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THIS INSTRUMENT  
PREPARED BY AND WHEN  
RECORDED, RETURN TO:

Doc# 2201846039 Fee \$88.00

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

KAREN A. YARBROUGH

COOK COUNTY CLERK

DATE: 01/18/2022 01:04 PM PG: 1 OF 18

Christopher T. Nixon, Esq.  
Winstead PC  
500 Winstead Building  
2728 N. Harwood Street  
Dallas, Texas 75201

GIT

Permanent Tax Identification Number(s): 14-19-435-041-0000  
Street Address: 1642 W. Belmont Avenue, Chicago, Illinois 60657

Loan No. 19-43651

**CONDITIONAL ASSIGNMENT OF MANAGEMENT AGREEMENT**

THIS CONDITIONAL ASSIGNMENT OF MANAGEMENT AGREEMENT ("Assignment") is made and entered into as of January 14, 2022, by 1642 W BELMONT LLC, a Delaware limited liability company ("Borrower"), to and for the benefit of SABAL CAPITAL II, LLC, a Delaware limited liability company (together with its successors and assigns, hereinafter referred to as "Lender").

FOR VALUE RECEIVED, as additional collateral security for the Loan, Borrower hereby conditionally assigns, transfers, and sets over to Lender all of its right, title and interest in and to that certain Management Agreement dated as of December 6, 2021, between ROOT REALTY, INC., an Illinois corporation ("Manager"), and Borrower, as owner (together with all amendments, modifications, supplements, and addenda thereto, the "Agreement") heretofore and hereafter entered into in connection with certain real property (the "Property") more particularly described on Exhibit A attached hereto and incorporated herein by this reference. Borrower represents and warrants to Lender that a true and correct copy of the Agreement is attached hereto as Exhibit B.

A. THIS ASSIGNMENT IS MADE FOR THE PURPOSE OF SECURING:

(1) A certain loan in the original principal amount of \$4,850,000.00 (the "Loan") advanced pursuant to a certain Loan Agreement between Borrower and Lender (as the same may have been or may be amended, restated, replaced, supplemented or otherwise modified from time to time, the "Loan Agreement"), which such Loan is evidenced by, among other things, a certain Promissory Note executed in connection with the Loan Agreement (such Promissory Note, as it may hereafter be renewed, extended, supplemented, increased or modified and in effect from time

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to time, and all other notes given in substitution therefor, or in modification, renewal, or extension thereof, in whole or in part, is herein called the "Note").

(2) The payment of the outstanding principal amount set forth in, and evidenced by; the Loan Agreement and the Note together with all interest accrued and unpaid thereon and all other sums due to Lender in respect of the Loan under the Note, the Loan Agreement, the Security Instrument (as defined in the Loan Agreement) and all other documents, agreements and certificates executed and/or delivered in connection with the Loan (as each of the same may be amended, restated, replaced, extended, renewed, supplemented or otherwise modified from time to time, collectively, the "**Loan Documents**").

(3) Performance of each obligation of Borrower contained in the Security Instrument, the Loan Agreement and any other Loan Document.

(4) Performance of each obligation of Borrower contained in any renewal, extension, amendment, modification, consolidation, change of, or substitution or replacement for, all or any part of the Note, the Loan Agreement or any other Loan Document.

(5) Performance of every obligation, covenant and agreement of Borrower contained in any agreement, document or instrument now or hereafter executed by Borrower reciting that the obligations thereunder are secured by this Assignment.

(6) For the benefit of Lender, compliance with and performance of each and every provision of any other agreement, document, instrument, law, rule, or regulation by which the Agreement or any other property assigned hereunder is bound or may be affected.

B. CONCURRENTLY HERewith BORROWER HAS GRANTED TO LENDER A SECURITY INTEREST IN THE AGREEMENT PURSUANT TO THE SECURITY AGREEMENT CONTAINED IN THE SECURITY INSTRUMENT.

C. BORROWER AGREES:

(1) To faithfully abide by, perform and discharge each and every material obligation, covenant and agreement of the Agreement to be performed by Borrower thereunder, at no cost or expense to Lender, and: (a) to diligently enforce or secure the performance of each and every material obligation, covenant, condition and agreement contained in the Agreement and to be performed by Manager; and (b) not to modify, extend or in any way alter the material terms of the Agreement or accept a surrender thereof, or to waive, excuse, condone or in any manner release or discharge Manager of or from any material obligations, covenants, conditions and agreements to be performed by Manager in the manner and at the place and time specified therein. Borrower hereby expressly releases, relinquishes and surrenders unto Lender all its right, power and authority to amend, modify, cancel, terminate or in any way alter the terms or provisions of the Agreement or settle any claims for nonperformance under the Agreement without the prior written consent of Lender, unless in connection with a termination permitted under the Agreement if Borrower will thereafter manage the Property.

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(2) That, at no cost or expense to Lender, Borrower shall appear in and defend any action or proceeding arising under, growing out of or in any manner connected with the Agreement or the obligations, duties or liabilities of Borrower thereunder, and shall pay all costs and expenses of Lender, including attorneys' fees and expenses, in any action or proceeding concerning the Agreement in which Lender may appear.

(3) That, if Borrower fails to make any payment or to do any act as herein provided or fails to do so promptly upon demand by Lender, and does not promptly cure such failure within the time periods provided in the Loan Agreement, then Lender shall have the right, but without the obligation so to do, without releasing Borrower from any obligation hereof and without notice to or demand upon Borrower, to make such payment or to do such act in such manner and to such extent as Lender may deem necessary to prevent the material impairment of the security hereof, including, without limiting the generality of the foregoing, the right to appear in and defend any action or proceeding purporting to affect the security hereof or the rights or powers of Lender and to perform and discharge each and every obligation, covenant and agreement of Borrower contained in the Agreement, and in exercising any such rights or powers to employ counsel and pay such costs and expenses as Lender shall incur, including, without limitation, attorneys' fees.

(4) To pay immediately upon demand all sums expended by Lender under the authority hereof, together with interest thereon at the Default Rate.

## D. THE PARTIES HERETO MUTUALLY AGREE THAT:

(1) As long as no Event of Default has occurred and is continuing under the Loan Documents (as Event of Default is defined therein), Borrower shall have the right to exercise all of its rights (other than its rights to amend, modify, cancel, terminate or in any way alter the terms of or waive or release any claims, except as permitted hereunder).

(2) In the event Lender elects to pursue some or all of its rights and remedies in connection with an Event of Default, Lender shall be under no duty to assume Borrower's rights and duties under the Agreement. Borrower agrees that Lender does not and shall not assume any of Borrower's obligations or duties concerning the Agreement until and unless Lender shall expressly acknowledge in a separate writing its agreement to assume any such obligations or duties in connection with Lender exercising its rights hereunder. Borrower and Manager, by execution of the Consent to this Assignment, further agree that no increase in the amount of any costs or other sums payable by Borrower pursuant to the Agreement shall be effective without Lender's prior written consent.

(3) This Assignment is a conditional transfer and assignment of the Agreement, said transfer and assignment to automatically become a present, unconditional assignment, at Lender's option exercised by written notice to Borrower and Lender, upon the occurrence of an Event of Default. Upon the occurrence of such an Event of Default, Borrower shall immediately upon written request from Lender (i) deliver to Lender originals of all documents, drawings, correspondence, reports and notices in Borrower's possession in any way relating to the Agreement and (ii) cause and require Manager to perform all of its obligations under the Consent to this Assignment attached hereto. Upon the occurrence of an Event of Default, Lender may, at its option

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and upon written notice to Manager, assume and exercise any or all of its rights granted under this Assignment. Upon giving notice to Manager, Lender may elect to exercise and receive performance of all rights of Borrower under the Agreement, including, without limitation, the right to receive and collect all moneys and other performances receivable by, or payable to, Borrower under the Agreement, the right to give and receive copies of all notices and other instruments or communications, and the right to cure or take action with respect to a default under the Agreement. Borrower hereby irrevocably constitutes and appoints Lender as its attorney-in-fact to demand, receive and enforce Borrower's rights with respect to the Agreement, to give appropriate receipts, releases and satisfactions for and on behalf of Borrower, and to do any and all acts in the name of Borrower or in the name of Lender with the same force and effect as Borrower could do if this Assignment had not been made. The exercise of any of the foregoing rights or remedies by Lender under this Assignment shall not cure or waive, modify or affect any notice of Event of Default under any of the Loan Documents, or invalidate any act done pursuant to any such notice. Lender may exercise its rights under this Paragraph D(3) as often as any such Event of Default may occur and so long as any such Event of Default may continue.

(4) (a) Notwithstanding the foregoing, upon the occurrence and during the continuation of an Event of Default, Lender may, in its sole and absolute discretion, elect to terminate all rights of Manager under the Agreement, including, without limitation, all rights to occupy or be in possession of any part of the Property. In no event shall Lender have any liability to Borrower or any other person for any claims, damages, costs, liabilities or expenses arising from or in any way related to any such termination. Such right of termination may be exercised at any time during the continuation of an Event of Default, notwithstanding that Lender may have previously elected to assume the rights of Borrower pursuant to Section D(3) above. Such termination shall not waive any claims or damages of Lender against Manager for events occurring prior to such termination or for the failure of Manager to comply with all agreements with respect to such termination including, without limitation, the Consent attached hereto.

(b) In addition to the rights set forth above, Lender shall have the right to require Borrower to replace Manager with a Qualified Manager which is not an Affiliate of, but is chosen by, Borrower upon the occurrence of any one or more of the following events: (i) at any time following the occurrence of an Event of Default, (ii) if Manager shall (A) be insolvent or a debtor in a bankruptcy proceeding, (B) be in default under the Agreement beyond any applicable notice and cure period, or (C) have engaged in gross negligence, fraud or willful misconduct, or (iii) if the Debt Service Coverage Ratio (based upon a thirty (30)-year amortization schedule) falls below 1.10 to 1.00 for any two (2) consecutive calendar quarters calculated on a trailing twelve (12)-month basis. Neither Manager nor any other party shall be entitled to a termination fee, liquidated damages or any other fees or payments (except for management fees from Borrower due prior to the time of such termination) as a result of the replacement of Manager pursuant to the terms hereof.

(5) The exercise by Lender of the foregoing rights shall not constitute a waiver of any of the remedies of Lender under the Loan Documents, or any other document or agreement existing at law or in equity, by statute or otherwise.

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(6) Borrower shall and does hereby agree to indemnify, defend and hold Lender harmless for, from and against any and all liability, loss or damage which it may or might incur under the Agreement or under or by reason of this Assignment and for, from and against any and all claims and demands whatsoever which may be asserted against Lender by reason of any alleged obligation or undertaking in its part to perform or discharge any of the terms, covenants or agreements contained in the Agreement or under or by reason of this Assignment, excluding, however, any negligence or willful misconduct of Lender or any obligations arising from and after the date Lender takes possession of, or title to the Property. Should Lender incur any such liability, loss or damage under the Agreement or under or by reason of this Assignment, or in the defense of any such claim or demand, the amount thereof, including costs, expenses and attorneys' fees, together with interest thereon at the Default Rate, shall be secured hereby and by the other Loan Documents, and Borrower shall reimburse Lender therefor immediately upon demand.

(7) Borrower covenants and agrees to transfer and assign to Lender any and all subsequent agreements which are entered into pursuant to, in replacement of or to serve substantially the same purpose as, the Agreement, upon the same or substantially the same terms and conditions as herein contained, and to make, execute and deliver to Lender, upon demand, any and all instruments that may be necessary therefor. The foregoing shall not be deemed to be a consent to amendments or modifications to the Agreement.

(8) Upon payment in full of all indebtedness, and performance of all obligations, secured hereby and termination of all obligations of Lender to make loans and advances and otherwise extend credit to Borrower (other than by reason of the exercise by Lender of its rights and remedies), this Assignment shall become and be void and of no effect, but the affidavit of any officer of Lender showing that any such conditions to release have not been satisfied shall be and constitute conclusive evidence of the validity, effectiveness and continuing force of this Assignment, and any person may and is hereby authorized to rely thereon. Upon such termination, all the estate, right, title, interest, claim and demand of Lender under the Agreement shall revert to Borrower, and Lender shall, at the request of Borrower, deliver to Borrower an instrument canceling the Assignment and reassigning the Agreement to Borrower.

(9) Borrower warrants that the Agreement has not been amended or modified except as set forth herein, that no default by Borrower exists thereunder, that no event has occurred or exists which, with notice or lapse of time or both, would constitute a default by Borrower thereunder, and that, to the best knowledge of Borrower, no default by Manager exists which, with notice or lapse of time or both, would constitute a default by Manager thereunder. Borrower warrants that except as specifically set forth in the Agreement, there are no economic inducements or charges which are or may be payable for the services of Manager set forth in the Agreement.

(10) All notices, requests and demands to be made hereunder to the parties hereto shall be deemed to have been properly given (a) upon delivery, if delivered in person or by facsimile transmission with receipt acknowledged by the recipient thereof and confirmed by telephone by sender, (b) one (1) Business Day after having been deposited for overnight delivery with any reputable overnight courier service, or (c) three (3) Business Days after having been deposited in any post office or mail depository regularly maintained by the U.S. Postal Service and sent by

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registered or certified mail, postage prepaid, return receipt requested, addressed as set forth in the Loan Agreement.

(11) Borrower hereby represents and warrants to Lender that no previous assignment of its interest in the Agreement has been made and, except for transfers to Lender, Borrower agrees not to assign, sell, pledge, transfer, or otherwise encumber its interest in the Agreement so long as this Assignment is in effect.

(12) Time is of the essence hereof. This Assignment shall be binding upon and inure to the benefit of the heirs, legal representatives, assigns, or successors in interest of the Borrower and Lender.

(13) The taking of this Assignment by Lender shall not effect the release of any other collateral now or hereafter held by Lender as security for the obligations secured hereby, nor shall the taking of additional security for such obligations hereafter effect a release or termination of this Assignment or any terms or provisions hereof.

(14) Borrower, upon request of Lender, shall execute and deliver such further documents, as may be reasonably necessary to carry out the intent of this Assignment and to perfect and preserve the rights and interests of Lender hereunder and the priority thereof.

(15) No failure or delay on the part of Lender in exercising any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power, or remedy hereunder preclude any other or further exercise thereof or the exercise of any other right, power or remedy. The rights, powers and remedies hereunder are cumulative and may be exercised by Lender either independently of or concurrently with any other right, power or remedy contained herein or in any document or instrument executed in connection with the obligations secured hereby.

(16) This Assignment shall be governed, construed, applied and enforced in accordance with the applicable laws of the state in which the Property or any part thereof is located, and applicable laws of the United States of America.

(17) Any initially-capitalized terms used herein without a definition shall have the same meaning given such terms in the Loan Agreement unless the context requires otherwise.

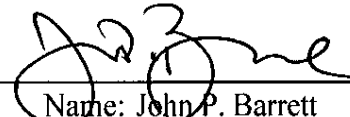
**[NO FURTHER TEXT ON THIS PAGE]**

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IN WITNESS WHEREOF, Borrower has caused this Assignment to be executed as of the day and year first above written.

**BORROWER:**

**1642 W BELMONT LLC,**  
a Delaware limited liability company

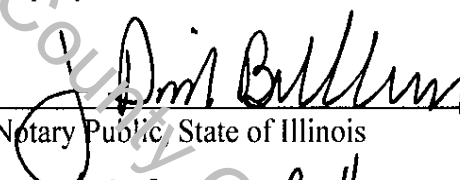
By:   
Name: John P. Barrett  
Title: Manager

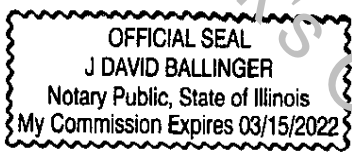
STATE OF ILLINOIS                   §  
  §  
COUNTY OF COOK                   §

This instrument was ACKNOWLEDGED before me on December 28, 2021, 2021 by John P. Barrett, as Manager of **1642 W BELMONT LLC**, a Delaware limited liability company, on behalf of said limited liability company.

[SEAL]

My Commission Expires:  
March 15, 2022

  
Notary Public, State of Illinois  
J. David Ballinger  
Printed Name of Notary Public



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## CONSENT AND SUBORDINATION OF MANAGER

THIS CONSENT AND SUBORDINATION OF MANAGER (herein sometimes referred to as "**Consent**") is made as of January 14, 2022, by **ROOT REALTY, INC.**, an Illinois corporation (herein, together with its successors and assigns, the "**Manager**"), in favor of **SABAL CAPITAL II, LLC**, a Delaware limited liability company (herein, together with its successors and assigns, referred to as the "**Lender**").

### RECITALS

A. **1642 W BELMONT LLC**, a Delaware limited liability company ("**Borrower**"), is the owner of the premises legally described on Exhibit A attached hereto and made a part hereof (the "**Property**"). Manager is the manager of the Property pursuant to that certain Management Agreement dated December 6, 2021, by and between Manager and Borrower (together with all amendments, modifications, supplements, and addenda thereto, the "**Management Agreement**").

B. Borrower has executed and delivered to Lender that certain Promissory Note of even date herewith, in the original principal amount of \$4,850,000.00 (as the same may be amended, restated, replaced, extended, renewed, supplemented, severed, split, or otherwise modified from time to time, the "**Note**") to evidence a loan from Lender to Borrower (the "**Loan**"). The Note is secured by that certain Mortgage and Security Agreement of even date herewith, executed by Borrower, as mortgagor, in favor of Lender, as mortgagee, to be recorded in the Official Records of Cook County, Illinois (such Security Instrument, together with any and all amendments, restatements, replacements or supplements thereto shall be referred to as the "**Security Instrument**").

C. Manager will derive substantial benefit from the making of the Loan. Lender would not be willing to make the Loan to Borrower but for the delivery of this Consent and Manager's subordination of its interest in any management fees in lien and payment to the Loan Documents.

D. NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. The Manager certifies that the Management Agreement is in full force and effect and constitutes the entire agreement between Borrower and the Manager with respect to the management of the Property, that the copy of the Management Agreement attached as Exhibit A hereto is a true and correct copy thereof and includes all modifications or amendments thereto, and that Borrower is not in default under the Management Agreement. The Manager acknowledges that pursuant to the Security Instrument, Lender has a lien on and security interest in the Borrower's rights under the Management Agreement.

2. Without the consent of Lender, Borrower and the Manager agree not to enter into any further modifications or amendments to the Management Agreement that would increase the fees payable thereunder in excess of three percent (3%) of the gross rental income of the Property or increase the duties of Borrower. Notwithstanding the foregoing, Lender agrees that Manager may assign the Management Agreement to an affiliate of Manager, but only if such assignee



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acknowledges and agrees that the Management Agreement remains subject to the Assignment and this Consent.

3. The Manager agrees that it shall give Lender notice (in the manner provided for in the Management Agreement) of any default by Borrower under the Management Agreement, shall accept a cure by Lender of any such default (without any obligation by Lender to do so), and shall not terminate the Management Agreement or exercise any other remedies thereunder unless Borrower or Lender fails to cure such default within the shorter of (i) thirty (30) days or (ii) such cure period as is provided to Borrower under the Management Agreement such time period to run in either case after such notice is given to Lender.

4. The Manager agrees that all rights of the Manager now or hereafter arising pursuant to the Management Agreement (including, without limitation, all rights to payment and rights to occupy the Property) are and shall at all times be subject and subordinate to all of the rights of Lender arising in connection with the Loan, including, without limitation, the rights, liens and encumbrances of Lender pursuant to the Security Instrument; provided, however, that notwithstanding the generality of the foregoing subordination, Manager may retain, and shall not be required to disgorge to Lender, a management fee of no more than three percent (3%) of the gross rental income of the Property and reimbursements paid to Manager under the Management Agreement in the ordinary course of business.

5. (a) Lender shall have the right to terminate the Management Agreement without penalty or premium, without cause, on not less than thirty (30) days' prior written notice to the Manager following any occurrence of an Event of Default under the Security Instrument with respect to which Lender has elected to accelerate the maturity of the Loan or otherwise exercise its rights and remedies. In the event of any such termination, Manager will turn over to Lender all books, records, keys, and other property of Borrower relating to the operation of the Property and will reasonably cooperate with Lender in transferring the management and operation of the Property to Lender or such person as Lender may designate (provided, however, that Manager shall be entitled to reimbursement from Lender for all reasonable expenses incurred by Manager in connection with such cooperation). In addition, upon demand by Lender, Manager will vacate the Property.

(b) In addition to the rights set forth above, Lender shall have the right to require Borrower to replace Manager with a Qualified Manager which is not an Affiliate of, but is chosen by, Borrower upon the occurrence of any one or more of the following events: (i) at any time following the occurrence of an Event of Default, (ii) if Manager shall (A) be insolvent or a debtor in a bankruptcy proceeding, (B) be in default under the Management Agreement beyond any applicable notice and cure period, or (C) have engaged in gross negligence, fraud or willful misconduct, or (iii) if the Debt Service Coverage Ratio (based upon a thirty (30)-year amortization schedule) falls below 1.10 to 1.00 for any two (2) consecutive calendar quarters calculated on a trailing twelve (12)-month basis. Neither Manager nor any other party shall be entitled to a termination fee, liquidated damages or any other fees or payments (except for management fees from Borrower due prior to the time of such termination) as a result of the replacement of Manager pursuant to the terms hereof.

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6. The Manager agrees to look solely to Borrower for the performance of all of the obligations of Borrower under the Management Agreement and the Management Agreement shall not bind Lender or any purchaser at a foreclosure sale or any other purchaser of the Property. Except as provided in this Consent, in no event shall Lender or Lender's successors and assigns (including any purchaser at a foreclosure sale or any other purchaser) have any liability or obligation to Manager with respect to the Management Agreement unless Lender or such other person shall have expressly assumed the obligations of Borrower pursuant to the Management Agreement in writing. Lender acknowledges and agrees that, from and after the date of any transfer of the Property pursuant to foreclosure or deed in lieu of foreclosure, Manager shall have no further obligation to manage the Property. The parties hereto agree that any such foreclosure or deed in lieu of foreclosure, and any cessation of Manager's obligations to manage the Property in connection therewith, shall not affect, release or impair any obligations of Borrower to Manager under the Management Agreement.

7. Manager acknowledges that this Consent is furnished for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and the Manager understands and intends that Lender will disburse substantial sums in reliance on, and will otherwise rely on, the foregoing and that the Manager will be legally bound by the foregoing. This Consent shall inure to the benefit of Lender and its successors and assigns.

8. Manager agrees that it shall not take any action which would cause Borrower to violate the covenants, representations and warranties set forth in Article 5 of the Loan Agreement.

**[NO FURTHER TEXT ON THIS PAGE]**

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IN WITNESS WHEREOF, Manager has executed and delivered this Consent as of the day and year first above written, pursuant to proper authority duly granted.

**MANAGER:**

**ROOT REALTY, INC.,**  
an Illinois corporation

By: [Signature]  
Name: Michael Root  
Title: President

STATE OF IL §  
COUNTY OF Cook §  
§

This instrument was ACKNOWLEDGED before me on December 12<sup>th</sup>, 2021  
by Michael Root, as Manager of  
ROOT REALTY, INC., an Illinois corporation, on behalf of said corporation.

[S E A L]  
Cynthia Freed  
Notary Public State of Illinois  
My Commission Expires 06/06/2022

[Signature]  
Notary Public, State of IL

My Commission Expires:  
6/6/2022

Cynthia Freed  
Printed Name of Notary Public

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## EXHIBIT A

### LEGAL DESCRIPTION

Street Address: 1642 W. Belmont Avenue, Chicago, Illinois 60657

Permanent Tax Identification Number(s): 14-19-435-041-0000

LOTS 23 AND 24 IN BLOCK 10 IN GROSS' NORTH ADDITION TO CHICAGO, A SUBDIVISION OF THE SOUTHWESTERLY 1/2 OF THE EAST 1/2 OF THE SOUTHEAST 1/4 OF SECTION 19, TOWNSHIP 40 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

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## EXHIBIT B

### COPY OF MANAGEMENT AGREEMENT

[See attached]

Property of Cook County Clerk's Office

COOK COUNTY CLERK'S OFFICE  
CHICAGO, ILL. 60602-1387  
63579-112/1642 W. BELMONT



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## Management Agreement

**1642 W. Belmont, LLC** herein known as "Owner" and **Root Realty, Inc.**, an Illinois Corporation, herein known as "Broker," agree as follows:

1. **Appointment of Broker:** The Owner hereby appoints, and grants Broker the exclusive right to rent, lease, operate, and manage the properties known as: **1642 W. Belmont Ave. Chicago IL 60657** (collectively "Property"). This is in accordance with the terms listed in this agreement, for the period of 12 months, beginning at the time of execution of this agreement. **SATISFACTION GAURANTEE: If Owner is dissatisfied with Broker's services for any reason, Owner may cancel agreement with thirty day written notice to Broker.**
2. **Continuation or Termination:** At the end of this term, this agreement becomes a month-to-month agreement until the agreement is renewed. The agreement shall be renewed annually.
3. **Broker Acceptance:** Broker accepts the appointment and grant and agrees to:
  - (a) Use due diligence in the performance of this Agreement.
  - (b) Furnish the services of its organization for the rental, leasing, operating, and management of the Property.
4. **Authority and Powers:** Owner grants Broker the authority and power, at Owner's expense to:
  - (a) **Advertise:** Display "for rent," "for lease," and similar signs on the Property; advertise the availability for rental or lease of the Property or any part of it.
  - (b) **Rental/Leasing:** Initiate, sign, renew, or cancel rental agreements and leases for the Property or any part of it. Broker will not be responsible for Rent Collection or other income, and for providing receipts of same, including security deposits.
  - (c) **Tenancy Termination:** Sign and serve in Owner's name with Owner authorization, notices which are required or appropriate; commence and prosecute actions to evict tenants with Owner authorization; recover possession of the Property in Owner's name; recover rents and other sums due; and when expedient, settle, compromise, and release claims, actions and suits and/or reinstate tenancies.
  - (d) **Repair/Maintenance:** Root Realty will make and/or supervise repairs, improvements, alterations, and decorations to the property; Root Realty will purchase and pay bills for services and supplies. Broker shall obtain prior approval of Owner on all expenditures over \$300 for any one item. Broker shall also notify Owner if the cumulative maintenance expense exceeds \$1,000 in any 30 day period. Prior approval shall not be required for monthly or recurring operating charges. In addition, if in Broker's opinion emergency expenditures over the maximum are needed to protect the Property, or other property from damage, prevent injury to persons, avoid suspension of necessary services, avoid penalties, fines, or suspension of services to tenants called for in a lease or rental agreement or by law. Broker will not advance Broker's own funds in connection with the Property or this Agreement.
  - (e) Broker will arrange and pay for, out of Owner funds held by Broker, common area cleaning, snow removal and landscaping services, and all maintenance.
  - (f) **Contracts/Services:** Root Realty will contract, hire, supervise, and/or discharge vendors and persons, including utilities, required for the operation and maintenance of the Property. Broker may perform any of Broker's duties through attorneys, agents, employees, and independent contractors, and shall not be responsible for their acts, omissions, defaults, negligence, and/or costs of same, except for persons working in Broker's firm.

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- (f) Expense Payments: Pay maintenance expenses and costs for the Property from Owner's funds held by Broker, unless directed otherwise by Owner; including but not limited to property management fees and charges, expenses for goods and services, property and other taxes, Association dues, assessments, loan payments, and insurance premiums.
- (g) Trust Funds: Deposit all receipts collected for Owner, less any sums properly deducted or disbursed, in a financial institution whose deposits are insured by an agency of the United States government. The Broker holds all funds in a trust account separate from Broker's personal accounts. Broker shall not be liable in event of bankruptcy or failure of a financial institution.
- (h) Tenant deposits: Handle tenant security deposits as follows:
  - 1) Root Realty will not collect or hold tenant security deposits. Broker recommends collecting non-refundable move in fees.
  - 2) Owner shall be responsible to Broker and tenants for the refund of all security deposits
  - 3) Owner shall indemnify Broker in any and all security deposit disputes.
- (i) Reserves: Maintain monthly, as a reserve in the Broker's trust accounts, a minimum of \$500.00.
- (j) Owner Statements: Render one monthly statement with receipts, expenses and other charges for each Property.
- (k) Disbursements: Rental funds are collected and held in Broker's client operating account for the term of the month. Fees and expenses are paid from this account. Disbursements are paid from the balance the following month. Disburse Owner's funds in the following order:
  - (1) Fees, charges, and reimbursements due under this Agreement
  - (2) All other operating expenses, costs, and disbursements payable from Owner's funds held by Broker
  - (3) Reserves
  - (4) Balance to Owner

**5. Owner Responsibilities:** Owner shall:

- (a) Be responsible for payment of property tax.
- (b) Provide all documentation and records required by Broker to manage and operate the Property.
- (c) Collect and account for all rental income for property.
- (d) Indemnify and hold harmless Broker and all persons in Broker's firm, from all costs, expenses, suits, liabilities, damages, and claims of every type including but not limited to those arising out of injury or death of any person(s), or damage to any real or personal property of any person(s). This includes the Owner, in any way relating to the management, rental, or operation of the Property by Broker or any person in Broker's firm, or the performance or exercise of any of the duties, powers, or authorities herein or hereafter granted to Broker, except to the extent due to the negligence of Broker or any person in Broker's firm.
- (e) Carry and pay for public and premises liability, property damage, and any other insurance adequate to protect the interests of Owner and Broker, and shall name both as insured parties.
- (f) Pay any late charges, penalties, and/or interest imposed by lenders or other parties caused by a lack of Owner's funds held by Broker and available for payment to same parties.

**UNOFFICIAL COPY****6. COMPENSATION:**

- (a) Owner agrees to pay Broker fees as indicated for the following:
- (1) Management: Monthly Service Fee is **3.5% of Gross Rent collected or a minimum fee of \$60 per unit**, whichever is greater.
  - (2) Rental/leasing fee: **75% of first month's rent**, this fee is due and payable upon first month's rent, if applicable. A two-year lease or a lease completed with a co-operating brokerage office shall pay 90% of the first month's rent.
  - (3) Lease Renewal fees: Broker will write and execute with tenant lease renewals for \$100.00.
  - (4) Evictions: authorization by owner by mail, telephone, facsimile or e-mail  
Extra Ordinary Services: \$80 per hour (court appearances, eviction service, inspections, utility appointments, special requests, multiple bid work, preparing property for sale, etc.)
  - (5) Extraordinary postage/telephone/fax: Regular postage and business calls for notifications, statements, etc. are not extraordinary; Root Realty considers overseas postage/telephone, and fax extraordinary. Owner shall pay postage for additional copies of monthly statements.

Notwithstanding anything contained herein, Broker hereby agrees to subordinate 0.5% of the Gross Rent of the Property (the "Subordinated Fee") to any mortgage loan, now or in the future, encumbering the Property until such loan has been paid in full. Broker shall not take any action to enforce or seek collection of the unpaid Subordinated Fee, if unpaid.

- (b) Owner further agrees that normal Property Management does not include providing on-site management services, property sales, refinancing, preparing property for sale or refinancing, modernization, fire or major damage restoration, rehabilitation, obtaining income tax, accounting, or legal advice, representation before public agencies, advising on proposed new construction, debt collection, counseling, attending Homeowner Association meetings. If Owner requests Broker to perform services not included in normal property management or specified above, Owner and Broker will agree to a fee for these services *before* the work begins.
- (c) The definition of extraordinary maintenance is rehabilitation work that exceeds **\$2,500.00**, insurance claims, and major systems replacements. (Examples include; but are not limited to: roof replacement, major tree work, exterior painting, vandalism, etc.)
- (d) Owner further agrees that Broker may perform any of its duties, and obtain necessary products and services, through affiliated companies or organizations in which Broker may own an interest, and may receive referral fees, commissions, and/or profits from these affiliated companies or organizations. As of the date of this Agreement, Broker has an affiliation with Brook-Nash Property Service, LLC. Broker shall disclose to Owner any future or additional affiliations as an ongoing obligation under this Agreement. Broker shall not receive fees, commissions, or profits from unaffiliated companies in the performance of this Agreement without prior disclosure to and agreement of the Owner.
- (e) Owner further agrees that Broker may receive fees and charges from tenants for:
  - 1) Processing credit applications,
  - 2) Returned checks, late fees, or service fees
  - 3) Online rent payment processing fees
  - 4) Mortgage verifications
  - 5) Sub-leasing fees from tenant when breaking a lease
  - 6) Other services not in conflict with this Agreement

7. **Agency Relationships:** Broker agrees to act as the agent of Owner in any resulting lease or rental transaction involving any Property covered by this Agreement. It may be necessary or appropriate for Broker to act as agent of both Owner and tenants, or one or more additional parties, in any resulting lease transaction, in which case Broker will seek Owner's consent to Broker's representation of additional parties as soon as practicable. However, if Broker is the listing Broker and/or property manager for a different property in which a tenant is interested, Owner understands that Broker may act as agent of that tenant and/or other property owner with respect to a transaction involving that other property.



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8. **Notices:** Any written notice to Owner or Broker required under this Agreement shall be served by sending such notice by first class mail to that party at the address below, or at any different address which the parties may later designate for this purpose, and shall be deemed received three business days after deposit into the United States postal service.
9. **Binding Agreement:** This agreement shall be binding upon and shall inure to be benefit of Owner and Broker and their respective heirs, administrators, executors, successors, and assigns.
10. **Additional Terms:**
- (a) **John Barrett or Michael Barrett** shall be the authorized representative of the Owner when prior approval is required by Root Realty
11. **Equal Housing Opportunity:** Root Realty and the Owner offer the Property in compliance with federal, state, and local anti-discrimination laws.
12. **Mediation disputes: broker and owner agree to mediate any dispute or claim between them arising out of this contract or any resulting transaction before resorting to arbitration or court action.** Mediation is a process in which parties attempt to resolve a dispute by submitting it to an impartial, neutral mediator authorized to facilitate the resolution of the dispute but who is not empowered to impose a settlement on the parties. Mediation fee, if any, shall be divided equally among the parties involved. Before the mediation begins, the parties agree to sign a document limiting the admissibility in arbitration or any civil action of anything said, any admission made, and any documents prepared, in the course of the mediation. If any party commences an arbitration or court action based on a dispute or claim to which this paragraph applies without first attempting to resolve the matter through mediation, then in the discretion of the arbitrator (s) or judge, that party shall not be entitled to recover attorney's fees. However, the filing of a judicial action to enable the recording of a notice of pending action for order of attachment, receivership, injunction or other provisional remedies, shall not in itself constitute a loss of the right to recover attorney's fees under this provision. The following matters are excluded from the requirement hereunder: (a) judicial or non-judicial foreclosure or other action or proceeding to enforce a deed of trust, mortgage, or installment land sale contract, (b) an unlawful detainer action, (c) the filing or enforcement of a mechanic's lien, and (d) any matter which is within the jurisdiction of a probate court.
13. **Attorneys Fees:** In any action, proceeding or arbitration arising out of this Agreement, the prevailing party shall be entitled to reasonable attorney's fees and costs.
14. The owner agrees to fill out the Root Realty Owner Information sheet.
15. The owner agrees to fill out Internal Revenue Service form W -9 for the Broker.

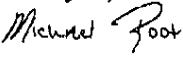
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12/6/2021

- (l) We have read the foregoing prior to execution and have received a copy on (date) \_\_\_\_\_
- (l) We certify that we have disclosed all owners and all owners have signed this agreement.

DocuSigned by:  
  
 12/6/2021  
 EF05753FD49448E

**1642 W. Belmont, LLC**                      **Date**  
mike@barnettbilt.com  
john@barnettbilt.com

DocuSigned by:  
  
 12/6/2021  
 2A8D92670724401

**Root Realty, Inc.**                      **Date**  
 1710 W. Belmont  
 Chicago, IL 60657  
 Tel: (773) 348-8080  
 Fax: (773) 348-0219

CHICAGO, IL 60602-1387  
 118 N. CLARK ST. ROOM 1320  
 RECORDING DIVISION  
 COOK COUNTY CLERK OFFICE  
 RECORDING DIVISION  
 COOK COUNTY CLERK OFFICE

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