



Doc# 2130029034 Fee \$88.00

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

KAREN A. YARBROUGH

COOK COUNTY CLERK

DATE: 10/27/2021 02:11 PM PG: 1 OF 29

This document was prepared by and after recording, return to: Arieh Flemenbaum Illinois Housing Development Authority 111 E. Wacker Dr., Ste. 1000 Chicago, Illinois 60601

Property Identification Nos.: See Attached Exhibit A

Property Address: See Attached Exhibit A

IHDA Loan No. 11693

REGULATORY AGREEMENT (CREDIT ADVANTAGE LOAN)

THIS REGULATORY AGREEMENT (Credit Advantage Loan) (this "Agreement") is made and entered into as of this 26th day of October, 2021, by and between LATHROP HOMES IB, LP, an Illinois limited partnership ("Borrower") and the ILLINOIS HOUSING DEVELOPMENT AUTHORITY (the "Authority"), a body politic and corporate established pursuant to the Illinois Housing Development Act, 20 ILCS 3805/1 et seq., as amended from time to time (the "Act"), whose principal office is located at 111 East Wacker Drive, Suite 1000, Chicago, Illinois 60601.

41059516 (9)

RECITALS:

WHEREAS, Borrower is (a) the leasehold interest holder of certain real estate located in Chicago, Illinois, as described on Exhibit A attached to and made a part of this Agreement, and all easements and similar rights and privileges appurtenant to and in favor of such real estate (the leasehold interest in the real estate, easements, rights and privileges are collectively referred to in this Agreement as the "Leasehold Estate"), and (b) the fee owner of the improvements on the Leasehold Estate (collectively, the "Improvements"). The Leasehold Estate and the Improvements to be rehabilitated on it are collectively referred to in this Agreement as the "Development." When completed, the Development will contain seventy-four (74) units in 2 residential buildings located at 2890-2904 N. Clybourn Avenue, Chicago, Illinois 60618 and 2747-2750 N. Hoyne Avenue, Chicago, Illinois 60647;

WHEREAS, Lathrop Homes IB GP, LLC, an Illinois limited liability company, is the general partner of Borrower ("General Partner"), Related Lathrop LLC, an Illinois limited liability company, is the managing member of General Partner ("Managing Member") with 60% of the membership interests in the General Partner ("Related Interest"), Bickerdike Lathrop, LLC, an Illinois limited liability company, is a member of the General Partner ("Bickerdike Lathrop"), with 20% of the membership interests in the General Partner ("Bickerdike Interest"), and Heartland

CERTAIN OF THE PROVISIONS HEREOF MAY CONTINUE IN EFFECT NOTWITHSTANDING THE PAYMENT IN FULL OF THE LOAN PRIOR TO THE MATURITY DATE.

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Lathrop, LLC, an Illinois limited liability company, is a member of the General Partner (“Heartland Lathrop”); together with Managing Member and Bickerdike Lathrop, the “Members”); with 20% of the membership interests in the General Partner (“Heartland Interest”); and LR Development Company LLC, a Delaware limited liability company d/b/a Related Midwest is the sole member of the Managing Member (“LR”); Bickerdike Redevelopment Corporation, an Illinois not for profit corporation, is the sole member of Bickerdike Lathrop (“Bickerdike”); and Heartland Housing, Inc., an Illinois not for profit corporation, is the sole member of Heartland Lathrop (“Heartland”); and

WHEREAS, Borrower desires to borrow an amount not to exceed Six Million Three Hundred Thousand and No/100 Dollars (\$6,300,000.00) from the Authority (the “Loan”) to be used with other monies, if any, for the permanent financing of the Development; and

WHEREAS, the Loan is evidenced, secured and governed by, among other things: (a) the Loan Agreement (Credit Advantage) of even date herewith between Borrower and the Authority governing the disbursement of the Loan proceeds (the “Loan Agreement”), (b) the Mortgage Note (Credit Advantage), which will be executed and dated as of the Final Closing Date, which Mortgage Note may also be amended on the Final Closing Date in accordance with Section 2(b) of the Loan Agreement (the “Note”), (c) the Leasehold Mortgage, Security Agreement and Assignment of Rents and Leases (Credit Advantage) of even date herewith executed by Borrower in favor of the Authority, giving the Authority a second mortgage lien on the Development until the Final Closing Date, and a first mortgage lien on the Development as of the Final Closing Date (the “Mortgage”), (d) this Agreement, (e) the Environmental Indemnity of even date herewith executed by Borrower, General Partner, Managing Member and LR as indemnitor, and delivered to the Authority, as indemnitee (the “Environmental Indemnity”), (f) the Limited Guaranty of Payment executed by General Partner, Managing Member and LR (collectively the “Guarantor”) of even date herewith (the “Guaranty”), and (g) the Assignment of Contracts, Licenses and Permits of even date herewith, executed by Borrower, as assignor, in favor of the Authority, as assignee (the “Assignment of CLP”). The Mortgage, the Loan Agreement, the Note, this Agreement, the Environmental Indemnity, the Guaranty, the Assignment of CLP, and all other documents executed by Borrower that evidence, govern or secure the Loan are sometimes collectively referred to in this Agreement as the “Loan Documents;” the Loan Documents are incorporated in this Agreement by this reference; and

WHEREAS, the proceeds of the Loan will not be available to Borrower until the Final Closing Date as described in the Loan Agreement;

WHEREAS, as an inducement to the Authority to make the Loan, Borrower has agreed to enter into this Agreement and consents to be regulated and restricted by the Authority as provided in this Agreement, the Act and the Rules.

NOW, THEREFORE, for and in consideration of the mutual covenants and conditions set forth in this Agreement, the parties hereto agree as follows:

1. **Recitals**. The foregoing recitals are made a part of this Agreement.

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2. **Definitions.** The following terms used in this Agreement shall have the following definitions:

a. "Administrative Expenses" shall mean expenses of managing and administering the Development, including, but not limited, to, expenses for office services and supplies; postage and telephone; legal, accounting, advertising and auditing services; management fees; the management agent's fidelity bond fees; and salaries and payroll expenses for any management agent's on-site employees. Administrative Expenses shall not include any expenses not directly related to the Development; these excluded expenses include, but are not limited to, costs of (i) accounting work and attorneys' fees and other legal expenses in connection with acquiring the Development or any property made a part of it, (ii) defending or prosecuting litigation by or against the Authority or for services relating to bankruptcy or similar debtor protection laws and (iii) forming, syndicating, registering and maintaining any person or entity, (iv) any fees paid to Borrower (or any party in the ownership or management of Borrower but not including the property manager as approved by the Authority) for managing the Development, (v) repayment of loans or advances made by Borrower or its partners to the Development and (vi) any other expenses not approved by the Authority as Administrative Expenses.

b. "Affordable Unit" shall mean any of the thirty (30) Units reserved for individuals or families meeting the income restrictions set forth in **Paragraph 4.c.** of this Agreement.

c. "Calendar Year" shall mean each calendar year that falls in whole or in part during the term of the Loan. Borrower agrees that its fiscal year shall be a Calendar Year.

d. "Construction Budget" shall mean the detailed final project budget submitted to and approved by the Authority prior to the closing of the Loan, specifying all Costs of the Development.

e. "Costs of the Development" shall mean the costs and expenses associated with the rehabilitation of the Development, including certain street improvements, approved by the Authority, and as more particularly described in the Construction Budget, including, but not limited to, acquisition costs, construction costs, job overhead, a developer's fee, architectural, engineering, legal and accounting costs, organizational expenses, the fees payable to the Authority pursuant to the Loan Documents, interest paid during rehabilitation and the cost of landscaping and other items, all as set forth in the Loan Documents and as provided in the Act, whether or not such costs have been paid in cash or in a form other than cash.

f. "Default" shall mean the occurrence of any default under any Loan Document, including this Agreement, following any applicable grace or cure periods, if any.

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g. “Development” shall mean the Leasehold Estate and all of the Improvements to be rehabilitated on the Leasehold Estate, which consists of an aggregate of seventy-four (74) Units.

h. “Development Bank Account” shall mean that account, established in the name of Borrower in a bank or savings and loan institution in the State of Illinois whose deposits are either insured by the Federal Deposit Insurance Corporation or invested in investments permitted by **Paragraph 5.j** hereof, into which all Development Funds received by Borrower or its agents are to be deposited.

i. “Development Funds” shall mean all cash, rent subsidies, gross Development income, bank accounts, certificates of deposit, trust funds, reserves, escrows, accounts receivable, and other similar assets of the Development, including rent insurance proceeds, fire or other insurance proceeds, condemnation proceeds, and loan proceeds, but excluding security deposits that, pursuant to contract or law, Borrower is, or may be, required to return to a Tenant, and any contributions or advances from partners of the Borrower.

j. “Distribution” shall mean any withdrawal or taking of Surplus Cash and/or Residual Receipts, including (i) segregation of amounts of Surplus Cash and/or Residual Receipts for subsequent withdrawal, for payment to or on behalf of the Borrower pursuant to the Authority’s written authorization, (ii) except as set forth in the definition of Surplus Cash, any other transfer of Development property to or on behalf of the Borrower and (iii) except as set forth in the definition of Surplus Cash, any other payment from Development Funds of any obligation of Borrower or its partners, including, by way of example, any amount of the asset management fee not paid pursuant to the definition of Surplus Cash and tax credit adjusters which are payable from Surplus Cash. Any Distribution is contingent upon the Borrower submitting a certification, the form of which is set forth in **Exhibit C** attached hereto.

k. “Final Closing Date” shall mean the date on which the Authority disburses the proceeds of the Loan and the Authority issues its final closing memorandum; the Final Closing Date will be no later than the first to occur of: (i) the date the Construction Loan is paid off, but only if the proceeds of the Loan are used towards that purpose or (ii) December 31, 2023, unless Construction Lender extends the maturity date of the Construction Loan beyond June 30, 2024.

l. Intentionally deleted.

m. “Income Restricted Tenant” shall mean a Tenant who is eligible to occupy an Affordable Unit reserved for individuals or families meeting the income restrictions set forth in **Paragraph 4.c**.

n. “Initial Closing Date” shall mean the date that the Authority: (i) determines, in its sole discretion, that Borrower has satisfied all of the requirements set forth in the Loan Documents for the initial closing of the Loan; (ii) receives the executed Loan

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Documents from Borrower, except for the Note; and (iii) issues its internal, initial closing memorandum, for which Lender shall use commercially-reasonable efforts to issue within five (5) business days following the satisfaction of items (i) and (ii); the Initial Closing Date shall be no later than February 28, 2022.

o. “Investor Limited Partner” shall mean Bank of America, N.A., a national banking association, and its successors and/or assigns.

p. “Maintenance Expenses” shall mean the expenses of maintaining the Development, including, but not limited to, security services, grounds maintenance services and supplies, elevator maintenance and repairs, painting and decorating, equipment repairs and minor or routine repairs to Units. Maintenance Expenses shall not include the costs of correcting construction or design defects or similar defects or any other expenses not approved by the Authority as Maintenance Expenses.

q. “Market-Rate Unit” shall mean any of the thirty-one (31) Units that are not subject to income- and rent-restrictions under this Agreement or any other regulatory or use agreement encumbering the Development.

r. “Operating Expenses” shall mean the costs of operating the Development, including, but not limited to, non-capital expenses for water and sewer, electricity, gas and other utilities not paid for directly by Tenants; janitorial services and supplies; exterminating; trash removal; elevator operation; real estate taxes; assessments; and insurance premiums. Operating Expenses shall not include capital expenditures; expenses of readying the Development for initial occupancy; repayment of indebtedness incurred by Borrower if such indebtedness has not been approved by the Authority; reimbursements to Borrower for capital contributions; fidelity bond fee; or other loans, advances and expenses not approved by the Authority as Operating Expenses.

s. “Project Equity” shall mean the amount of Borrower’s equity in the Project as of the Final Closing Date, as determined by the Authority, based on the amount of funds provided by the Borrower for the acquisition and rehabilitation of the Development, which shall be equal to the difference between the Total Development Cost, as approved by the Authority, and the sum of the amount of the Loan, plus the outstanding amounts of the Junior Loans as of the Final Closing Date, plus the amounts of any other permitted subordinate financing, plus the amount of the ComEd Grant. The calculation of Project Equity will be as set forth in the Final Cost Certification to be provided to the Authority at the Final Closing Date pursuant to the Loan Documents and memorialized in the Equity Agreement.

t. “RAD Units” means any of the twenty-eight (28) Units that are subject to the Rental Assistance Demonstration Use Agreement between the Borrower and Chicago Housing Authority for the benefit of HUD.

u. Intentionally deleted.

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v. "Replacement Reserve Account" shall mean that certain account established pursuant to the Loan Agreement, the funds in which are to be used to pay costs of replacing structural elements and mechanical equipment of the Development and such other expenses of the Development as the Authority, in its sole discretion, may approve.

w. "Residual Receipts" shall mean any Surplus Cash remaining as of the end of a Calendar Year after the deduction of (i) the amount of any repayment of those Junior Loans evidenced by a note to be repaid from Surplus Cash (any additional subordinated loans shall not be made without the Authority's written consent, in its sole discretion), and (ii) all Distributions.

x. Intentionally deleted.

y. Intentionally deleted.

z. "Rules" shall mean the rules, regulations, policies and procedures of the Authority promulgated under the Act, as they may be amended and supplemented from time to time, as applicable.

aa. "Special Limited Partner" means Banc of America CDC Special Holding Company, Inc., a North Carolina corporation, its successors and/or assigns.

bb. "Surplus Cash" shall mean that part of the gross operating income (including rent insurance proceeds, but not including fire or other insurance proceeds, condemnation proceeds, loan proceeds and any contributions or advances from members or partners of Borrower) of the Development, determined on an accrual basis (a security deposit shall not be deemed part of the gross operating income unless and until it unequivocally becomes the property of Borrower, free of any claim of any person claiming as or through the Tenant who had deposited such security) remaining as of the end of each Calendar Year after payment of, or the reservation of funds for the payment of, the following (but only to the extent payable from such gross operating income):

i. Operating Expenses, Maintenance Expenses and Administrative Expenses;

ii. All other costs, whether or not capitalized, pertaining to the operation of the Development during such Calendar Year, including, but not limited to, reasonable costs of renting, managing, repairing, maintaining and improving the Development;

iii. All losses on any investment of funds deposited in any reserve account;

iv. All sums required to be deposited during such Calendar Year in the Replacement Reserve Account or in any other reserve account of the Development (other than the Residual Receipts Account, but including any obligation to replenish

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a reserve amount to a required minimum amount as provided in the Loan Agreement), whether or not in fact deposited;

v. All sums, whether or not currently required to be paid during such Calendar Year, under the terms of the Loan Documents;

vi. All sums due under any permitted secondary financing that are permitted to be paid from gross operating income, including, but not limited to the Junior Loans;

vii. a sum due and payable as an asset management fee to Special Limited Partner under the Borrower's Amended and Restated Agreement of Limited Partnership (the "Partnership Agreement"), not to exceed \$7,500.00; and

viii. Any payments made for a deferred developer's fee approved by the Authority;

all as reflected on audited financial statements for the Development (including the income statements and balance sheets) for each such Calendar Year. The actual amount of Surplus Cash shall be determined by the Authority, in its sole discretion.

cc. "Tax and Insurance Reserve Account" shall mean that certain reserve account established pursuant to the Loan Agreement concurrently with the Loan Disbursement, the funds in which are to be used to pay real estate taxes on the Development and premiums for policies of insurance, including, without limitation, liability, fire, property damage and extended coverage, that Borrower is required to maintain on the Development.

dd. "Tenant" shall mean a person, family or unrelated persons leasing a Unit.

ee. "Unit" or "Units" shall mean a dwelling unit or units in the Development.

3. **Act and Rules.** Borrower agrees that at all times its acts regarding the Development shall be in conformance with the Act, the Rules and the regulations, policies and procedures of the Authority, and any applicable amendments to it; all as may be amended and supplemented from time to time. Borrower agrees that if there is a conflict between the Rules and the Loan Documents, the Rules shall control.

4. **Additional Borrower Covenants.** Borrower further agrees that:

a. It shall make all payments due under the Note, the Mortgage and the other Loan Documents;

b. It shall be a "single asset owner," as provided in 24 CFR Part 266; the only interest in real estate to which Borrower shall hold legal title shall be the Development,

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and Borrower shall not be the fee or leasehold owner of any other real estate, and shall not hold the beneficial interest in any land trust;

c. The Affordable Units shall be occupied by tenants whose family income is sixty percent (60%) or less of the median income of the metropolitan statistical area of Chicago, with adjustments for household size ("Median Income"), as such adjusted income and median income for the area are determined from time to time by the United States Department of Housing and Urban Development for purposes of Section 8 of the United States Housing Act of 1937. Additionally, Borrower covenants that throughout the term of this Agreement, the Borrower will use reasonable efforts to obtain and will accept any locally, state or federally-administered operating subsidy or project based rental assistance, including but not limited to Section 8 project based vouchers, should such subsidy or assistance be made available on any of the Units including, but not limited to the RAD Units.

d. Subject to any requirements of the Housing Assistance Payment Contract ("HAP Contract"), which shall control while the HAP Contract is in effect for the RAD Units, Borrower shall establish and annually submit a schedule of rents with utility allowances for the Affordable Units in the Development for the Authority's approval, such schedule (and the rental charges for the Affordable Units) shall be subject to the income restrictions set forth in **Paragraph 4.1** hereof; rents paid by the Tenant for each Affordable Unit shall not exceed thirty percent (30%) of the maximum income for a Tenant for each such Affordable Unit; except as permitted under the HAP Contract, Borrower shall not change the rent schedule (or the rental charges) and utility allowances for the Affordable Units without the Authority's approval;

e. In the advertising, marketing and rental of the Affordable Units and in the selection of Tenants for such Affordable Units, Borrower shall abide by the terms and conditions of (i) the Affirmative Fair Housing Marketing Plan of Borrower previously approved by the Authority, and by this reference made a part of this Agreement; (ii) the Tenant Selection Plan of Borrower previously approved by the Authority and by this reference made a part of this Agreement; and (iii) all other equal opportunity and fair housing requirements of applicable federal, state and local law;

f. In the management and operation of the Development, Borrower agrees to abide by the terms and conditions of (i) the Management Plan of Borrower or its agent previously approved by the Authority, and by this reference made a part this Agreement; (ii) the Management Agreement under which the Development is to be managed, previously approved by the Authority; and (iii) the Affirmative Fair Housing Marketing Plan of Borrower or its agent previously approved by the Authority;

g. On forms approved by the Authority, Borrower shall obtain from each prospective Tenant prior to admission to an Affordable Unit, a certification of income (the "Certification"), and at intervals required by the Authority, a recertification of income (the "Recertification") on forms approved by the Authority. Borrower shall submit such Certifications and Recertifications in the manner prescribed by the Authority;

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h. In a manner prescribed by the Authority, Borrower shall obtain written evidence substantiating the information given on the Certifications and Recertifications and shall retain that evidence in its files for three (3) Calendar Years after the year to which such evidence of income pertains. Within thirty (30) days following the end of each Calendar Year, Borrower shall certify to the Authority that, at the time of such certification and during the preceding Calendar Year, Borrower was in compliance with the requirements of this **Paragraph 4**, or, if Borrower is not or has not been in compliance with such requirements, Borrower shall identify the details of how it failed to comply and the corrective action it is taking or has taken;

i. Borrower shall require all Tenants of an Affordable Unit to execute a lease in the form prescribed or approved by the Authority, provided, however, that any form of lease required by HUD due to the HAP Contract shall be deemed acceptable (the "Lease");

j. Borrower shall not permit the use of the Affordable Units for any purpose except residential use, or permit non-residential use of the Development greater or substantially different than that originally approved by the Authority;

k. Borrower shall timely perform its obligations under that certain Rental Assistance Demonstration Use Agreement among Borrower, Chicago Housing Authority and HUD (the "RAD Use Agreement"), Low Income Housing Tax Credit Extended Use Agreement between the Borrower and the Authority (the "Extended Use Agreement"), the Illinois Affordable Housing Tax Credit Regulatory Agreement among Borrower, the Authority, Bickerdike and Heartland (the "IAHTC Regulatory Agreement"), and any other regulatory agreement or other document executed by Borrower which restricts the Units (collectively the "Other Regulatory Agreements"; together with the RAD Use Agreement, the Extended Use Agreement and the IAHTC Regulatory Agreement, collectively the "Restrictive Agreements"). No consent or approval given by the Authority under or in connection with the Restrictive Agreements shall be deemed to constitute any consent or approval of the Authority under this Agreement or under any other Loan Document. In the event of any conflict between this Agreement and the provisions of the Restrictive Agreements, the more restrictive provisions shall control and prevail, except that so long as the RAD Use Agreement is in effect, the provisions of the RAD Use Agreement shall control and prevail;

l. Borrower shall not evict any Tenant from an Affordable Unit in the Development without good cause;

m. Borrower shall obtain all governmental approvals required by federal, state and local laws for its acquisition, rehabilitation, ownership and operation of the Development.

5. **Acts Requiring Authority Approval.** Borrower shall not, without the prior written approval of the Authority:

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- a. Assign, transfer, dispose of (other than obsolete or damaged property, so long as equivalent replacements are obtained) or encumber any real or personal property of the Development (or any part of it) except for liens securing the Junior Loans, including rents, or pay out any Development Funds, except for reasonable Operating Expenses, Administrative Expenses and Maintenance Expenses and as otherwise expressly permitted in the Loan Documents;
- b. Remodel, add to, reconstruct or demolish any part of the Development or subtract from any real or personal property of the Development, except in connection with the rehabilitation described in the Loan Documents and as contemplated by the plans and specifications approved by the Authority;
- c. Engage in any other business or activity, including the operation of any other housing development, or incur any liability or obligation not in connection with the Development;
- d. Subject to requirements under the HAP Contract, if applicable, initially rent any Affordable Unit for a period of other than one (1) year, and after such initial one (1) year period, rent any Affordable Unit for less than six (6) months or more than one (1) year;
- e. Permit a Tenant of an Affordable Unit to rent more than one (1) Unit at any given time;
- f. Subject to the HAP Contract, change the rental charge of the Affordable Units or any other service charges to the Tenants of the Affordable Units set or approved by the Authority;
- g. Lease, sublease or license any non-residential facility in the Development, or amend or modify any such lease or sublease, in a manner that would result in a conflict of interest between any of the parties to such contracts and the Authority, its members, officers, employees, agents or members of their respective immediate families;
- h. Require, as a condition of the occupancy or leasing of any Affordable Unit, any consideration or deposit other than the pre-payment of the first month's rent, plus a security deposit in an amount not in excess of one (1) month's rent to guarantee the performance of the covenants of the Lease. Any funds collected as security deposits shall be kept separate and apart from all other funds of the Development in one or more trust accounts with one or more federally insured depositories located in Illinois, approved in writing by the Authority; the aggregate amount in such trust accounts shall at all times equal or exceed the aggregate of all outstanding obligations of Borrower under the Leases regarding security deposits. If interest is earned on such trust account, it shall be transferred, as earned, into the Development Bank Account, as set forth in **Paragraph 11**, below, unless otherwise required by federal, state or local law;

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i. Incur any liability, direct or contingent, other than for the Costs of Development, current Operating Expenses, Administrative Expenses and Maintenance Expenses, other than the permitted loans (as described in the Loan Agreement, including, but not limited to the Loan and the Junior Loans) and except as otherwise approved by the Authority in writing; all liability for capital expenditures shall require the Authority's written approval; provided, however, Borrower may seek the Authority's written approval promptly after completion of any emergency repairs necessary to protect tenants;

j. Invest or deposit any funds from the Development in any property, real, personal or mixed, except obligations of, or fully guaranteed or secured as to principal by, the United States of America, any agency of its agencies or the State of Illinois, or deposit such funds in a depository not approved in writing by the Authority;

k. Enter into any contract or contracts for supervisory or managerial, including, but not limited to property management services for the Development, other than contracts approved by the Authority;

l. Pay any compensation, including wages or salaries, or incur any obligations, to management staff or any officers, directors, stockholders, trustees, partners, beneficiaries under a trust or to any of their nominees, except reasonable compensation pursuant to the approved annual operating budget or contracts first approved by the Authority; or

m. Convey, assign or transfer any right to manage or receive the rents and profits from the Development, except as otherwise expressly permitted in the Loan Documents.

6. Distributions.

a. Borrower shall not make, receive or retain any Distribution except as permitted in this Agreement, and then only on the following conditions:

i. Any Distribution shall be made only after (x) the Authority receives and approves the audited financial statements of the Development for Calendar Year to which the Distribution relates; and (y) Borrower receives the Authority's written approval of the amount and nature of the Distribution in accordance with the Authority's guidelines, policies and the Rules, including, but not limited to Borrower submitting a certification regarding Surplus Cash and the funds available for Distribution, in the form set forth in **Exhibit C** attached hereto; notwithstanding the foregoing, the Authority will endeavor to review and approve the audited financial statements within ninety (90) days of receipt and issue its written approval of the amount and nature of the Distribution by May 31 (or the last business day immediately prior thereto) of each year;

ii. Any Distribution shall be limited in any one (1) Calendar Year to Surplus Cash, as calculated by the Authority, or assets having a fair market value, or some

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combination of both, that does not in the aggregate exceed 10.0% of Borrower's Project Equity ("Limited Distribution"), subject to the Act and Rules. The Limited Distribution for any Calendar Year that is less than a full calendar year shall be prorated and limited on a per diem basis;

iii. The right to Limited Distributions shall cumulate from the Final Closing Date. To the extent that Borrower does not receive all or a portion of a Limited Distribution in any Calendar Year, it may be paid out of Surplus Cash or Residual Receipts, if any, available in subsequent years, but subject to all of the conditions and requirements relating to a Limited Distribution with respect to the most recent Calendar Year; and

iv. No Distribution shall be made until after the Disbursement of the Loan proceeds is made and until the Development's annual operating budget for the Calendar Year next following the one with respect to which the Limited Distribution amount has been calculated has been approved by the Authority. No Distribution shall be made to Borrower while there is a Default. No Distribution shall be made unless there has been compliance with all requirements for proper maintenance and operation of the Development, whether pursuant to notices of deficiencies from the Authority or otherwise.

b. So long as all of the preconditions to a Distribution identified in **Paragraph 6.a.iv** above have been fulfilled, then, at the time Borrower may or is entitled to receive a Limited Distribution, Borrower may, with the approval of the Authority, make a Distribution to repay advances (in excess of amounts otherwise required under the terms of the Loan Documents) that Borrower or its partners have made (other than Project Equity) to the Development's funds, with interest on such advances at the rate of not more than nine percent (9%) per annum, compounded annually until repaid. Such payments shall be made only from Surplus Cash or Residual Receipts and can be made from Surplus Cash or Residual Receipts even though they are in excess of the Limited Distribution. For so long as the Mortgage constitutes a lien on the Development, the right to repay advances set forth in this **Paragraph 6.b.** shall not be available to the maker of any other loan to Borrower for the Development or such lender's designee should either such maker or its designee become the Borrower of the Development by foreclosure, deed in lieu of foreclosure or otherwise.

7. **Borrower's Duties:** In addition to, but not by way of limiting, the other duties of Borrower set forth in this Agreement or any of the other Loan Documents, Borrower shall comply with the following:

a. **Maintenance.** Upon completion of the rehabilitation of the Development, Borrower shall maintain the Development, including the Units and the grounds and equipment appurtenant to it, in good physical condition and in a decent, safe and sanitary condition, and in a rentable and tenantable state of repair, as required by the Loan Documents, subject to ordinary wear and tear, and in compliance with all applicable federal, state and local statutes, regulations, ordinances, standards and codes.

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b. **Management.** Borrower shall provide for the management of the Development in a manner satisfactory to the Authority. Any management contract entered into by or on behalf of Borrower involving the Development shall be in form and substance acceptable to the Authority. The management of the Development may not be subcontracted, and the managing agent may not be replaced without the prior written consent of the Authority.

c. **Costs of Services, Compensation, Wages, Etc.** Payment for services, supplies or materials shall not exceed the amounts ordinarily paid for such services, supplies or materials in the area where the services are rendered or the supplies or materials are furnished.

d. **Audit.** The Development and all equipment, buildings, plans, offices, apparatus, devices, books, contracts, records, documents and other papers relating to it, shall at all times be maintained in reasonable condition for proper inspection and audit, and shall be subject to examination, inspection and copying at any reasonable time, and from time to time, by the Authority or its agents or representatives or the United States General Accounting Office (the "GAO") or their agents or representatives.

e. **Books and Records.** The books and records of Borrower and of the operations of the Development shall be kept in accordance with generally accepted accounting principles and such other standards as the Authority may require. Borrower shall allow the Authority, or its representatives or agents, to inspect the Development at any reasonable time, and from time to time at any time during normal business hours, shall allow access to the records and books of account related to the operation of the Development, including any supporting or related vouchers or papers, kept by or on behalf of Borrower and their representatives or agents; such access shall include the right to make extracts or copies of them. In addition, upon request of the Authority, which may be made at any time and from time to time, Borrower shall deliver to the Authority true and complete copies of monthly operating statements, occupancy statements and marketing reports of the Development.

f. **Financial Statement.** Commencing with the first Calendar Year ending after the Final Closing Date and within ninety (90) days following the end of each Calendar Year thereafter, Borrower shall furnish to the Authority a complete audited financial statement report for the Development based upon an examination of the books and records of Borrower, prepared at Borrower's expense in accordance generally accepted accounting principles and such other standards as the Authority may require, and certified to Borrower by an Illinois licensed certified public accountant, or other person acceptable to the Authority.

g. **Operating Budget.** Within thirty (30) days prior to the beginning of each Calendar Year, Borrower shall submit to the Authority, for its written approval, a complete annual operating budget for the Development, including rental charges for such Calendar Year, all in accordance with the requirements of the Authority.

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h. Furnishing Information. At the request of the Authority, Borrower shall furnish such reports, projections and analyses as required pursuant to the Rules, policies and procedures of the Authority, as amended and supplemented from time to time, and shall give specific answers to questions upon which information is desired from time to time relative to the Development's condition, income, assets, liabilities, contracts and operation.

i. Inspection. Borrower shall allow the Authority, or its representatives or agents, to inspect the Development at any reasonable time and upon reasonable notice, and from time to time.

j. Compliance with Certain Laws. Borrower shall comply with the provisions of the Environmental Barriers Act (410 ILCS 25/1 *et seq.*, as amended from time to time), the Illinois Accessibility Code (71 Ill. Adm. Code 400), 47 Ill. Adm. Code 310, Subpart I, as amended from time to time, except as otherwise approved by the Authority, and the Americans With Disabilities Act, 42 U.S.C. 12101 *et seq.*, as amended, if applicable.

8. Non-Discrimination in Housing.

a. Borrower shall not, in the selection of Tenants, in the provision of services or in any other matter relating to the construction or operation of the Development discriminate against any person on the grounds of race, color, creed, religion, sex, age, handicap, national origin, ancestry, unfavorable military discharge (as defined in the Illinois Human Rights Act) or familial or marital status, or because the Tenant is receiving governmental assistance.

b. Borrower shall comply with all of the provisions of Paragraph 13 of the Act, and all other provisions of applicable federal, state and local law relative to non-discrimination.

9. Violation of Agreement by Borrower. Upon violation of any of the provisions of this Agreement by Borrower, the Authority may give written notice of such violation to Borrower as provided in **Exhibit B** attached hereto and incorporated herein, and Borrower shall then have thirty (30) days to correct or cure it. If such violation is not corrected to the satisfaction of the Authority within thirty (30) days after such notice, the Authority may declare a default under this Agreement; however if such condition is not reasonably curable within thirty (30) days despite Borrower's reasonable efforts to cure it, Borrower shall have one hundred twenty (120) additional days to cure such Default, so long as (i) that cure is commenced within such thirty (30) day period, (ii) Borrower continues to diligently pursue such cure in good faith and (iii) the Authority's security for the Loan is not, in the sole judgment of the Authority, impaired as a result of the existence of such failure; after the expiration of such one hundred fifty (150) day period, the Authority may declare a default under this Agreement, effective on the date of notice of such declaration of default to Borrower, and upon such default, and so long as such default is continuing, the Authority may do the following commencing from the Final Closing Date:

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- a. Declare the whole of the indebtedness under the Note immediately due and payable and then proceed with the rights and remedies set forth in the Mortgage or any other of the Loan Documents;
- b. Collect all rents and charges in connection with the operation of the Development and use such collections to pay (i) Borrower's obligations under this Agreement and under the Note, the Mortgage and the other Loan Documents and (ii) the necessary expenses of preserving and operating the Development;
- c. Take possession of the Development, operate it in accordance with the terms of this Agreement and bring any action necessary to enforce any rights of Borrower growing out of its operation until such time as the Authority, in its sole discretion, determines that Borrower is again in a position to operate the Development in accordance with the terms of this Agreement and in compliance with the requirements of the Note, the Mortgage and the other Loan Documents;
- d. Use and apply any monies deposited by the Borrower with the Authority regardless of the purpose for which the same were deposited, and any other Development accounts (in which the Authority has a security interest), to cure any such Default or to repay any indebtedness under the Loan Agreement or any other Loan Document, or any of Borrower's other financing (with the Authority), which is due and owing to the Authority;
- e. Apply to any court, state or federal, for (i) specific performance of this Agreement, (ii) an injunction against any violation of this Agreement, (iii) the appointment of a receiver to take over and operate the Development or (iv) such other relief as may be appropriate. Since the injury to the Authority arising from a default would be irreparable and the amount of damage would be difficult to ascertain, Borrower acknowledges and agrees that the Authority's remedies at law, in the event of a violation of this Agreement, would be inadequate to assure the Authority's public purpose;
- f. Exercise such other rights or remedies as may be available to the Authority under this Agreement, at law or in equity.

The Authority's remedies are cumulative and the exercise of one shall not be deemed an election of remedies, nor foreclose the exercise of the Authority's other remedies. No waiver by the Authority of any breach of this Agreement shall be deemed to be a waiver of any other or subsequent breach. The failure or delay of the Authority in exercising any of its rights under this Agreement in any one or more instances, or the exercise of less than all of its rights in any one or more instances, shall not be deemed or construed as a waiver of any such rights. The Authority agrees that any cure made or tendered by the Borrower's Investor Limited Partner shall be accepted or rejected by the Authority on the same basis and within the same time periods as if such cure were made or tendered by the Borrower and if such default is cured by such party, such cure shall be deemed to be a cure by the Borrower.

10. Assignment of Rents for Security. Following the Final Closing Date and subject to the provisions of the Mortgage, as security for the payments due for the Replacement Reserve

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Account and as security for the other obligations under this Agreement, Borrower assigns, pledges and mortgages to the Authority the rights to the rents, profits, income and charges of whatever sort that they may receive or be entitled to receive from the operation of the Development.

11. Development Funds and Development Property.

a. The Development and Development Funds are referred to in this Agreement as "Development Property." Following the Final Closing Date, all Development Funds received by Borrower or its agents shall be deposited in the Development Bank Account. Such deposits shall be invested in accordance with the requirements for deposits and investments as proscribed in the Loan Agreement. Development Funds shall be withdrawn only in accordance with the provisions of this Agreement and shall be disbursed, to the extent available, and applied in the following order of priority;

- i. Payment of Operating Expenses, Maintenance Expenses and Administrative Expenses;
- ii. Payments into the Tax and Insurance Reserve Account pursuant to the Loan Agreement;
- iii. Payments of amounts due under the Note, including principal, interest, late charges and other amounts payable under it;
- iv. Payments into any Replacement Reserve Account pursuant to the Loan Agreement;
- v. Payments of amounts due under any permitted subordinate financing;
- vi. Subject to any amounts required to be paid into the Residual Receipts Account pursuant to the Loan Agreement, or by reason of the limitations as found in the Loan Agreement or in **Paragraph 6** hereof, the payment of those items set forth in the definition of Surplus Cash, payments of any deferred developer's fee approved by the Authority and payment of advances to the Development as permitted under **Paragraph 7A.e.** of the Loan Agreement, and other payments to Borrower as a Distribution, all subject to the Limited Distribution restrictions set forth in **Section 7A** of the Loan Agreement but otherwise subsections vi. shall be distributed in the order of priority set forth in the Borrower's Partnership Agreement.

The foregoing provisions are intended to establish priorities in payment, except as otherwise designated in writing by the Authority.

b. After the application of Development Funds received by Borrower in accordance with the priorities of **Paragraph 11.a.** above, all Development Funds received

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by the Authority shall also be applied in accordance with the priorities set forth in **Paragraph 11.a.**

c. If Borrower, its principals or its agents receive Development Funds other than by a permitted Distribution or reimbursement of prior advances approved by the Authority (other than Project Equity in the Development) with interest on them, the individual or entity receiving such funds shall immediately deposit them into the Development Bank Account; if such individual or entity fails so to do in violation of this Agreement, it shall be deemed to be holding such funds in trust for the Development. If Borrower, its principals or its agents receive Development Property in violation of this Agreement, the individual or entity receiving such Development Property shall immediately deliver it to the Authority; if such individual or entity fails so to do in violation of this Agreement, it shall be deemed to be holding such Development Property in trust. Any such Development Funds or Development Property to be held in trust shall be held for the benefit of the Authority separate and apart from any other funds or property of the possessor.

12. Liability of Borrower – Nonrecourse. Except as otherwise set forth in the Loan Agreement, the Environmental Indemnity and the Guaranty, Borrower's liability created under this Agreement and the Loan Documents shall be non-recourse and neither Borrower, nor the General Partner, nor the Managing Member, nor Guarantor nor the Investor Limited Partner and, officers, employees or agents of the foregoing, shall have any personal liability for repayment of the Loan. The Authority shall look only to the Development and its reserves and any other funds or letters of credit relating to the Development for repayment of the Loan. The foregoing shall not limit Borrower's, General Partner's, Managing Member's and Guarantor's liability for damages (excluding any damages arising as a direct result of and only to the extent from the Authority's gross negligence or willful misconduct) to the Authority as a result of (i) fraudulent acts, or willful and wanton acts or omissions in violation of the provisions of the Loan Documents; (ii) the fair market value of the personalty or fixtures removed or disposed of from the Development in violation of the terms of the Loan Documents; (iii) the misapplication, in violation of the terms of the Loan Documents, of any funds to the full extent of such misapplied funds and proceeds, including, without limitation, any funds or proceeds received under any insurance policies or awards resulting from condemnation or the exercise of the power of eminent domain; (iv) any misapplication of any security deposits attributable to any leases of Units, or failure to pay interest on such security deposits as required by law; (v) waste committed on the Development to the extent that funds in the Replacement Reserve Account or otherwise available in any property account held by Borrower, are available to remedy such waste and Borrower has failed to remedy the waste despite the written instructions of the Authority; (vi) the occurrence of a Prohibited Transfer (as defined in the Mortgage), without the prior written consent of the Authority; (vii) a written material misrepresentation was made by Borrower or any party in the ownership structure of Borrower, or any employee or agent of Borrower or any other such entity or individual under the control or direction of the Borrower; (viii) a material error or omission was made in the Ownership Structure Certificate (as defined in the Loan Agreement) (ix) the Borrower has violated the single asset requirement contained in the Loan Agreement; and (x) the Borrower has delivered a false certification in connection with the certifications provided in the Loan Agreement. Any liability incurred pursuant to this Paragraph shall be the personal liability of the Borrower, General Partner,

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Managing Member and Guarantor. The provisions of this Paragraph shall have no effect on the liabilities and obligations contained in the Guaranty or in the Loan Agreement.

13. Termination of Liabilities. In the event of a sale or other transfer of the Development that is approved by the Authority, all of the duties, obligations, undertakings and liabilities of Borrower and/or such transferor (the "Transferor") under the terms of this Agreement shall thereafter cease and terminate as to the Transferor, except as to any acts or omissions or obligations to be paid or performed by Transferor that occurred prior to such sale or transfer. However, as a condition precedent to the termination of the liability of Transferor under this Agreement, the transferee of the Development (a "New Borrower"), and as a condition precedent to its admission as a New Borrower, shall assume, in writing, on the same terms and conditions as apply under this Agreement to the Transferor, all of the duties and obligations of the Transferor arising under this Agreement from and after such sale or transfer. Such assumption shall be in form and content acceptable to the Authority.

14. Term of Agreement/Covenants Running with the Development. The covenants set forth in this Agreement shall be deemed to run with and bind and burden the Development, and shall be deemed to bind any future owners of the Development and any legal, equitable or beneficial interest in it, and shall not be deemed extinguished, satisfied or completed until the later of payment in full of the Note. Upon repayment by Borrower of all amounts due under the Note, the Mortgage, and the other Loan Documents, the Authority shall execute a release, in a recordable form, of the Mortgage, this Agreement and any other recordable document. Borrower expressly acknowledges that its undertakings and agreements stated in this Agreement are given to induce the Authority to make the Loan and that, even if the Loan has been repaid prior to the Maturity Date (as defined in the Note), or paid on the Maturity Date, the Borrower's agreement to terms described in the next paragraph, are conditions precedent to the willingness of the Authority to make the Loan. In addition, if the Loan Agreement is terminated by the Authority prior to the Final Closing Date or the Authority's obligation to disburse proceeds of the Loan pursuant to the Loan Agreement shall otherwise cease and terminate, the Authority shall execute a release, of this Agreement in a recordable form.

As of the fifteenth (15th) anniversary from the Final Closing Date and thereafter, upon (i) a sale, transfer or other conveyance of the Development (including, without limitation, foreclosure or transfer by deed in lieu), but excluding a sale of the Development pursuant to the CHA's Right of First Refusal Agreement or to any of the Members or their respective affiliates or the General Partner following the expiration of the initial 15-year tax credit compliance period (each a "Transferee"); provided, however, such Transferee shall meet all of the Lender's requirements and shall assume, in writing, on the same terms and conditions as apply under this Agreement to Borrower, all of Borrower's duties and obligations of arising under this Agreement and under all of the Loan Documents from and after such replacement; such assumption shall be in form and content acceptable to Lender; additionally, a new guarantor satisfactory to Lender must be provided, (ii) an assignment, sale, transfer or other conveyance of any general partner interest in Borrower, the managing member interest in the General Partner or the managing member interest in any of the Members, except as otherwise permitted in the Loan Documents, (iii) a prepayment (whether partial or in full, and other than a regularly scheduled payment or for prepayments with casualty/condemnation proceeds) of the amounts due under the Note, the Mortgage and the other

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Loan Documents, or (iv) subject to any applicable cure periods, a Default under this Agreement or any of the other Loan Documents, beyond any applicable notice and cure period, then any funds remaining in all reserve accounts, including any tax and insurance reserve accounts, replacement reserve accounts, any funds remaining in the Residual Receipts Account and any undistributed Surplus Cash must be first used to pay off any amount due under the Loan at such time, if any, then the Junior Loans and then under all of Borrower's (or its affiliates') other outstanding financing with the Authority. Any remaining balance shall be remitted to Borrower, at the Authority's sole discretion, except when the Loan is prepaid in full, then such remaining balance will be remitted to Borrower without the Authority's approval or discretion.

15. Indemnification of the Authority. Except for matters arising as a direct result of and only to the extent from the gross negligence or willful misconduct of the Authority or first and solely arising after Borrower no longer has possession or control of the Development (for purposes hereof, Borrower shall be deemed to no longer have possession or control of the Premises upon a foreclosure, deed in lieu of foreclosure or upon the removal of the Borrower's General Partner pursuant to the foreclosure or any pledge of the General Partner's interest in the Borrower by a lender or if the General Partner is removed from Borrower in accordance with the terms of Borrower's Partnership Agreement; provided, however, these exceptions only extend to the liability of the General Partner, Managing Member and Guarantor and only to the extent the General Partner no longer has any ownership in or control over Borrower), Borrower, the General Partner, the Managing Member and Guarantor agree to defend and indemnify and hold harmless the Authority, its members, directors and employees, from and against any and all damages, including, but not limited to, any past, present or future claims, actions, causes of action, suits, demands, liens, debts, judgments, losses, costs, liabilities and other expenses, including, but not limited to, reasonable attorneys' fees, costs, disbursements and other expenses, that the Authority may incur or suffer by reason of or in connection with the real estate, the Leasehold Estate, the Improvements or the Development. Borrower, the General Partner, Managing Member and Guarantor further agree that the Authority, if it so chooses, shall have the right to select its own counsel with respect to any such claims.

16. Miscellaneous.

a. Amendment of Agreement. This Agreement shall not be altered or amended except in a writing executed by all of the parties hereto.

b. Execution of Conflicting Documents. Borrower warrants that it has not, and will not, execute any other agreement with provisions contradictory, or in opposition, to the provisions of this Agreement, and that, in any event, the requirements of this Agreement are and will be paramount and controlling as to the rights and obligations set forth in it and will supersede any other requirements in conflict with this Agreement with the exception of, and the Authority consents to the execution and prior recordation of the (i) RAD Use Agreement, (ii) Right of First Refusal Agreement among the Borrower, the CHA, and Lathrop Homes GP, LLC and consented to by Bank of America, N.A. and Banc of America CDC Special Holding Company, Inc., (iii) the Control Agreement between Borrower and CHA and (iv) encumbrances shown as senior to this Agreement on the title policy obtained by Authority insuring the Mortgage on the date hereof and as of the Final

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Closing Date. To the extent this Agreement conflicts with any provisions or requirements set forth in the Mortgage or the Note, the document selected by the Authority shall prevail and control. Notwithstanding anything to the contrary in this **Paragraph 16**, to the extent that this Agreement conflicts with the requirements of Section 42 of the Internal Revenue Code of 1986, the requirements of Section 42 shall control.

c. **Partial Invalidity.** The invalidity of any clause, part or provision of this Agreement shall not affect the validity of its remaining portions.

d. **Binding Successors.** This Agreement shall bind, and the benefits shall inure to, the respective parties to this Agreement, their legal representatives, executors, administrators, successors in office or interest and assigns; however, Borrower shall not assign this Agreement or any of its obligations under it without the prior written approval of the Authority.

e. **Gender.** The use of the plural in this Agreement shall include the singular; the singular the plural; and the use of any gender shall be deemed to include all genders.

f. **Recording Agreement.** Borrower agrees and assumes the obligation to have this Agreement recorded, prior to the recordation of the Mortgage, in the appropriate land records in the jurisdiction in which the Development is situated. If Borrower fails to do so, the Authority may have it recorded at the expense of Borrower.

g. **Election of the Authority's Remedies.** The Authority's remedies are cumulative and the exercise of one shall not be deemed an election of remedies, nor foreclose the exercise of the Authority's other remedies.

h. **Waiver by the Authority.** No waiver by the Authority of any breach of this Agreement shall be deemed to be a waiver of any other or subsequent breach.

i. **Captions.** The captions used in this Agreement are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope of the intent of the Agreement.

j. **Third Parties.**

i. The parties do not intend this Agreement to inure to the benefit of any third party, including, but not limited to, contractors, subcontractors, management and marketing agents and creditors of Borrower or the Development.

ii. Borrower agrees that the Authority is intended to be a direct beneficiary of all agreements connected with the Development to enable the Authority to carry out its statutory purpose of providing decent, safe and sanitary housing to persons and families of very low or low income in the State of Illinois. Borrower therefore intends that all agreements connected with the Development to which either or both are a party shall inure to the benefit of the Authority, even if

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the Authority is not a party to such agreements, but do not intend that such agreements inure to the benefit of any other third party.

k. **Notices.** Notices under this Agreement shall be given as provided in **Exhibit B** attached to and made a part hereof.

17. **Counterparts.** This Agreement may be executed in counterparts, each of which shall constitute an original, but all together shall constitute one and the same instrument.

18. **Waiver of Trial by Jury.** TO THE MAXIMUM EXTENT PERMITTED UNDER APPLICABLE LAW, EACH OF BORROWER AND THE AUTHORITY HEREBY VOLUNTARILY, KNOWINGLY, IRREVOCABLY AND UNCONDITIONALLY WAIVE ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE (WHETHER BASED ON CONTRACT, TORT, OR OTHERWISE) BETWEEN BORROWER AND THE AUTHORITY ARISING OUT OF OR IN ANY WAY RELATED TO THIS AGREEMENT OR THE OTHER LOAN DOCUMENTS. THIS PROVISION IS A MATERIAL INDUCEMENT TO THE AUTHORITY TO PROVIDE THE FINANCING EVIDENCED BY THIS AGREEMENT.

19. **Subordination.** This Agreement is subordinate in each and every respect to any and all rights of any kind created under the RAD Use Agreement.

[SIGNATURE PAGE FOLLOWS]

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EXHIBIT A

PARCEL 1:

THE LEASEHOLD ESTATE CREATED BY THE INSTRUMENT HEREIN REFERRED TO AS THE LEASE, EXECUTED BY CHICAGO HOUSING AUTHORITY, AN ILLINOIS MUNICIPAL CORPORATION, AS LESSOR, AND BICKERDIKE REDEVELOPMENT CORPORATION, AN ILLINOIS NOT-FOR-PROFIT CORPORATION AND HEARTLAND HOUSING, INC., AN ILLINOIS NOT-FOR-PROFIT CORPORATION AS LESSEE, DATED OCTOBER 26, 2021, WHICH LEASE, RECORDED CONCURRENTLY HEREWITH, AND ASSIGNMENT AND ASSUMPTION AND AMENDMENT OF GROUND LEASE FROM BICKERDIKE REDEVELOPMENT CORPORATION, AN ILLINOIS NOT-FOR-PROFIT CORPORATION AND HEARTLAND HOUSING, INC., AN ILLINOIS NOT-FOR-PROFIT CORPORATION TO LATHROP HOMES IB, LP, AN ILLINOIS LIMITED PARTNERSHIP DATED OCTOBER 26, 2021, RECORDED CONCURRENTLY HEREWITH, WHICH LEASE DEMISES THE FOLLOWING DESCRIBED LAND FOR A TERM OF 99 YEARS BEGINNING OCTOBER 26, 2021, AND ENDING OCTOBER 25, 2120:

Tract A:

THAT PART OF LOTS 3 AND 4, IN DIVERSEY CLYBOURN INDUSTRIAL AND COMMERCIAL DISTRICT, BEING AN OWNER'S DIVISION IN THE NORTHWEST QUARTER OF SECTION 30, TOWNSHIP 40 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED MAY 17, 1929 AS DOCUMENT NUMBER 10373658, DESCRIBED AS FOLLOWS:

COMMENCING AT THE INTERSECTION OF THE NORTH LINE OF DIVERSEY PARKWAY WITH THE SOUTHWESTERLY LINE OF N. CLYBOURN AVENUE, AS DEEDED TO THE CITY OF CHICAGO FOR STREET PURPOSES, RECORDED MAY 25, 1937 AS DOCUMENT NO. 12002816; THENCE SOUTH 88 DEGREES 39 MINUTES 10 SECONDS WEST ALONG THE NORTH LINE OF SAID DIVERSEY PARKWAY 212.53 FEET; THENCE NORTH 46 DEGREES 22 MINUTES 01 SECONDS WEST, 422.90 FEET; THENCE NORTH 43 DEGREES 37 MINUTES 39 SECONDS EAST, 150.00 FEET TO THE SOUTHWEST LINE OF SAID N. CLYBOURN AVE.; THENCE NORTH 46 DEGREES 22 MINUTES 01 SECONDS WEST ALONG SAID SOUTHWEST LINE, 183.59 FEET TO THE POINT OF BEGINNING; THENCE CONTINUING NORTH 46 DEGREES 22 MINUTES 01 SECONDS WEST ALONG SAID SOUTHWEST LINE, 132.49 FEET; THENCE SOUTH 43 DEGREES 36 MINUTES 01 SECONDS WEST, 61.21 FEET; THENCE SOUTH 46 DEGREES 23 MINUTES 48 SECONDS EAST, 27.96 FEET; THENCE SOUTH 43 DEGREES 34 MINUTES 39 SECONDS WEST, 58.67 FEET; THENCE NORTH 46 DEGREES 36 MINUTES 04 SECONDS WEST, 76.44 FEET; THENCE SOUTH 43 DEGREES 35 MINUTES 44 SECONDS WEST 32.25 FEET; THENCE SOUTH 46 DEGREES 22 MINUTES 18 SECONDS EAST 6.00 FEET; THENCE SOUTH 43 DEGREES 38 MINUTES 09 SECONDS WEST, 15.55 FEET; THENCE SOUTH 46 DEGREES 21 MINUTES 53 SECONDS EAST 168.94 FEET; THENCE NORTH 43 DEGREES 34 MINUTES 41 SECONDS EAST, 15.66 FEET; THENCE SOUTH 46 DEGREES 25 MINUTES 18 SECONDS EAST, 6.00 FEET; THENCE NORTH 43 DEGREES 36 MINUTES 13 SECONDS EAST, 152.40 FEET TO THE SOUTHWEST LINE OF SAID N. CLYBOURN AVENUE, AND THE POINT OF BEGINNING, LYING ABOVE AN ELEVATION OF 6.00 FEET CITY OF CHICAGO DATUM, IN COOK COUNTY, ILLINOIS.

For informational purposes only:

Commonly known as 2890-2904 North Clybourn Avenue, Chicago, IL 60618;

PIN No. 14-30-123-009.

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Tract B:

THAT PART OF LOT 12 IN THE SNOW ESTATE SUBDIVISION BY THE SUPERIOR COURT OF COOK COUNTY, ILLINOIS, IN PARTITION OF THE EAST HALF OF THE NORTHWEST QUARTER OF SECTION 30, TOWNSHIP 40 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, ACCORDING TO THE PLAT THEREOF RECORDED JANUARY 29, 1873, AS DOCUMENT NUMBER 80819, LYING NORTH AND EAST OF THE NORTH BRANCH OF THE CHICAGO RIVER; EXCEPTING THEREFROM THAT PART VACATED BY ORDINANCE RECORDED FEBRUARY 21, 1940 AS DOCUMENT NUMBER 12438633; ALSO EXCEPTING THEREFROM THAT PART DEEDED TO THE CITY OF CHICAGO FOR STREET PURPOSES PER DOCUMENT RECORDED MAY 25, 1937 AS DOCUMENT NUMBER 12002816, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE INTERSECTION OF THE EAST LINE OF N. HOYNE AVENUE AS DEEDED TO THE CITY OF CHICAGO MAY 25, 1937 AS DOCUMENT NUMBER 12002816 AND THE SOUTH LINE OF W. DIVERSEY PARKWAY BEING 40.00 FEET SOUTH OF THE CENTERLINE OF SAID W. DIVERSEY PARKWAY; THENCE NORTH 88 DEGREES 39 MINUTES 10 SECONDS EAST ALONG THE SOUTH RIGHT OF WAY LINE OF W. DIVERSEY PARKWAY 117.64 FEET; THENCE SOUTH 46 DEGREES 16 MINUTES 10 SECONDS EAST ALONG THE SOUTH RIGHT OF WAY LINE 32.67 FEET TO THE WEST LINE OF NORTH DAMEN AVENUE; THENCE SOUTH 1 DEGREE 49 MINUTES 22 SECONDS WEST ALONG SAID WEST LINE 77.74 FEET; THENCE SOUTH 5 DEGREES 15 MINUTES 16 SECONDS WEST ALONG SAID WEST LINE 38.77 FEET; THENCE SOUTH 5 DEGREES 47 MINUTES 19 SECONDS WEST ALONG SAID WEST LINE 54.27 FEET; THENCE SOUTH 88 DEGREES 21 MINUTES 55 SECONDS WEST 123.63 FEET TO THE EAST LINE OF SAID N. HOYNE AVENUE; THENCE NORTH 1 DEGREE 47 MINUTES 55 SECONDS WEST 193.74 FEET TO THE POINT OF BEGINNING, IN COOK COUNTY, ILLINOIS.

For informational purposes only:

Commonly known as 2747-2759 North Hoyne Avenue, Chicago, IL 60647;

PIN No. 14-30-302-026.

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.

PARCEL 3:

NON-EXCLUSIVE EASEMENTS APPURTENANT TO AND FOR THE BENEFIT OF PARCEL 1 AND PARCEL 2 AS SET FORTH AND DEFINED IN THE DECLARATION OF CROSS ACCESS EASEMENT AND PARKING AGREEMENT FOR THE LATHROP HOMES CAMPUS RECORDED CONCURRENTLY HEREWITH.

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EXHIBIT B NOTICE PROVISIONS

Any notice, demand, request or other communication that any party may desire or may be required to give to any other party under this document shall be given in writing, at the addresses set forth below, by any of the following means: (a) personal service; (b) overnight courier; or (c) registered or certified United States mail, postage prepaid, return receipt requested.

If to the Authority:

Illinois Housing Development Authority
111 East Wacker Drive, Suite 1000
Chicago, Illinois 60601
Attention: Managing Director for Multifamily Financing

with a copy to:

Illinois Housing Development Authority
111 East Wacker Drive, Suite 1000
Chicago, Illinois 60601
Attention: General Counsel

If to Borrower:

Lathrop Homes IB, LP
Lathrop Homes IB GP, LLC
c/o Related Lathrop LLC
350 W. Hubbard Street, Suite 300
Chicago, Illinois 60654-5798
Attention: Vice President – Affordable Housing

Lathrop Homes IB, LP
Lathrop Homes IB GP, LLC
c/o Bickerdike Lathrop, LLC
2550 W. North Avenue
Chicago, Illinois 60647
Attention: Chief Executive Officer

Lathrop Homes IB, LP
Lathrop Homes IB GP, LLC
c/o Heartland Lathrop, LLC
208 S. LaSalle Street, Suite 1300
Chicago, Illinois 60604
Attention: Executive Director

With courtesy copies to:

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Applegate & Thorne-Thomsen, P.C.
425 S. Financial Place, Suite 1900
Chicago, Illinois 60605
Attention: Bill Skalitzky

Bank of America, N.A.
MD4-325-03-02
100 S. Charles St.
Baltimore, MD 21201
Attention: Jim McNicholas

Hollano & Knight LLP
10 St. James Avenue
Boston, MA 02116
Attention: Sara C. Heskett, Esq

In connection with the courtesy copies, the Authority will exercise reasonable efforts to provide copies of any notices given to Borrower; however, the Authority's failure to furnish copies of such notices shall not limit the Authority's exercise of any of its rights and remedies under any document evidencing, securing or governing the loan from the Authority to the Borrower, or affect the validity of the notice.

Such addresses may be changed by notice to the other party given in the same manner as provided in this Exhibit. Any notice, demand, request or other communication sent pursuant to subparagraph (a) shall be served and effective upon such personal service. Any notice, demand, request or other communication sent pursuant to subparagraph (b) shall be served and effective one (1) business day after deposit with the overnight courier. Any notice, demand, request or other communication sent pursuant to subparagraph (c) shall be served and effective three (3) business days after proper deposit with the United States Postal Service.

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EXHIBIT C

FORM OF CERTIFICATION REGARDING SURPLUS CASH AND ALLOWABLE DISTRIBUTIONS

The Borrower certifies that the Development has distributed Surplus Cash (as defined in the Regulatory Agreement) in accordance with the Regulatory Agreement. Borrower further certifies that the information and calculations set forth below are true and accurate.

SCHEDULE OF SURPLUS CASH AND ALLOWABLE DISTRIBUTIONS AS OF DECEMBER 31, 20__

A - Surplus Cash Computations:			
Cash - Development Account:		\$	
Receivables - Tenant	\$		
HUD	\$ _____	\$	
Due from Affiliates (Project Only)		\$	
Prepaid Expenses: Taxes	\$		
Sundry	\$ _____	\$	
Deposit Held in Trust for Tenant's Security Deposit		\$	
Accrued Interest Receivable:			
Replacement Reserve	\$		
Tax & Insurance Reserve	\$		
Development Cost Escrow	\$		
Others	\$ _____	\$	
Other, Due within 60 Days:			
Insurance Claims	\$		
Transfer to Partnership Accounts	\$ _____		
	\$ _____	\$ _____	
Less: Accounts Payable - Trade		(\$)	
Rents Received in Advance		(\$)	
Delinquent Mortgage Payments & Escrow Deposit		(\$)	
Tenant's Deposits (Including Accrued Interest)		(\$)	
Accrued Expenses Not Escrowed (Project Only)		(\$)	
Due to Affiliate (Project Only)		(\$)	
_____		(\$)	
_____		(\$)	
Total Deductions		\$ _____	
Surplus (Deficit) Cash		\$ _____	
B - Allowable Distribution Computation:			
Project Equity per Final Closing Documents		\$	

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Allowable Rate of Return		_____ %
Current Year Allowable Distribution		\$ _____
Cumulative Allowable Unpaid		\$ _____
Distribution at Dec. 31, 20____	\$ _____	
Less: Distributions Paid During 20____	(\$ _____)	\$ _____

TOTAL CUMULATIVE ALLOWABLE AND UNPAID
DISTRIBUTION AT DECEMBER 31, 20____ \$ _____

LATHROP HOMES IB, LP,
an Illinois limited partnership

By: Lathrop Homes IB GP, LLC,
an Illinois limited liability company,
its general partner

By: Related Lathrop LLC,
an Illinois limited liability company, its Manager

By: LR Development Company LLC,
a Delaware limited liability company d/b/a Related Midwest LLC,
its sole member

By: _____
Name: _____
Title: _____

Date: _____