortgaged Property, Mortgagee may make all necessary or proper repairs, decoration, renewals, replacements, alterations, additions, betterments and improvements in connection with the Mortgaged Property as it may deem judicious to insure, protect and maintain the Mortgaged Property against all risks incidental to Mortgagee's possession, operation and management thereof, and may receive all rents, issues and profits therefrom. Mortgagee shall have, in addition to any other power provided herein, all powers and duties as provided for in Sections 5/15-1701, 5/15-1702 and 5/15-1703 of the Mortgage Act.

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

17. **Foreclosure Sale.** The Mortgaged Property, or any interest or estate therein, sold pursuant to any court order or decree obtained under this Mortgage shall be sold in one parcel, as an entirety, or in such multiple parcels and in such manner or order as Mortgagee, in its sole discretion, may elect, to the maximum extent permitted by Illinois law. At any such sale,

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Mortgagee may bid for and acquire, as purchaser, all or any portion of the subject Mortgaged Property, and, in lieu of paying cash therefor, may make settlement for the purchase price by crediting upon the indebtedness due the amount of Mortgagee's bid.

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

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

20. **Waiver of Statutory Rights.** To the extent permitted by law, Mortgagor shall not apply for or avail itself of any appraisal, valuation, redemption, reinstatement, stay, extension or exemption laws or any so-called "Moratorium Laws" now existing or hereafter enacted, in order to prevent or hinder the enforcement of foreclosure of this Mortgage, and hereby waives the benefit of such laws. Mortgagor, for itself and all who may claim through or under it, waives any and all right to have the property and estates comprising the Mortgaged Property, marshalled upon any foreclosure of the lien hereof, and agrees that any court having jurisdiction to foreclose such lien may order the Mortgaged Property sold as an entirety. To the extent permitted by law, Mortgagor hereby expressly waives any and all rights of redemption and reinstatement, on its own behalf and on behalf of each and every person having a beneficial interest in Mortgagor, it being the intent hereof that any and all such rights of redemption or reinstatement of Mortgagor and of all other persons are and shall be deemed to be hereby waived. Mortgagor acknowledges that the Mortgaged Property does not constitute agricultural real estate, as said term is defined in Section 5/15-1201 of the Mortgage Act or residential real estate as defined in Section 5/15-1219 of the Mortgage Act.

21. **Partial Payments.** Acceptance by Mortgagee of any payment which is less than payment in full of all amounts due and payable at the time of such payment shall not constitute a waiver of Mortgagee's right to exercise its option to declare the whole of the principal sum then remaining unpaid, together with all accrued interest, if any, thereon, immediately due and payable

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without notice, or any other rights of Mortgagee at that time or any subsequent time, without its express written consent, except and to the extent otherwise provided by law.

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

23. **Notice.** Unless otherwise specified, any notice, demand or request required hereunder shall be given in writing to the parties and in the manner provided for in Section 17 of the Loan Agreement.

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

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

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

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

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

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

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

31. **Further Assurances.** Mortgagor will perform, execute, acknowledge and deliver every act, deed, conveyance, transfer and assurance deemed reasonably necessary or proper, in the sole judgment of Mortgagee, for assuring, conveying, mortgaging, assigning and confirming to

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Mortgagee all property mortgaged hereby or property intended so to be, whether now owned or hereafter acquired by Mortgagor, and for creating, maintaining and preserving the lien and security interest created hereby on the Mortgaged Property. Upon any failure by Mortgagor to do so, Mortgagee may make, execute and record any and all such documents for and in the name of Mortgagor, and Mortgagor hereby irrevocably appoints Mortgagee and its agents as attorney-in-fact for that purpose. Mortgagor will reimburse Mortgagee for any sums expended by Mortgagee in making, executing and recording such documents including attorneys' fees and court costs.

32. **Indemnification.** In addition to all other indemnities in favor of Mortgagee specifically provided in this Mortgage, and except as provided below, Mortgagor hereby agrees to indemnify Mortgagee and save Mortgagee harmless from and against any and all loss, cost, damage, claim liability or expenses ("**Loss**") incurred by Mortgagee in connection with any and all claims, demands, actions, proceedings ("**Claim**") in connection with the Loan, excluding, however, (1) any loss arising out of Mortgagee's gross negligence or willful misconduct in connection with the Loan; and (2) any loss arising after Mortgagee's (or its successors', designees' or nominees') acquisition of title to or control of the Mortgaged Property, including any loss arising after any recipient (including a Senior Lender) acquires title to or control of the Mortgaged Property by a deed or assignment in lieu of foreclosure. Indemnification of Mortgagee by Mortgagor with respect to environmental matters shall be governed exclusively by the terms and provisions of the Environmental Indemnity Agreement between Mortgagor and Mortgagee and the Remediation Agreement.

33. **Security Agreement.** This Mortgage shall be construed as a "security agreement" within the meaning of and shall create a security interest under the Uniform Commercial Code as adopted by the State of Illinois with respect to any part of the Mortgaged Property, to the extent subject to the lien of this Mortgage, that constitutes fixture or personal property. Mortgagee shall have all the rights with respect to such fixtures or personal property afforded to it by said Uniform Commercial Code in addition to, but not in limitation of, the other rights afforded Mortgagee by this Mortgage or any other agreement. Upon the recording hereof, this Mortgage shall constitute a financing statement under the Uniform Commercial Code. Mortgagor's Organizational Identification Number is S027946.

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

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

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

(b) payments by Mortgagee of: (i) when due, installments of principal, interest or other obligations in accordance with the terms of any prior lien or encumbrance; (ii) when due, installments of real estate taxes and assessments, general and special and all other taxes and assessments of any kind or nature whatsoever which are assessed or imposed upon the Mortgaged Property, or any part thereof; (iii) other obligations authorized by this Mortgage; or (iv) with court approval, any other amounts in connection with other liens, encumbrances or interests reasonably necessary to preserve the status of title, as referred to in Section 5/15-1505 of the Mortgage Act;

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

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

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

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

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

(h) expenses incurred and expenditures made by Mortgagee for any one or more of the following: (i) if the Mortgaged Property or any portion thereof constitutes one or more units under a condominium declaration, assessments imposed upon the unit owner thereof; (ii) if any interest in the Mortgaged Property is a leasehold estate under a lease or sublease, rentals or other payments required to be made by the lessee under the terms of the lease or sublease; (iii) premiums for casualty and liability insurance paid by Mortgagee whether or not Mortgagee or a receiver is in possession, if reasonably required, in reasonable amounts, and all renewals thereof, without regard to the limitation to maintaining of existing insurance in effect at the time any receiver or mortgagee takes possession of the Mortgaged Property imposed by Subsection (c)(1) of Section 5/15-1704 of the Mortgage Act; (iv) repair or restoration of damage or destruction in excess of available insurance proceeds or condemnation awards; (v) payments required or deemed by Mortgagee to

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be for the benefit of the Mortgaged Property or required to be made by the owner of the Mortgaged Property under any grant or declaration of easement, easement agreement, agreement with any adjoining land owners or instruments creating covenants or restrictions for the benefit of or affecting the Mortgaged Property; (vi) shared or common expense assessments payable to any association or corporation in which the owner of the Mortgaged Property is a member in any way affecting the Mortgaged Property; and (vii) pursuant to any lease or other agreement for occupancy of the Mortgaged Property.

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

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

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

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

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

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

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

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

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

The maximum amount of indebtedness secured by this Mortgage shall be Twenty-One Million Six Hundred Ninety-Eight Thousand Five Hundred Seventy and No/100 Dollars (\$21,698,570.00) plus interest under the Note, plus any disbursements for the payment of taxes and insurance on the Mortgaged Property and any other sums advanced in accordance with the terms hereof or any of the other Loan Documents to protect the security of this Mortgage or any of the other Loan Documents plus interest thereon.

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

36. **Limited Obligations.** The obligations of Mortgagor under this Mortgage are limited obligations payable solely from revenues, receipts, money and investments of Mortgagor derived from the Mortgaged Property and not from any other property, revenues, receipts, money or investments of Mortgagor. The obligations of Mortgagor under this Mortgage are not obligations of any partner of Mortgagor, and no member of Mortgagor shall have any obligation to make or fulfill any obligation to make any capital contribution or loan to Mortgagor for the purpose of making any payment pursuant to this Mortgage.

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

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

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

[Signature Appears on Following Page]

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*[CHA SUBORDINATE MORTGAGE, SECURITY AGREEMENT AND FINANCING
STATEMENT SIGNATURE PAGE]*

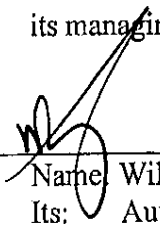
IN WITNESS WHEREOF, Mortgagor has executed and delivered this Mortgage as of the date first written above.

MORTGAGOR:

**SOUTHBRIDGE 4 MASTER OWNER
LLC,**
an Illinois limited liability company

By: Ickes Master Developer JV, LLC,
its sole member

By: The Community Builders, Inc.,
its managing member

By: 
Name: William Woodley
Its: Authorized Agent

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EXHIBIT A

LEGAL DESCRIPTION FOR SOUTHBRIDGE PHASE 1A

PARCEL 1:

THE LEASEHOLD ESTATE CREATED BY THE INSTRUMENT HEREIN REFERRED TO AS THE GROUND LEASE, EXECUTED BY CHICAGO HOUSING AUTHORITY, AN ILLINOIS MUNICIPAL CORPORATION, AS LANDLORD, AND TCB DEVELOPMENT SERVICES LLC, AN ILLINOIS LIMITED LIABILITY COMPANY, AS TENANT, DATED AS OF JANUARY 16, 2020, WHICH LEASE WAS RECORDED JANUARY 17, 2020, AS DOCUMENT NUMBER 2001719057 ASSIGNED BY THE ASSIGNMENT AND ASSUMPTION AND AMENDMENT OF GROUND LEASE, DATED AS OF JANUARY 16, 2020, BETWEEN SAID TCB DEVELOPMENT SERVICES LLC, AND SOUTHBRIDGE 4 MASTER OWNER LLC, AN ILLINOIS LIMITED LIABILITY COMPANY, WHICH ASSIGNMENT AND ASSUMPTION AND AMENDMENT OF GROUND LEASE WAS RECORDED JANUARY 17, 2020, AS DOCUMENT NUMBER 2001719058 WHICH LEASE DEMISES THE FOLLOWING DESCRIBED PROPERTY FOR A TERM OF 99 YEARS ENDING JANUARY 15, 2119:

THAT PART OF LOTS 1 THROUGH 12 (BOTH INCLUSIVE), THAT PART OF LOTS 40 THROUGH 46 (BOTH INCLUSIVE), AND THAT PART OF THE NORTH-SOUTH 15 FOOT WIDE PUBLIC ALLEY VACATED PER DOCUMENT NUMBER 15805877, RECORDED JANUARY 6, 1954, ALL IN BLOCK 10, IN UHLICH AND MUHLKE'S ADDITION TO CHICAGO, A SUBDIVISION OF THE EAST HALF OF THE NORTHEAST QUARTER (EXCEPT THE SOUTH HALF OF THE SOUTH HALF THEREOF) IN SECTION 23, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF SAID LOT 1; THENCE SOUTH 01 DEGREES 31 MINUTES 56 SECONDS EAST, ALONG AN ASSUMED BEARING, BEING THE EAST LINE OF SAID LOTS 1 THROUGH 12, ALSO BEING THE WEST LINE OF STATE STREET, 289.70 FEET; THENCE SOUTH 88 DEGREES 29 MINUTES 48 SECONDS WEST 116.21 FEET; THENCE NORTH 01 DEGREES 31 MINUTES 56 SECONDS WEST 74.55 FEET; THENCE SOUTH 88 DEGREES 28 MINUTES 04 SECONDS WEST 35.00 FEET; THENCE NORTH 01 DEGREE 31 MINUTES 56 SECONDS WEST 151.00 FEET; THENCE NORTH 88 DEGREES 28 MINUTES 04 SECONDS EAST 37.00 FEET; THENCE NORTH 01 DEGREE 31 MINUTES 56 SECONDS WEST 64.15 FEET TO A POINT ON THE NORTH LINE OF SAID LOT 1; THENCE NORTH 88 DEGREES 29 MINUTES 48 SECONDS EAST ALONG SAID NORTH LINE, ALSO BEING THE SOUTH LINE OF W. 23RD STREET 114.21 FEET TO THE POINT OF BEGINNING, IN COOK COUNTY, ILLINOIS.

EXCEPTING THEREFROM ALL BUILDINGS AND IMPROVEMENTS LOCATED, OR TO BE LOCATED AFTER THE DATE OF THE AFORESAID GROUND LEASE, THEREON.

PARCEL 2:

FEE SIMPLE TITLE TO ALL BUILDINGS AND IMPROVEMENTS LOCATED, OR TO BE LOCATED AFTER THE DATE OF THE AFORESAID GROUND LEASE, ON THE LEASEHOLD ESTATE HEREINABOVE DESCRIBED AS PARCEL 1.

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SAID PARCEL CONTAINS 38,823 SQUARE FEET OR 0.891 ACRES, MORE OR LESS.

Common Addresses: 2302-2322 S. State Street, Chicago IL 60616
Residential Address: 2310 S. State Street, Chicago IL 60616
Retail Addresses: 2302 S. State Street, Chicago IL 60616;
2306 S. State Street, Chicago IL 60616;
2318 S. State Street, Chicago IL 60616;
2322 S. State Street, Chicago IL 60616

PROPERTY PINS

Property Pins: 17-28-218-028 (affects part of the land and other property);
17-28-218-029 (affects part of the land and other property); and
17-28-218-030 (affects part of the land and other property)

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EXHIBIT B

PERMITTED ENCUMBRANCES

Recording Order	Document Name
1	Partial Release of Declaration of Trust (dated March 11, 2008 and recorded in the Office of the Recorder of Deeds, Cook County, Illinois on March 18, 2008 as Document No. 0807045110 and re-recorded on January 30, 2013 as Document No. 1303018048) by the United States of America, Secretary of Housing and Urban Development dated as of January 16, 2020
2	Ground Lease Agreement by and between Chicago Housing Authority and TCB Development Services LLC, dated as of January 16, 2020 (the "Ground Lease")
3	Assignment and Assumption and Amendment of Ground Lease, dated as of January 16, 2020, between TCB Development Services LLC, Southbridge 4 Master Owner LLC and Southbridge 1-4 Housing LLC, with the consent of the Chicago Housing Authority ("Assignment and Assumption and Amendment of Ground Lease")
4	Rental Assistance Demonstration Use Agreement dated as of January 16, 2020 (the "RAD Use Agreement") between the United States of America Secretary of Housing and Urban Development, Chicago Housing Authority, Southbridge 4 Master Owner LLC and Southbridge 1-4 Housing LLC
5	Memorandum of Master Lease dated as of January 16, 2020 between Southbridge 4 Master Owner LLC, as landlord, and Southbridge 1-4 Housing LLC, as tenant ("Memorandum of Master Lease")
6	Agreement to Subordinate to the RAD Use Agreement, dated as of January 16, 2020, between Southbridge 4 Master Owner and Southbridge 1-4 Housing (Master Lease)
7	Low Income Housing Tax Credit Extended Use Agreement, dated as of January 16, 2020 by and among the Illinois Housing Development Authority, Southbridge 4 Master Owner LLC and Southbridge 1-4 Housing LLC ("Extended Use Agreement")
8	Tax Regulatory Agreement dated as of January 16, 2020 by and among the Illinois Housing Development Authority, Southbridge 4 Master Owner LLC, Southbridge 1-4 Housing LLC, and the Bank Of New York Mellon Trust Company, N.A. ("Tax Regulatory Agreement")
9	Southbridge 4 Master Owner LLC Redevelopment Agreement, dated as of January 16, 2020, by and among the City of Chicago, Southbridge 4 Master Owner LLC, TCB Development Services LLC, and Southbridge 1-4 Housing LLC ("Redevelopment Agreement")
10	HOME Program Regulatory Agreement dated as of January 16, 2020, by and among the City of Chicago, Southbridge 4 Master Owner LLC and Southbridge 1-4 Housing LLC ("HOME Regulatory Agreement")
11	Multifamily Leasehold Mortgage, Assignment of Rents, Security Agreement and Fixture Filing dated as of January 1, 2020 made by Southbridge 4 Master Owner LLC to IHDA (the "Senior Mortgage")

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12	Assignment of Mortgage and Loan Documents dated as of January 1, 2020 from IHDA to Citibank (“Assignment of Senior Mortgage”)
13	[UCC Financing Statement by Southbridge 4 Master Owner LLC, as debtor, in favor of Citibank, N.A., as secured party]
14	Agreement to Subordinate to Rental Assistance Demonstration Use Agreement dated as of January 16, 2020 between Southbridge 4 Master Owner LLC and Citibank, N.A. [construction loan]
15	Agreement to Subordinate to Rental Assistance Demonstration Use Agreement, dated as of January 16, 2020, by and among Citibank, Illinois Housing Development Authority, Southbridge 4 Master Owner LLC, Southbridge 1-4 Housing LLC, and the Bank Of New York Mellon Trust Company, N.A. (Bond Documents)
16	IHLA Regulatory Agreement (Phase 1A) dated as of January 16, 2020 among Southbridge 4 Master Owner LLC, Southbridge 1-4 Housing LLC, and IHDA [Conduit Loan] (“IHDA Regulatory Agreement-Conduit Loan”)
17	Right of First Refusal Agreement dated as of January 16, 2020 by and among Chicago Housing Authority, Southbridge 1-4 Housing MM, LLC, Southbridge 4 Master Owner LLC and Southbridge 1-4 Housing, LLC (“CHA Right of First Refusal”)
18	Control Agreement, dated as of January 16, 2020, by and among Chicago Housing Authority, Southbridge 4 Master Owner LLC and Southbridge 1-4 Housing LLC (“CHA Control Agreement”)
19	Chicago Housing Authority Benefits Agreement, dated as of January 16, 2020, by and among Chicago Housing Authority, Lakes Master Developer JV LLC, and Southbridge 4 Master Owner LLC (“CHA Benefits Agreement”)
20	Regulatory Agreement (Risk Share Loan -Phase IA) dated as of January 16, 2020 by and among Illinois Housing Development Authority, Southbridge 4 Master Owner LLC and Southbridge 1-4 Housing LLC (“IHDA Risk Share Regulatory Agreement”)
21	Leasehold Mortgage, Security Agreement and Assignment of Rents and Leases (Risk Share Loan) dated as of January 16, 2020 made by Southbridge 4 Master Owner LLC to Illinois Housing Development Authority (“Leasehold Mortgage-Risk Share Loan”)
22	UCC Financing Statement by Southbridge 4 Master Owner LLC, as debtor, in favor of Illinois Housing Development Authority, as secured party
23	Subordination of Management Agreement (Risk Share Loan -Phase IA) dated January 16, 2020 by The Habitat Company LLC in favor of the Illinois Housing Development Authority (“Subordination of Management Agreement - Risk Share Loan”)
24	Subordinate Leasehold Mortgage, Security Agreement and Financing Statement, dated as of January 16, 2020 made by Southbridge 4 Master Owner LLC to the Chicago Housing Authority [MTW Loan]

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25	Subordinate Assignment of Rents and Leases dated as of January 16, 2020 made by Southbridge 4 Master Owner LLC to the Chicago Housing Authority [MTW Loan]
26	Lender Agreement to Subordinate to Rental Assistance Demonstration Use Agreement dated as of January 16, 2020 between Southbridge 4 Master Owner LLC and Chicago Housing Authority [MTW and DTC Loan]
27	Junior Leasehold Mortgage, Security Agreement and Assignment of Rents and Leases (Trust Fund Loan) dated as of January 16, 2020 by Southbridge 4 Master Owner LLC in favor of the Illinois Housing Development Authority ("Leasehold Mortgage-Trust Fund Loan")
28	Regulatory and Land Use Restriction Agreement (Trust Fund Loan) dated as of January 16, 2020 by and among Southbridge 4 Master Owner LLC and IHDA, and Southbridge 1-4 Housing LLC ("Regulatory Agreement – Trust Fund Loan")
29	Subordination of Management Agreement (Trust Fund Loan -Phase IA) dated January 16, 2020 by The Habitat Company LLC in favor of the Illinois Housing Development Authority ("Subordination of Management Agreement – Trust Fund Loan")
30	Junior Leasehold Mortgage, Security Agreement and Financing Statement dated as of January 16, 2020 made by Southbridge 4 Master Owner LLC to the City of Chicago ("Leasehold Mortgage -HOME Loan")
31	Junior Assignment of Rents and Leases dated as of January 16, 2020 made by Southbridge 4 Master Owner LLC to the City of Chicago ("Assignment of Rents – HOME Loan")
32	Subordination & Intercreditor Agreement (IHDA) dated as of January 1, 2020 by and among Citibank, N.A., Illinois Housing Development Authority, and Southbridge 4 Master Owner LLC (Risk Share and TF Loans)
33	Subordination Agreement, dated as of January 16, 2020, by and among Illinois Housing Development Authority, City of Chicago and Southbridge 4 Master Owner LLC
34	Lender Agreement to Subordinate to Rental Assistance Demonstration Use Agreement dated as of January 16, 2020 between Southbridge 4 Master Owner LLC and the City of Chicago
35	Junior Leasehold Mortgage, Assignment of Rents and Security Agreement dated as of January 16, 2020 made by Southbridge 4 Master Owner LLC to TCB Development Services LLC ("TIF Sponsor Loan Mortgage")
36	Lender Agreement to Subordinate to Rental Assistance Demonstration Use Agreement dated as of January 16, 2020 between Southbridge 4 Master Owner LLC and TCB Development Services LLC
37	Subordination and Intercreditor Agreement dated as of January 1, 2020 by and among Citibank, N.A. Southbridge 4 Master Owner LLC and TCB Development Services LLC (TIF Loan)
38	Subordination Agreement dated as of January 16, 2020 by and among Illinois Housing Development Authority, TCB Development Services LLC and Southbridge 4 Master Owner LLC

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39	Illinois Affordable Housing Tax Credit Regulatory Agreement dated January 16, 2020 by and among Illinois Housing Development Authority, Southbridge 4 Master Owner LLC, Southbridge 1-4 Housing LLC and The Community Builders, Inc. (“Regulatory Agreement - Donation Tax Credits”)
40	Agreement to Subordinate to the RAD Use Agreement dated January 16, 2020 by and among IHDA, Southbridge 4 Master Owner LLC (RS, TF, IAHTC Regulatory Agreements and EUA)
41	Donation Tax Credit Mortgage, Security Agreement and Financing Statement dated as of January 16, 2020 made by Southbridge 4 Master Owner LLC to Chicago Housing Authority (“Leasehold Mortgage – DTC Loan”)
42	Subordinate Assignment of Rents and Leases dated as of January 16, 2020 made by Southbridge 4 Master Owner LLC to the Chicago Housing Authority [DTC Loan] (“Assignment of Leases – DTC Loan”)
43	Subordination Agreement (CHA) dated as of January 1, 2020 by and among Citibank, N.A., Chicago Housing Authority, and Southbridge 4 Master Owner LLC (MTW and DTC Loan)
44	Subordination Agreement dated as of January 16, 2020 by and among Illinois Housing Development Authority, Chicago Housing Authority and Southbridge 4 Master Owner LLC (DTC/MTW loans to RS)
45	Subordination Agreement dated as of January 16, 2020 by and among Illinois Housing Development Authority, Chicago Housing Authority and Southbridge 4 Master Owner LLC (DTC loan to TF)
46	Leasehold Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Financing Statement dated as of January 16, 2020, executed by Southbridge 4 Master Owner LLC in favor of New Hope Community Capital, Inc. (“Leasehold Mortgage – New Hope Loan”)
47	Lender Agreement to Subordinate to Rental Assistance Demonstration Use Agreement dated as of January 16, 2020 between Southbridge 4 Master Owner LLC and New Hope Community Capital, Inc.
48	Subordination and Intercreditor Agreement (New Hope) dated as of January 1, 2020 by and among Citibank, N.A., New Hope Community Capital, Inc. and Southbridge 4 Master Owner LLC
49	Subordination Agreement (New Hope) dated as of January 16, 2020 by and among Illinois Housing Development Authority, New Hope Community Capital, Inc. and Southbridge 4 Master Owner LLC
50	Subordination Agreement (CHA MTW loan) dated as of January 16, 2020 by and among Illinois Housing Development Authority, Chicago Housing Authority, New Hope Community Capital, Inc., TCB Development Services LLC, and Southbridge 4 Master Owner LLC
51	Subordination Agreement (DTC loan) dated as of January 16, 2020 by and among Southbridge 4 Master Owner LLC, New Hope Community Capital, Inc. and Chicago Housing Authority
52	Subordination Non-Disturbance and Attornment Agreement (Affordable Master Lease) dated January 16, 2020 by and among Southbridge 1-4 Housing LLC, Citibank, N.A., Illinois Housing Development Authority, Chicago Housing

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	Authority, New Hope Community Capital, Inc., the City of Chicago, and TCB Development Services LLC
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DOCUMENTS TO BE RECORDED AFTER INITIAL CLOSING:

1	Declaration of Condominium Ownership and of Easements, Restrictions, Covenants and By-Laws for Southbridge 1-4 Condominium by Southbridge 4 Master Owner LLC
2	Tax Regulatory Agreement (Refunding) ,by and among the Illinois Housing Development Authority, Southbridge 4 Master Owner LLC, Southbridge 1-4 Housing LLC, and the Bank Of New York Mellon Trust Company, N.A.
3	811 Use Agreement, by and among Southbridge 4 Master Owner LLC, Southbridge 1-4 Housing LLC, and IHDA ("811 Use Agreement")

REGULATORY AND OTHER AGREEMENTS

[All of which are superior to this Mortgage.]

1. Ground Lease
2. Assignment and Assumption and Amendment of Ground Lease
3. RAD Use Agreement
4. Extended Use Agreement
5. Tax Regulatory Agreement
6. Redevelopment Agreement
7. HOME Regulatory Agreement
8. IHDA Regulatory Agreement-Conduit Loan
CHA Right of First Refusal.
9. CHA Control Agreement
10. CHA Benefits Agreement
11. 811 Use Agreement
12. IHDA Risk Share Regulatory Agreement

SENIOR ENCUMBRANCES

1. Real estate taxes not yet due and payable.
2. Senior Mortgage.
3. Assignment of Senior Mortgage

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- 4.. Leasehold Mortgage - Risk Share Loan
5. Subordination of Management Agreement - Risk Share Loan

JUNIOR ENCUMBRANCES

1. Memorandum of Master Lease
2. Leasehold Mortgage – Trust Fund Loan
3. Regulatory Agreement – Trust Fund Loan
4. Subordination of Management Agreement – Trust Fund Loan
5. Leasehold Mortgage – HOME Loan
- 6.
7. Assignment of Leases – HOME Loan
8. TIF Sponsor Loan Mortgage
9. Regulatory Agreement - Donation Tax Credits
10. Leasehold Mortgage – DTC Loan
11. Assignment of Lease – DTC Loan
12. Leasehold Mortgage – New Hope Loan

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EXHIBIT C

INSURANCE REQUIREMENTS

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

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

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

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

B. Required Insurance Coverage for General Contractor:

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

Products-Completed Operations. General Contractor and subcontractors shall procure and maintain (and require subcontractor's subcontractors of any tier to

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procure and maintain) until expiration of the Parkside IIA Rental Project's warranty period and, with regard to Products/Completed Operations coverage for two (2) years after final completion of the Work.

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

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

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

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

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- D.** Developer and/or Mortgagor shall advise, and cause each General Contractor for the Development to advise, all insurers of the contract provisions regarding insurance. The failure of the Developer, Mortgagor, or any General Contractor to notify insurers of the contract provisions shall not relieve Developer and/or Mortgagor from its insurance obligations under this contract or any Authority Closing Document and such insurance obligations shall survive the term of this Mortgage. Nonfulfillment of the insurance provisions stated herein shall survive this Mortgage, and shall constitute a default under the other Authority Closing Documents and may be a breach of the General Contractor's contract. The Authority retains the right to stop work until proper evidence of insurance is provided.
- E.** Renewal Certificates of Insurance, requested endorsements, or such similar evidence is to be received by the Authority's Risk Management Department, with a copy to the Authority's Designated representative, prior to expiration of insurance coverage. At the Authority's option non-compliance may result in one or more of the following actions, in addition to any rights or remedies in the Closing Documents: (1) The Authority will purchase insurance on behalf of Developer and/or Mortgagor and will charge back all costs to Developer and/or Owner Entity; (2) Developer or Mortgagor shall cause the General Contractor and any subcontractors to be immediately removed from the property; (3) an Event of Default may be declared under this Mortgage; or (4) all payments due Developer and/or Mortgagor and General Contractor will be held until Developer and/or Mortgagor has complied with the contract. The receipt of any certificate by the Authority does not constitute agreement by the Authority that the insurance requirements in the Agreement have been fully met or that the insurance policies indicated on the certificate are in compliance with the requirements of this Mortgage. Developer, Mortgagor, and/or General Contractor shall be required to ensure that all subcontractors comply with the Authority's minimum coverage requirements. It is the responsibility of the Developer, Mortgagor, and/or General Contractor to secure and maintain proof of coverage for all entities that it contracts with that provides services to this Development. Proof of insurance records must be available for review by the Authority within twenty-four (24) hours of being requested.
- F.** If any of the required insurance is underwritten on a claims made basis, the retroactive date shall be prior to or coincident with the date of the General Contractor's contract, and the Certificate of Insurance shall state the coverage is "claims made" and also the Retroactive Date. A Claims-Made policy which is not renewed or replaced must have an extended reporting period (tail coverage) of two (2) years. Any extended reporting period premium (tail coverage) shall be paid by Developer and/or Mortgagor, directly or through the General Contractor for the Development. It is further agreed that all insurance policies required hereunder shall provide the Authority with not less than a thirty (30) days notice in the event of the occurrence of any of the following conditions: aggregate erosion in advance of the Retroactive Date, cancellation and/or non renewal.
- G.** Developer and/or Mortgagor shall provide to the Authority, prior to commencement of construction and upon each renewal or replacement of a builder risk policy required hereunder, and in any event not less than annually, a certified copy of the insurance policies required hereunder and all endorsements.

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- H. Developer and/or Mortgagor shall require, directly or through the General Contractor for the Development, that all subcontractors performing work for the Development carry insurance required herein or the Developer, Mortgagor or General Contractor may provide the coverages for any or all of its subcontractors, and if so, the evidence of insurance submitted shall so stipulate and adhere to the same requirements and conditions as outlined in Section "B" above. Evidence of such coverage must be submitted to the Authority for record keeping purposes only.

III. OPERATIONS PERIOD INSURANCE REQUIREMENTS

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

A. Required Insurance Coverages:

1. **All-Risk Property Damage.** The Mortgagor shall obtain an all-risk property policy in the amount of the full replacement value, including improvements and betterments, covering damage to or loss of the Premises. The insurance shall include the following extensions: business interruption/loss of rents, and boiler and machinery, if applicable. The policy shall list the Authority as loss payee.
2. **General Liability Insurance.** General Liability Insurance provided shall have a limit of not less than One Million Dollars (\$1,000,000) per occurrence with a Per Project aggregate of not less than Two Million Dollars (\$2,000,000) (i.e. \$1,000,000/\$2,000,000). In addition to the stipulations outlined above, the insurance policy is to include coverage for Contractual Liability, Products-Completed Operations, Personal & Advertising Injury and will also cover injury to the Mortgagor's officers, employees, agents, subcontractors, invitees and guests and their personal property. The Authority is to be endorsed as an additional insured on the policy and such insurance will be endorsed as primary and non-contributory with any other insurance available to the Authority.
3. **Automobile Liability Insurance.** When any motor vehicles (owned, non-owned and hired) are used in connection with the Services to be performed, the Mortgagor shall provide Comprehensive Automobile Liability Insurance with limits of not less than One Million Dollars (\$1,000,000) per occurrence CSL, for bodily injury and property damage. The Authority shall be endorsed as additional insured on the Mortgagor's policy and such insurance will be endorsed as primary and non-contributory with any other insurance available to the Authority.
4. **Workers Compensation and Occupational Disease Insurance.** Workers Compensation and Occupational Disease Insurance shall be in accordance with the

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laws of the State of Illinois (Statutory) Coverage A, and Employer's Liability, Coverage B, in an amount of not less than \$500,000/\$500,000/\$500,000.

5. **Blanket Crime.** The Mortgagor shall provide Blanket Crime coverage in a form reasonably acceptable to the Authority, against loss by dishonesty, robbery, burglary, theft, destruction or disappearance, computer fraud, credit card forgery and other related crime risks. The policy limit shall be written to cover losses in the amount of the maximum monies collected, received and/or in the Mortgagor's care at any given time, but shall in no event be less than the aggregate amount of two months operating subsidy.
6. **Professional Liability.** When any architects (of record), engineers (of record), construction managers, property managers or other professional consultants perform work in connection with this contract, Professional Liability insurance covering acts, errors or omissions shall be maintained with limits of not less than Five Million Dollars (\$5,000,000) per occurrence. Coverage extensions shall include Blanket Contractual Liability. When policies are renewed or replaced, the policy retroactive date must coincide with, or precede, start of Services under this Agreement. A Claims made policy which is not renewed or replaced must have an extended reporting period of two (2) years.
7. **Excess Liability** – Mortgagor shall secure Excess Liability insurance in the amount of not less than Ten Million Dollars (\$10,000,000). This coverage will be excess of and will follow form for all primary liability and employers' liability coverages.

B. Related Requirements

1. The Mortgagor shall advise all insurers of the contract provisions regarding insurance. The failure of the Mortgagor to notify insurers of the contract provisions shall not relieve the Mortgagor from its insurance obligations herein. Nonfulfillment of the insurance provisions shall constitute a default under the Authority Closing Documents. The Authority retains the right to stop work until proper evidence of insurance is provided.
2. The Mortgagor shall furnish the Chicago Housing Authority, Risk Management Department, 60 E. Van Buren Street., 11th Floor, Chicago, Illinois 60605 original Certificates of Insurance evidencing the required coverages to be in force on the Effective Date of this Agreement. In addition, copies of the endorsement(s) adding the CHA to the policies as additional insured are required.
3. Renewal Certificates of Insurance, requested endorsements, or such similar evidence is to be received by the Risk Management Department, with a copy to the Authority's Designated Representative prior to expiration of insurance coverage. At the Authority's option, non-compliance may result in one or more of the

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following actions, in addition to any rights or remedies in any Closing Documents: (1) The Authority will purchase insurance on behalf of the Mortgagor and will charge back all costs to the Mortgagor; (2) an Event of Default may be declared under this Mortgage ; (3) all payments due the Mortgagor will be held until the Mortgagor has complied with this Mortgage; or (4) the Mortgagor will be assessed Five Hundred Dollars (\$500) for every day of non-compliance. The receipt of any certificate does not constitute agreement by the Authority that the insurance requirements in the Agreement have been fully met or that the insurance policies indicated on the certificate are in compliance with the requirements of the Agreement. The insurance policies shall provide for thirty (30) days written notice to be given to the Authority in the event coverage is substantially changed, canceled or non-renewed.

4. If any of the required insurance is underwritten on a claims made basis, the retroactive date shall be prior to or coincident with the date of this Mortgage and the Certificate of Insurance shall state the coverage is "claims made" and also the Retroactive Date. The Mortgagor shall maintain coverage for the duration of this Mortgage. A Claims-Made policy which is not renewed or replaced must have an extended reporting period (tail coverage) of two (2) years. Any extended reporting period premium (tail coverage) shall be paid by the Mortgagor. The Mortgagor shall provide to the Authority, annually, a certified copy of the insurance policies obtained pursuant hereto. It is further agreed that the Mortgagor shall provide the Authority a thirty (30) days notice in the event of the occurrence of any of the following conditions: aggregate erosion in advance of the Retroactive Date, cancellation and/or non renewal.
5. The Mortgagor shall require all subcontractors to carry the insurance required herein or the Mortgagor may provide the coverage for any or all of its subcontractors, and if so, the evidence of insurance submitted shall so stipulate and adhere to the same requirements and conditions as outlined in Section "A" above.

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MORTGAGOR'S INSURANCE REQUIREMENTS

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

A. Required Insurance Coverages:

1. **All Risk Property Damage.** Mortgagor shall obtain an all risk property policy in the amount of full replacement value, including improvements and betterments, covering damage to or loss of the Premises. The insurance shall include the following extensions: business interruption/loss of rents, and boiler and machinery, if applicable. The policy shall list Mortgagee as loss payee.
2. **General Liability Insurance.** General Liability Insurance provided shall have a limit of not less than One Million Dollars (\$1,000,000) per occurrence with a Per Project aggregate of not less than Two Million Dollars (\$2,000,000) (i.e. \$1,000,000/\$2,000,000). In addition to the stipulations outlined above, the insurance policy is to include coverage for Contractual Liability, Products-Completed Operations, Personal & Advertising Injury and will also cover injury to Developer and/or Mortgagor's officers, employees, agents, subcontractors, invitees and guests and their personal property. The Mortgagee is to be endorsed as additional insured on the policy and such insurance will be endorsed as primary and non-contributory with any other insurance available to Mortgagee.
3. **Blanket Crime.** The Developer and/or Mortgagor shall provide Blanket Crime coverage in a form reasonably acceptable to Mortgagee, against loss by dishonesty, robbery, burglary, theft, destruction or disappearance, computer fraud, credit card forgery and other related crime risks. The policy limit shall be written to cover losses in the amount of the maximum monies collected, received and/or in the Developer and/or Mortgagor's care at any given time, but shall in no event be less than the aggregate amount of two months of operating subsidy and projected tenant rents.
4. **Workers Compensation and Occupational Disease Insurance.** Workers compensation and occupational disease insurance, in accordance with the laws of the State of Illinois covering all employees who are to provide a service in connection with the Premises, to the extent subject to the lien of this Mortgage and employer's liability coverage with limits of not less than \$500,000/\$500,000/\$500,000.
5. **Automobile Liability Insurance (Primary and Umbrella).** When any motor vehicle (owned, non-owned and hired) are used in connection with the Premises, to

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the extent subject to the lien of this Mortgage, Mortgagor shall provide comprehensive automobile, liability insurance with the limits of not less than \$1,000,000 per occurrence, combined single limit, bodily injury and property damage. Mortgagee shall be named as an additional insured on a primary, non-contributory basis.

6. **All Risk Builders Insurance.** When Mortgagor or any contractor or any subcontractor undertakes construction, including improvements, betterments and/or repairs to the Premises, to the extent subject to the lien of this Mortgage, all risk builder's insurance shall be procured and maintained to cover materials, supplies, equipment, machinery and fixtures that are or will be part of the Premises. Mortgagee shall be named as loss-payee as its interest may appear.
7. **Excess Liability** -- Mortgagor shall secure Excess Liability insurance in the amount of not less than Ten Million Dollars (\$10,000,000). This coverage will be excess of and will follow form for all primary liability and employers' liability coverages.

B. Related Requirements

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

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

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

COOK COUNTY
RECORDER OF DEEDS

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