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RHSP FEE:\$18.00 RPRF FEE: \$1.00

KAREN A. YARBROUGH

COOK COUNTY CLERK

DATE: 01/23/2024 02:41 PM PG: 1 OF 11

PREPARED BY:
TROUTMAN PEPPER HAMILTON SANDERS LLP
401 9TH STREET, NW, SUITE 1000
WASHINGTON, DC 20004
ATTN: BLAIR SCHIFF, ESQ.

AGREEMENT OF ASSIGNMENT, ASSUMPTION AND MODIFICATION OF MORTGAGE, NOTE, AND REGULATORY AGREEMENT

THIS AGREEMENT is entered into this ^{January, 2024} ~~10th~~ day of ~~December~~, 2023, by and among 2620 WASHINGTON LLC, an Illinois limited liability company (the "Transferor"), LOFTY RHYME LLC, a Delaware limited liability company (the "Transferee"), LUMENT REAL ESTATE CAPITAL, LLC, f/k/a Red Mortgage Capital, LLC, a Delaware limited liability company (the "Lender") and U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT ("HUD" or the "Secretary") having its principal office at 451 7th Street, SW., Washington, DC 20410.

WITNESSETH:

WHEREAS, Transferor is the owner of real property known as 2620 Lofts Apartments, FHA No. 071-11273 located in Chicago, Cook County, Illinois and encumbered by the following Multifamily Mortgage, Assignment of Leases and Rents and Security Agreement (the "Mortgage"):

Multifamily Mortgage, Assignment of Leases and Rents and Security Agreement made by Transferor to secure a mortgage loan in the original principal amount of \$10,329,200.00, dated as of June 1, 2012 and recorded on June 5, 2012 as Document #1215734075 in the official Public Records of Cook County Clerk ("Public Records").

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WHEREAS, the Mortgage secures performance under a Note to Great Lakes Financial Group Limited Partnership (the “**Note**”) in the original principal amount \$10,329,200.00, insured by HUD pursuant to Section 207 pursuant to Section 223(f) of the National Housing Act, as amended (the “**Act**”) and the regulations promulgated by the Secretary pursuant thereto (the “**HUD Regulations**”); and

WHEREAS, the Note and Mortgage were assigned from Great Lakes Financial Group Limited Partnership to Lender on May 1, 2013; and

WHEREAS, the property described in the Mortgage and in Exhibit A attached hereto is referred to in this Agreement as the “**Project**”; and

WHEREAS, Transferor has agreed to convey the Project to Transferee; and

WHEREAS, the Secretary and Lender have approved the transfer of the Project from Transferor to Transferee; and

WHEREAS, the Master Lease between Transferor and 2620 Washington Master Tenant, LLC has been terminated with the approval of HUD and Lender; and

WHEREAS, in connection with the Secretary’s provision of the mortgage insurance, pursuant to the Act, and the HUD Regulations, Transferor and the Secretary entered into that certain Regulatory Agreement for Multifamily Housing Projects (the “**Regulatory Agreement**”), dated as of June 1, 2012, and recorded June 5, 2012 as Document #1215734076 in the Public Records; and

WHEREAS, Transferee wishes to accept the transfer of ownership of the Project and assume the obligations under the “**Transfer Documents**” (as defined below).

NOW, THEREFORE, in consideration of the consent of the Secretary and Lender to the sale of the Project by Transferor to Transferee, and in order to comply with the requirements of the Secretary, the Act, and the HUD Regulations adopted pursuant thereto, and for other good and valuable consideration paid, the parties hereto hereby agree as follows:

Section 1. Effective as of the date of recordation of the deed conveying title to the Project to Transferee and recordation of this Agreement (hereinafter referred to as the “**Effective Date**”) in the Public Records, and, except as limited in this agreement, Transferor assigns and Transferee hereby assumes and agrees to be bound by and to perform, keep and observe all of the obligations, duties, liabilities, covenants and agreements of Transferor under and pursuant to the Note, the Mortgage, the Regulatory Agreement, and all other documents heretofore executed and delivered and/or assumed by the Transferor in connection with the Mortgage loan, including the UCC Financing Statement (County), as amended as of the Effective Date (the “**Transfer Documents**”), in each such case, to the extent such obligations, duties, liabilities, covenants and agreements first arise, occur and/or accrue from and after the Effective Date. 2620 Washington Master Tenant, LLC is not assigning to, and Transferor is not assuming the obligations under, the U.S Department of Housing and Urban Development Regulatory Agreement for Multifamily Projects dated as of June 1, 2012, by and between 2620 Washington Master Tenant, LLC, an Illinois limited liability company, and United States Department of Housing and Urban Development, recorded in the

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Office of the Recorder of Deeds of Cook County, Illinois on June 5, 2012, as document number 1215734077 (as may have been amended, the “**Master Tenant Regulatory Agreement**”).

(i) As of the Effective Date, the terms “Borrower” and “Owner”, as used in the Transfer Documents, including the Regulatory Agreement, shall mean LOFTY RHYME LLC, a Delaware limited liability company.

(ii) As of the Effective Date, all references to “2620 Washington Master Tenant, LLC, an Illinois limited liability company”, “Master Tenant”, “Master Lease” and the Master Tenant Regulatory Agreement in the Transfer Documents, and all provisions in the Transfer Documents regarding such entity and such documents, are hereby deleted from the Transfer Documents in their entirety. HUD will cause the Master Tenant Regulatory Agreement to be terminated of record after the Effective Date. Nothing herein or in said termination shall constitute a release or waiver of any claims or causes of action, known or unknown, that the Secretary may have against the Master Tenant or any other person or entity for violations of the Master Tenant Regulatory Agreement, which took place prior to the execution of said termination. Further, nothing herein or in said termination shall waive or release the parties specified in Section 50 of the Master Tenant Regulatory Agreement, from any obligations or liabilities that pursuant to said Section 50 survive any termination of the Master Tenant Regulatory Agreement.

(iii) As of the Effective Date, Borrower’s notice information in Section 46 of the Regulatory Agreement is hereby amended and restated in its entirety to read as follows:

BORROWER:

Lofty Rhyme LLC
124 Township Line Road
Jenkintown, Pennsylvania 19046
Attention: Zell Kravinsky
Email: kravinsky7@gmail.com

With a copy to:

Lofty Rhyme LLC
165 Gulph Hills Road
Wayne, PA 19087
Attention: Lev Kravinsky
Email: kravinskylev@gmail.com

Any failure to give or deliver a copy of any notice to Lev Kravinsky or any other “copy to” party shall not invalidate any notice to Borrower hereunder nor impose any liability on HUD.

(iv) As of the Effective Date, Section 50 of the Regulatory Agreement is hereby amended by deleting the Section 50 included therein and replacing it with the Section 50 attached hereto. The new Section 50 Party (as defined in the Section 50 attached hereto) shall only be liable

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for the matters expressly set forth in the Section 50 attached hereto to the extent such matter first arises, occurs and/or accrues from and after the Effective Date.

(v) As of the Effective Date, Rider 1 of the Regulatory Agreement is hereby deleted in its entirety.

(vi) As of the Effective Date, Borrower's notice information in Section 31 of the Mortgage is hereby amended and restated in its entirety, to read as follows:

BORROWER:

Lofty Rhyme LLC
124 Township Line Road
Jenkintown, Pennsylvania 19046
Attention: Zell Kravinsky
Email: kravinsky7@gmail.com

With a copy to:

Lofty Rhyme LLC
165 Gulph Hills Road
Wayne, PA 19087
Attention: Lev Kravinsky
Email: kravinskylev@gmail.com

Any failure to give or deliver a copy of any notice to Lev Kravinsky or any other "copy to" party shall not invalidate any notice to Borrower hereunder nor impose any liability on Lender.

(vii) As of the Effective Date, the Lender and Transferee are entering into a Second Allonge to Note to amend Section 8 of the Note.

(viii) As of the Effective Date, Section 6 of the Mortgage is hereby amended and restated to state in its entirety:

"6. EXCULPATION. Except for personal liability expressly provided for in this Security Instrument or in the Note or in the Regulatory Agreement, the execution of the Note shall impose no personal liability upon Borrower and Zell Kravinsky, and, any future partners of Borrower for payment of the Indebtedness evidenced thereby and in the Event of Default, the holder of the Note shall look solely to the Mortgaged Property in satisfaction of the Indebtedness and will not seek or obtain any deficiency or personal judgment against Borrower and Zell Kravinsky, and, to the extent approved by HUD, any future partners of Borrower except such judgment or decree as may be necessary to foreclose or bar its interest in the Mortgaged Property and all other property mortgaged, pledged, conveyed or assigned to secure payment of the Indebtedness; provided, that nothing in this Section 6 of

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this Security Instrument and no action so taken shall operate to impair any obligation of Borrower under the Regulatory Agreement.”

(ix) As of the Effective Date, Transferee hereby agrees to be bound by the Transfer Documents, as modified and/or amended pursuant to the terms of this agreement, in each such case, to the extent the obligations, duties, liabilities, covenants and agreements thereunder first arise, occur and/or accrue from and after the Effective Date.

Section 2.

(i) As of the Effective Date, by its execution hereof, the Secretary agrees that Transferor shall be and it hereby is released from any further obligations, duties, responsibilities, covenants and agreements to the Secretary under the Regulatory Agreement. Notwithstanding the forgoing, and subject to Section 8 hereof, Transferor and the individuals and entities set forth in Section 50 of the Borrower Regulatory Agreement shall be released as of the Effective Date from any further liability under the Borrower Regulatory Agreement, except that Transferor and such original Section 50 individuals and entities shall not be released and each shall remain personally liable after the date hereof and the Effective Date with respect to the following matters: (a) for funds or property of the Project coming into such person's hands which, by the provisions of the Regulatory Agreement, it is not entitled to retain; (b) for authorizing the conveyance, assignment, transfer, pledge, encumbrance or other disposition of the Mortgaged Property or any interest therein in violation of Section 36(a) of the Regulatory Agreement without the prior written approval of HUD; and (c) for its own acts and deeds, or acts and deeds of others, which it has authorized in violation of the provisions of the Regulatory Agreement.

(ii) As of the Effective Date, by its execution hereof, the Lender agrees that Transferor shall be and it hereby is released from any further obligations, duties, responsibilities, covenants and agreements to the Lender under the Note, the Mortgage, and the other Transfer Documents. Notwithstanding the foregoing, Transferor shall remain liable under the Transfer Documents for any funds or personal property of the Project of which Transferor is in erroneously in receipt and for any acts committed by Transferor or its agents which would constitute a breach under the Transfer Documents.

Section 3. As of the Effective Date, Transferee agrees that it shall comply fully with: (i) the provisions of any laws prohibiting discrimination in housing on the basis of race, color, creed, disability, handicap, familial status, sex or national origin; and (ii) the HUD Regulations providing for non-discrimination and equal opportunity in housing. It is understood and agreed that failure or refusal to comply with such provisions shall be a proper basis for the Secretary to take any corrective action the Secretary may deem necessary, including, but not limited to, the rejection of future applications for FHA mortgage insurance and the refusal to enter into future contracts of any kind with which Transferee is identified; and further, the Secretary shall have similar rights of corrective action with respect to (a) any individuals who are officers, directors, principal stockholders, trustees, managers, partners, members, or associates of Transferee; and (b) any corporation or any other type of business association or organization with which the officers, directors, principal stockholders, trustees, managers, partners, members, or associates of Transferee may be identified.

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Section 4. Nothing herein shall in anyway impair the Note or the security now held for said indebtedness, or alter, waive, annul, vary or affect any provision, condition or covenant therein, nor affect or impair any rights, powers or remedies under the Note, Mortgage, and Regulatory Agreement, it being the intent of the parties hereto that the terms and provisions of said Note, Mortgage, and Regulatory Agreement shall continue in full force and effect, except as modified and/or amended hereby.

Section 5. This Agreement may be executed in counterparts, each of which when so executed and delivered shall be an original, but all of which together shall constitute one and the same instrument.

Section 6. All of the terms, covenants, conditions and agreements hereof shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, executors, administrators, successors and assigns.

Section 7. The whole of the real property described in the Mortgage shall remain subject to the liens, charges, or encumbrances of such Mortgage, and nothing herein contained or done pursuant hereto shall affect or be construed to affect the liens, charges, or encumbrances of the Mortgage, or the priority thereof over other liens, charges, or encumbrances, or, except as herein otherwise expressly provided, to release or affect the liability of any party or parties whatsoever would now or may hereafter be liable under or on account of such Note, Mortgage, or Regulatory Agreement; provided that Transferor shall remain liable under the Transfer Documents in all acts done as mortgagor.

Section 8. Nothing in this Agreement shall waive, compromise, impair or prejudice any right the Secretary of HUD may have to seek judicial recourse for any breach of any Regulatory Agreement that may have occurred prior to or may occur subsequent to the date of this Agreement. In the event that the Secretary of HUD initiates an action for breach of any Regulatory Agreement and recovers funds, either on the Secretary's own behalf or on behalf of the Project or Transferor or Transferee, those funds may be applied, at the discretion of the Secretary of HUD, to payment of the delinquent amounts due under the Mortgage or as a partial prepayment of the Mortgage debt.

Section 9. The Transferee acknowledges there are no defenses, counterclaims, set-offs to the Transfer Documents and hereby waives and releases any such defenses, counterclaims and/or set-offs.

Section 10. This Agreement may be executed in one or more counterparts, all of which, when taken together, shall constitute one and the same instrument.

**[SIGNATURES AND ACKNOWLEDGMENTS
CONTAINED ON THE FOLLOWING PAGES]**

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IN WITNESS WHEREOF, the parties have hereunto set their hands and seals as of the date set forth above.

TRANSFEROR:

2620 WASHINGTON LLC,
an Illinois limited liability company

By: LK Growth LLC,
an Illinois limited liability company,
its Managing Member

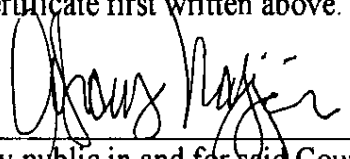
By:


Lawrence Kerner
Sole Member

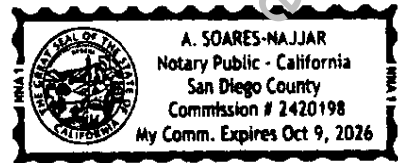
STATE OF CA
SS:
COUNTY OF San Diego

On this 2nd day of Jan, 2024, before me, a notary public in and for said county and state, duly commissioned and sworn, personally appeared Lawrence Kerner, known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that s/he executed the same in her/his authorized capacity, and that by her/his signature on the instrument the person or the entity on behalf of which the person acted, executed the instrument.

In witness whereof, I have hereunto set my hand and affixed my official seal the day and year in the certificate first written above.



Notary public in and for said County and State



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SECRETARY:

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT, acting by and through the Federal Housing Commissioner

By: *Gerald A. Smith*
Name: Gerald A. Smith
Title: Asset Mgmt Director

State of ILLINOIS)
County of COOK)

The foregoing instrument was acknowledged before me on this 4th day of January, ~~2023~~ 2024 by Gerald A. Smith, Authorized Agent of the Secretary of U.S. Department of Housing and Urban Development, acting by and through the Federal Housing Commissioner. Witness my hand and notarial seal the day and year first above written.

WITNESS my hand and official seal.

Signature *Sylvia L. Davis* (Seal)

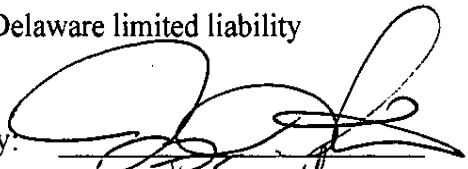
My Commission Expires: 5-21-2024



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LENDER:

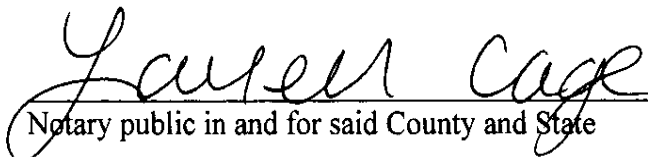
LUMENT REAL ESTATE CAPITAL, LLC,
a Delaware limited liability

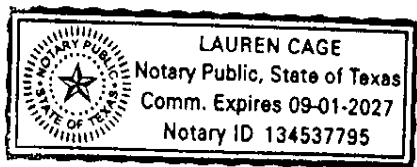
By: 
Name: Jay Smith
Title: Director

STATE OF Texas)
SS:
COUNTY OF Collin)

On this 27 day of 12, 2023, before me, a notary public in and for said county and state, duly commissioned and sworn, personally appeared Jay Smith, known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that s/he executed the same in her/his authorized capacity, and that by her/his signature on the instrument the person or the entity on behalf of which the person acted, executed the instrument.

In witness whereof, I have hereunto set my hand and affixed my official seal the day and year in the certificate first written above.


Notary public in and for said County and State



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EXHIBIT A

LEGAL DESCRIPTION

That part of Lot 2 in the partition by Maurice Wakeman and others of the South 1/2 of the Southeast 1/4 of Section 12, Township 39 North, Range 13, East of the Third Principal Meridian, in Cook County, Illinois, described as follows:

Beginning at the point of intersection of the North line of Washington Boulevard as widened, with the East line of Talman Avenue, which point is 25.00 feet East at Right angles from the West line of said Lot 2; thence East along the North line of Washington Boulevard, 100.00 feet; thence North Parallel with the East line of Talman Avenue to the South line of Park Avenue; thence West along the South line of Park Avenue to the East line of Talman Avenue; thence South along the East line of Talman Avenue to the Point of Beginning, in Cook County, Illinois.

Note for information:

Property Address: 2620 W. Washington Blvd., Chicago, IL 60612

PIN No.: 16-12-419-001-0000