

# UNOFFICIAL COPY

Doc#: 2300425030 Fee: \$98.00

Karen A. Yarbrough

Cook County Clerk

Date: 01/04/2023 09:46 AM Pg: 1 of 17

This document was prepared  
by and after recording, return  
to: Katherine Germino  
Illinois Housing Development Authority  
111 E. Wacker Dr., Ste. 1000  
Chicago, Illinois 60611

Permanent Tax I.D. No.:  
See Attached Exhibit A

Property Address:  
See Attached Exhibit A

**IHDA Loan No. 12222**

## **IHDA REGULATORY AGREEMENT**

**THIS REGULATORY AGREEMENT** (this "Agreement") is made and entered into as of this 23<sup>rd</sup> day of December, 2022, between **STANDARD COMMONWEALTH VENTURE LP**, an Illinois limited partnership (the "Borrower"), whose address is 31899 Del Obispo Street, Suite 150, San Juan Capistrano, California 92675, and the **ILLINOIS HOUSING DEVELOPMENT AUTHORITY** ("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.

### **RECITALS**

**WHEREAS**, the Borrower is the owner of certain real estate located at and commonly known as 2757 Pine Grove Avenue, Chicago, Illinois 60614, legally 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 (such real estate, easements, rights and privileges are collectively referred to in this Agreement as the "Real Estate"); and

**WHEREAS**, the Authority is issuing its Multifamily Housing Revenue Note, Series 2022 (Commonwealth Apartments) (the "Note") to provide financing for a multifamily housing development located on the Real Estate (the Real Estate and the improvements constructed and to be constructed on it are collectively referred to in this Agreement as the "Development") containing one hundred forty-five (145) units; and

**WHEREAS**, the Authority is using the proceeds of the Note to make a loan (the "Loan") to the Borrower, which will immediately be assigned to JLL Real Estate Capital, LLC, a Delaware limited liability company (the "Bank" or "Lender"); the Loan is evidenced, secured and governed by, among other things: (a) the Project Loan Agreement of even date herewith (the "Loan Agreement") executed by the Borrower and the Authority and pledged to the Bank, and (b) this Agreement. The Loan Agreement and all other documents executed by the Borrower that evidence, govern or secure the Loan are sometimes collectively referred to in this Agreement as the "Loan Documents;" and

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**WHEREAS**, as an inducement to the Authority to issue the Note to provide financing for the Loan, the 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 (as defined below).

**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.
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, (iii) forming, syndicating, registering and maintaining any person or entity, (iv) any fees paid to the Borrower for managing the Development, (v) repayment of loans or advances made by the Borrower or its principals to the Development, and (vi) any other expenses not approved by the Authority as Administrative Expenses. However, the Authority shall be deemed to have approved the Administrative Expenses if such expenses are not prohibited under the Act, the Rules or this Agreement.

b. "Closing Date" shall mean the date on which the Loan proceeds are made available to the Borrower.

c. "Development" shall mean the Real Estate and all of the improvements constructed on it.

d. "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, but excluding security deposits that, pursuant to contract or law, the Borrower is, or may be, required to return to a Tenant.

e. "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

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expenses not approved by Lender as Maintenance Expenses. However, the Authority shall be deemed to have approved the Maintenance Expenses if such expenses are not prohibited under the Act, the Rules or this Agreement.

f. "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 Lender; reimbursements to Borrower for capital contributions; fidelity bond fees; or other loans, advances and expenses not approved by Lender as Operating Expenses. . However, the Authority shall be deemed to have approved the Operating Expenses if such expenses are not prohibited under the Act, the Rules or this Agreement.

g. "Rules" shall mean the administrative rules promulgated by the Authority under the Act, as amended from time to time, and codified at 47 Ill. Adm. Code 310.

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

i. "Unit" shall mean a dwelling unit in the Development.

3. **Act and Regulations.** The Borrower agrees that at all times its acts regarding the Development shall conform to the Act and the Rules.

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

a. At least forty percent (40%) of the Units shall be occupied by Tenants whose family income is sixty percent (60%) or less of the median income of the Chicago metropolitan statistical area, adjusted for family size, 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.

b. The Borrower has previously submitted to the Authority a Tenant Selection Plan. In the advertising, marketing and rental of Units, the Borrower agrees to abide by the terms and conditions of its Tenant Selection Plan, as approved by the Authority.

c. The Borrower shall obtain from each prospective Tenant, prior to admission to the Development, a certification of income (the "Certification") and thereafter, on an annual basis (unless otherwise required by the Code), a recertification of income (the "Recertification").

d. The Borrower shall obtain written evidence substantiating the information given on the Certifications and Recertifications and shall retain that evidence in its files for

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three (3) calendar years after the end of the year to which such evidence of income pertains. Within thirty (30) days following the end of each calendar year, the Borrower shall certify to the Authority that, at the time of such certification and during the preceding calendar year, the Borrower was in compliance with the requirements of this **Paragraph 4**.

e. The Borrower shall not permit the use of the Units for any purpose except residential use.

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

a. **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.

b. **Books and Records.** The books of account and records of the Borrower and of the operations of the Development shall be kept in accordance with generally accepted accounting principles. The Borrower shall, upon reasonable notice from the Authority and during normal business hours, allow access to the records and books of account related to the operation of the Development, including, without limit, any supporting or related vouchers or papers, kept by or on behalf of the Borrower and their representatives or agents; such access shall include the right to make extracts or copies of them.

c. **Financial Statement.** Within ninety (90) days following the end of each calendar year, the Borrower shall furnish to the Authority a complete audited financial statement report for the Development based upon an examination of the books of accounts and records of the Borrower, prepared at the Borrower's expense in accordance with generally accepted accounting principles, and certified to the Borrower by an Illinois licensed certified public accountant, or other person acceptable to the Authority.

d. **Furnishing Information.** At the request of the Authority, the Borrower shall furnish such reports, projections and analyses as are required pursuant to the Rules, and the 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.

e. **Annual Certification.** The Borrower shall file each year with the Internal Revenue Service a Form 8703 (Annual Certification of a Residential Rental Project) to provide annual information to the Internal Revenue Service that it will use to determine whether the Development continues to be a "qualified residential rental project" under Section 142(d) of the Code.

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## 6. Non-Discrimination in Housing.

a. The 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 by the Illinois Human Rights Act, 775 ILCS 5/1-101 *et seq.*), or familial or marital status, or because the Tenant is receiving governmental assistance.

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

7. Violation of Agreement by Borrower. If the Borrower violates any of the provisions of this Agreement the Authority may give written notice of such violation to the Borrower, and the Borrower shall then have thirty (30) days to correct or cure it; provided, however, that if such violation cannot be reasonably cured within such thirty (30) day period (and is curable within such longer reasonable period as the Authority shall, in its discretion, approve), Borrower shall have such time as may be reasonably necessary to cure it, if the Borrower commences to cure the violation within such thirty (30) day period and diligently prosecutes such cure to completion. If such violation is not corrected within thirty (30) days after the date of such notice, or within such further time as the Authority in its sole discretion permits, then without further notice the Authority may declare a default under this Agreement, effective on the date of such declaration, and upon such default, the Authority may exercise any and all remedies that it may have, at law or in equity. The Authority's remedies are cumulative and the exercise of one remedy shall not be deemed an election of remedies, nor foreclose the exercise of the Authority's other remedies.

Notwithstanding anything to the contrary contained in this Agreement, the Authority agrees that any cure of any default made or tendered by one of Borrower's limited partners shall be deemed to be a cure by Borrower and shall be accepted or rejected on the same basis as if made or tendered by Borrower.

8. Development Funds and Development Property. The Development and Development Funds are referred to in this Agreement as "Development Property." Development Funds may be expended for: (i) payment of Operating Expenses, Maintenance Expenses and Administrative Expenses; (ii) payments into any tax and insurance reserve account; (iii) payments of amounts due under the Loan Agreement, including principal, interest, late charges and other amounts payable under it; (iv) payments into any replacement reserve account; (v) payments of amounts due under any permitted subordinate financing; and (vi) distributions and approved payments to Borrower's member or partners, as the case may be, as identified on an approved Ownership Structure Certification.

9. Termination of Liabilities. In the event of a sale or other transfer of the Development, all of the duties, obligations, undertakings and liabilities of the Borrower and/or



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such owner-transferor under the terms of this Agreement shall thereafter cease and terminate as to the Borrower and/or such owner-transferor, except as to any acts or omissions or obligations to be paid or performed by the Borrower and/or owner-transferor that occurred prior to such sale or transfer. However, as a condition precedent to the termination of the liability of the Borrower or owner-transferor under this Agreement, the owner-transferee shall assume, on the same terms and conditions as apply under this Agreement to the owner-transferor, all of the duties and obligations of such owner-transferor arising under this Agreement from and after such sale or transfer. The owner-transferee shall assume the Loan Documents to the extent provided in them.

**10. Term of Agreement/Covenants Running with Land.** 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 to occur of: (i) payment in full of the Loan; (ii) termination of the Tax Regulatory Agreement executed by Borrower in regards to the Note; and (iii) fifteen (15) years.

**11. Subordination.** This Agreement is subordinate in each and every respect to any and all rights of any kind created under the Loan Documents, including, without limitation, that Mortgage dated as of the date of this Agreement made by the Borrower to the Trustee.

**12. Miscellaneous.**

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

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

**c. 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.

**d. Number and 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.

**e. Recording Agreement.** The Borrower agrees and assumes the obligation to have this Agreement recorded in the appropriate land records in the jurisdiction in which the Development is situated. If the Borrower fails to do so, the Authority may have it recorded at the expense of the Borrower. The Borrower agrees to pay such expenses or reimburse the Authority for its payment of such expenses promptly upon demand.

**f. 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.

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g. **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 or the intent of the Agreement.

h. **Third Parties.** 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 the Borrower or the Development.

i. **Notices.** Any notice, demand, request or other communication that any party may desire or may be required to give to any other party under this Agreement 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 of Multifamily Financing Programs

with a copy to:

Illinois Housing Development Authority

111 East Wacker Drive, Suite 1000

Chicago, Illinois 60601

Attention: General Counsel

If to the Borrower:

Standard Commonwealth Venture LP

c/o Standard Communities

401 North Michigan Avenue, Suite 1200

Chicago, IL 60611

Attention: Robert Koerner

With A courtesy copy to:

Standard Commonwealth Venture LP

c/o Standard Communities

31899 Del Obispo Street, Suite 150

San Juan Capistrano, CA 92675

Attention: Bradley C. Martinson

And:

Rutan & Tucker, LLP

18575 Jamboree Road, 9th Floor

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Irvine, CA 92612  
Attention: Randall M. Babbush

And:

PNC Fund 82 MT 1, LLC  
c/o PNC Real Estate  
121 S.W. Morrison Street, Suite 1300  
Portland, Oregon 97204-3143  
Attention: Asset Manager

with a courtesy copy to:

Kutak Rock LLP  
1650 Farrar Street  
Omaha, Nebraska 68102  
Attention: Shane Deaver, Esq.

In connection with a courtesy copy, 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 Note, 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 **Paragraph 12.i**. Any notice, demand, request or other communication sent pursuant to subsection (a) shall be served and effective upon such personal service. Any notice, demand, request or other communication sent pursuant to subsection (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 subsection (c) shall be served and effective three (3) business days after proper deposit with the United States Postal Service.

**13. Counterparts.** This Agreement may be executed in any number of counterparts each of which shall be deemed an original and all of which shall constitute one and the same instrument with the same effect as if all parties had signed the same signature page.

**14. Freddie Mac Rider.** Exhibit B, Freddie Mac Rider, is hereby attached hereto and made part hereof.

[SIGNATURES ARE ON THE FOLLOWING PAGE]



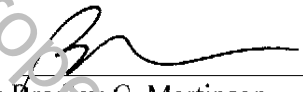
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**IN WITNESS WHEREOF**, the parties hereto have caused this Agreement to be executed by their respective authorized representatives.

**BORROWER:**

**STANDARD COMMONWEALTH VENTURE LP,**  
an Illinois limited partnership

By: Standard Commonwealth Manager LLC,  
a Delaware limited liability company,  
its General Partner

By:   
Name: Bradley C. Martinson  
Title: Authorized Representative

**AUTHORITY:**

**ILLINOIS HOUSING DEVELOPMENT AUTHORITY,**  
a body politic and corporate

By: \_\_\_\_\_  
Name: Maureen G. Ohle  
Title: General Counsel

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A Notary Public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California )  
County of Orange )

On December 21, 2022, before me, Genevieve Sanchez,  
(insert name and title of the officer)

Notary Public, personally appeared Bradley C. Martinson,  
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are  
subscribed to the within instrument and acknowledged to me that he/she/they executed the same  
in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the  
person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the  
foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature Genevieve Sanchez (Seal)



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**IN WITNESS WHEREOF**, the parties hereto have caused this Agreement to be executed by their respective authorized representatives.

**BORROWER:**

**STANDARD COMMONWEALTH VENTURE LP,**  
an Illinois limited partnership

By: Standard Commonwealth Manager LLC,  
a Delaware limited liability company,  
its General Partner

By: \_\_\_\_\_  
Name: Bradley C. Martinson  
Title: Authorized Representative

**AUTHORITY:**

**ILLINOIS HOUSING DEVELOPMENT AUTHORITY,**  
a body politic and corporate

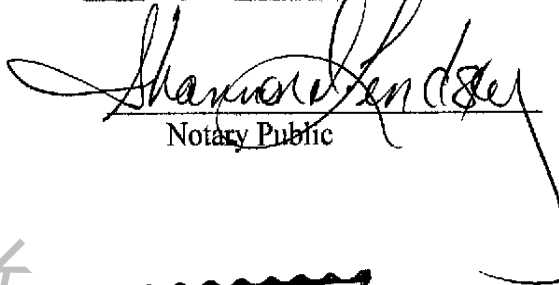
By: \_\_\_\_\_  
Name: Maureen G. Ohle  
Title: General Counsel

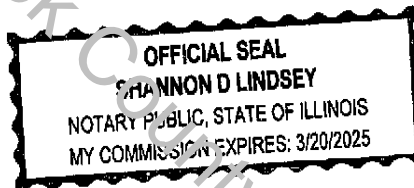
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STATE OF ILLINOIS     )  
                                       ) SS  
 COUNTY OF COOK        )

I, the undersigned, a Notary Public in and for the State and County aforesaid, certify that Maureen G. Ohle, personally known to me to be the General Counsel of the **ILLINOIS HOUSING DEVELOPMENT AUTHORITY**, who is personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that she signed and delivered the said instrument in her capacity as General Counsel of the **ILLINOIS HOUSING DEVELOPMENT AUTHORITY**, as her free and voluntary act and deed and as the free and voluntary act and deed of the **ILLINOIS HOUSING DEVELOPMENT AUTHORITY**, for the uses and purposes therein set forth.

Given under my hand and official seal this 12<sup>th</sup> day of December, 2022.

  
 Notary Public



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## EXHIBIT A

### LEGAL DESCRIPTION

LOT 62 IN ANDREWS, SPAFFORD AND COLEHOUR'S SUBDIVISION OF BLOCKS 1 AND 2 IN OUTLOT "A" IN WRIGHTWOOD, A SUBDIVISION OF THE SOUTHWEST 1/4 OF SECTION 28, TOWNSHIP 40 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

COMMONLY KNOWN AS: 2757 NORTH PINE GROVE AVENUE, CHICAGO, ILLINOIS 60614

PROPERTY IDENTIFICATION NUMBER: 14-28-310-001-0000

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## EXHIBIT B

### FREDDIE MAC RIDER

This **Freddie Mac Rider** (the "**Rider**") is attached to and forms a part of the IHDA Regulatory Agreement (the "**Regulatory Agreement**"), dated as of December 1, 2022, by and among the Illinois Housing Development Authority (the "**Governmental Lender**") and Standard Commonwealth Venture LP, (together with any successor to its rights, duties and obligations hereunder and as owner of the Project identified herein, the "**Borrower**").

1. **Definitions.** Terms used in this Rider as defined terms shall have the meanings given those terms in the Regulatory Agreement and the Funding Loan Agreement. In addition, the following terms shall have the following meanings:

"**Freddie Mac**" means the Federal Home Loan Mortgage Corporation, a shareholder-owned government-sponsored enterprise organized and existing under the laws of the United States

"**Fiscal Agent**" means Wilmington Trust, National Association.

"**Funding Lender**" means the holder of the Governmental Note, initially JLI Real Estate Capital, LLC and on the Freddie Mac Purchase Date, Freddie Mac, and any successors or assigns thereof.

"**Funding Loan Agreement**" means the Funding Loan Agreement dated as of December 1, 2022, by and among the Governmental Lender, the Initial Funding Lender set forth therein and the Fiscal Agent, as such Funding Loan Agreement may from time to time be amended or supplemented.

"**Governmental Note**" means the Multifamily Housing Revenue Note, Series 2022 (Commonwealth Apartments) dated December 23, 2022, delivered by the Governmental Lender pursuant to the Funding Loan Agreement.

"**Project Loan**" means the loan to the Borrower pursuant to the Project Loan Documents, which Project Loan is to be assigned to the Fiscal Agent.

"**Project Loan Agreement**" means the Project Loan Agreement dated as of December 1, 2022, among the Borrower, the Governmental Lender and the Fiscal Agent, as such Project Loan Agreement may from time to time be amended or supplemented.

"**Project Loan Documents**" means the Security Instrument, the Project Note, the Project Loan Agreement, the Tax Regulatory Agreement, the Assignment, the Continuing Covenant Agreement, any Subordination Agreement(s) and any and all other instruments and other documents evidencing, securing, or otherwise relating to the Project Loan or any portion thereof.

"**Project Note**" means the Project Note, including applicable addenda, to be executed by the Borrower in favor of the Governmental Lender, evidencing the Borrower's



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financial obligations under the Project Loan, and to be endorsed by the Governmental Lender, without recourse, to the order of the Fiscal Agent, as the same may be amended, modified, supplemented or restated from time to time.

**“Security Instrument”** means the Multifamily Mortgage, Assignment of Rents and Security Agreement, together with all riders thereto, securing the Project Note, to be executed by the Borrower with respect to the Project, as it may be amended, modified, supplemented or restated from time to time.

**“Servicer”** means JLL Real Estate Capital, LLC, or any successor Servicer selected by Freddie Mac.

2. Applicability. The provisions of this Rider shall amend and supplement the provisions of, and in the event of a conflict shall supersede the conflicting provisions of, the Regulatory Agreement.

3. Indemnification. Inasmuch as the covenants, reservations and restrictions of the Regulatory Agreement run with the land, the indemnification obligations of the Borrower contained in the Regulatory Agreement will be deemed applicable to any successor in interest to the Borrower, but, it is acknowledged and agreed, notwithstanding any other provision of the Regulatory Agreement to the contrary, that neither the Funding Lender nor any successor in interest to the Funding Lender will assume or take subject to any liability for the indemnification obligations of the Borrower for acts or omissions of the Borrower prior to any transfer of title to Freddie Mac, whether by foreclosure, deed in lieu of foreclosure or comparable conversion of the Project Loan. The Borrower shall remain liable under the indemnification provisions for its acts and omissions prior to any transfer of title to the Funding Lender. The Funding Lender shall indemnify the Governmental Lender following acquisition of the Project by the Funding Lender, by foreclosure, deed in lieu of foreclosure or comparable conversion of the Project Loan, during, and only during, any ensuing period that the Funding Lender owns and operates the Project, provided that the Funding Lender's liability shall be strictly limited to acts and omissions of the Funding Lender occurring during the period of ownership and operation of the Project by the Funding Lender. The Funding Lender shall have no indemnification obligations with respect to the Governmental Note or the Project Loan Documents. The Borrower shall remain liable under the Regulatory Agreement for its actions and omissions prior to any transfer of title to the Funding Lender.

4. Sale or Transfer. Restrictions on sale or transfer of the Project or of any interest in the Borrower, Governmental Lender and/or Fiscal Agent consents, transferee agreements, transferee criteria and requirements, opinion requirements, assumption fees, transfer fees, penalties and the like shall not apply to any transfer of title to the Project to the Funding Lender or to a third party by foreclosure, deed in lieu of foreclosure or comparable conversion of the Project Loan or to any subsequent transfer by the Funding Lender following foreclosure, deed-in-lieu of foreclosure or comparable conversion of the Project Loan. No transfer of the Project shall operate to release the Borrower from its obligations under the Regulatory Agreement. Nothing contained in the Regulatory Agreement shall affect any provision of the Continuing Covenant Agreement or any of the other Project Loan Documents that requires the Borrower to obtain the consent of the Funding Lender as a precondition to sale, transfer or other disposition of, or any direct or indirect

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interest in, the Project or of any direct or indirect interest in the Borrower, excluding transfers permitted by the Continuing Covenant Agreement. No covenant obligating the Borrower to obtain an agreement from any transferee to abide by all requirements and restrictions of the Regulatory Agreement shall have any applicability to a transfer to the Funding Lender upon foreclosure, deed-in-lieu of foreclosure or comparable conversion of the Project Loan by the Funding Lender, or to any subsequent transfer by the Funding Lender following foreclosure, deed-in-lieu of foreclosure or comparable conversion of the Project Loan.

5. Enforcement. Notwithstanding anything contained in the Regulatory Agreement to the contrary: (i) the occurrence of an event of default under the Regulatory Agreement shall not, under any circumstances whatsoever, be deemed or constitute a default under the Project Loan Documents, except as may be otherwise specified in the Project Loan Documents; and (ii) the occurrence of an event of default under the Regulatory Agreement shall not impair, defeat or render invalid the lien of the Security Instrument. No person other than the Funding Lender shall have the right to (a) declare the principal balance of the Project Note to be immediately due and payable or (b) commence foreclosure or other like action with respect to the Security Instrument. The Governmental Lender and the Fiscal Agent acknowledge and agree that the exercise of any rights and remedies under the Regulatory Agreement is subject to the provisions of the Project Loan Documents.

6. Notice of Violations. Promptly upon determining that a violation of the Regulatory Agreement has occurred, the Governmental Lender or the Fiscal Agent shall, by notice in writing to the Borrower, the Servicer and the Funding Lender, inform the Borrower, the Servicer and the Funding Lender that such violation has occurred, the nature of the violation and that the violation has been cured or has not been cured, but is curable within a reasonable period of time, or is incurable; notwithstanding the occurrence of such violation, neither the Governmental Lender nor the Fiscal Agent shall have, and each of them acknowledge that they shall not have, any right to cause or direct acceleration of the Project Loan, to enforce the Project Note or to foreclose on the Security Instrument.

7. Amendments. The Regulatory Agreement shall not be amended without the prior written consent of the Funding Lender.

8. Fees; Penalties. The Funding Lender shall not be liable for the payment of any compensation, or any accrued unpaid fees, costs, expenses or penalties otherwise owed by the Borrower or any subsequent owner of the Project prior to the date of acquisition of the Project by the Funding Lender, whether such acquisition is by foreclosure, deed-in-lieu of foreclosure or comparable conversion of the Project Loan.

9. Subordination. The terms, covenants and restrictions of the Regulatory Agreement, other than those set forth in Sections 3 and 4, are and shall at all times remain subject and subordinate, in all respects, to the liens, rights and interests created under the Project Loan Documents.

10. Third-Party Beneficiary. The parties to the Regulatory Agreement recognize and agree that the terms of the Regulatory Agreement and the enforcement of those terms are essential to the security of the Funding Lender and are entered into for the benefit of various parties,

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including the Funding Lender. The Funding Lender shall accordingly have contractual rights in the Regulatory Agreement and shall be entitled (but not obligated) to enforce, separately or jointly with the Governmental Lender and/or the Fiscal Agent, or to cause the Governmental Lender or the Fiscal Agent to enforce, the terms of the Regulatory Agreement. In addition, the Funding Lender is intended to be and shall be a third-party beneficiary of the Regulatory Agreement.

11. Notices. Copies of all notices under the Regulatory Agreement shall be sent to the Servicer at the address set forth below or to such other address as the Servicer may from time to time designate:

JLL Real Estate Capital, LLC  
2177 Youngman Avenue, Suite 100  
St. Paul, MN 55116  
Attention: Loan Servicing  
Email: loanservicing@am.jll.com

Any notice to be given to Freddie Mac shall be sent to Freddie Mac at the address set forth below or to such other address as Freddie Mac may from time to time designate:

Federal Home Loan Mortgage Corporation  
8100 Jones Branch Drive  
McLean, Virginia 22102  
Attention: Multifamily Operations - Loan Accounting  
Email: mfla@freddiemac.com  
Telephone: (703) 714-4177

with a copy to:

Federal Home Loan Mortgage Corporation  
8200 Jones Branch Drive  
McLean, Virginia 22102  
Attention: Managing Associate General Counsel –  
Multifamily Legal Division  
Email: guy\_nelson@freddiemac.com  
Telephone: (703) 903-2000