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Approved Form

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
FEDERAL HOUSING ADMINISTRATION

## REGULATORY AGREEMENT FOR INSURED MULTIFAMILY HOUSING PROJECTS

(With Section 8 Housing Assistance Payments Contract)

Project No.: 071-35573

HAP CONTRACT NO.: IL-06-K121-004

Mortgagee: REINHILIN/LIESER/MCGHEE, a California General Partnership

Amount of Mortgage Note: \$1,982,300.00

Date: 12-1-88

Mortgage Recorded: State ILLINOIS County Cook

Date: 12-20-88

Book

Doc # 88586702

Originally endorsed for insurance under Section 221(d)(4) of the National Housing Act, as amended by Section 409 of the Housing and Urban-Racial Recovery Act of 1983, effective December 1, 1983. This Agreement entered into this 1st day of December, 1988 by AMERICAN NATIONAL BANK & TRUST CO. OF CHICAGO, as Trustee under Trust Agreement dated April 4, 1986, and known as Trust No. 67213, 33 N. LaSalle Street, Chicago, IL, and DIVERSEY SQUARE ASSOCIATES LIMITED PARTNERSHIP, an Illinois Limited Partnership, 65 East Wacker Pl., Chicago, Illinois 60601, their successors, heirs, and assigns (jointly and severally, hereinafter referred to as Owners) and the undersigned Secretary of Housing and Urban Development and his/her successors (hereinafter referred to as Secretary).

In consideration of the indorsement for insurance by the Secretary of the above described note or in consideration of the consent of the Secretary to the transfer of the mortgaged property or the sale and conveyance of the mortgaged property by the Secretary, and in order to comply with the requirements of the National Housing Act, as amended and the Regulations adopted by the Secretary pursuant thereto, Owners agree for themselves, their successors, heirs and assigns, that in connection with the mortgage property and the project operated thereon, and so long as the contract of mortgage insurance continues in effect, and during such other period of time as the Secretary shall be the owner, holder or reinsurer of the mortgage, or during any time the Secretary is obligated to insure a mortgage on the mortgaged property:

1. Owners, except as limited by paragraph 20 hereof, assume and agree to make promptly all payments due under the note and mortgage.
  2. (a) Owners shall establish or continue to maintain a reserve fund for replacements by the allocation to such reserve fund in a separate account with the mortgagee or in a safe and responsible depository designated by the mortgagee, currently with the beginning of payments towards amortization of the principal of the mortgage insured or held by the Secretary of an amount equal to \$ 650.75 per month unless a different date or amount is proved in writing by the Secretary. Such fund, whether in the form of a cash deposit or invested in obligations fully guaranteed as to principal by the United States of America shall at times be under the control of the mortgagee. Disbursements from such fund, whether for the purpose of effecting replacement of structural elements, mechanical equipment of the project or for any other purpose, may be made only after receiving the consent in writing of the Secretary. In the event of a default in the terms of the mortgage, pursuant to which the loan has been accelerated, the Secretary may apply or authorize the application of the balance in such fund to the amount due on the mortgage debt as accelerated.
  - (b) Where Owners are acquiring a project already subject to an insured mortgage, the reserve fund for replacements to be established will be equal to the amount due to be in such fund under existing agreements or charter at the time Owners acquire such project, and payments hereunder shall begin with the first payment due on the mortgage after acquisition, unless some other method of establishing and securing the fund is approved in writing by the Secretary.
  - (c) If Owners are a nonprofit entity or a limited distribution mortgagee, Owners shall establish and maintain in addition to the reserve fund for replacements, a residual receipts fund by depositing thereto, with the mortgagee, residual receipts, as defined herein, within 60 days after the end of the semiannual or annual fiscal period in which such receipts are realized. Residual receipts shall be under the control of the Secretary, and shall be distributed only on the direction of the Secretary, who shall have the power and authority to direct that the residual receipts or any part thereof, be used for such purpose as he may determine.
3. Real property covered by the mortgage and this Agreement is described in Schedule A attached hereto.
  4. (a) The Owners shall not rent the units for a period of less than thirty (30) days. Subleasing of dwelling accommodations, except for subleases of single dwelling accommodations by the tenant thereof, shall be prohibited without the prior written approval of the Owners and the Secretary and any lease shall so provide. Upon discovery of any unapproved sublease, Owners shall immediately demand cancellation and notify the Secretary thereof.
  - (b) Owners may charge to and receive from any tenant such amounts as from time to time may be mutually agreed upon between the tenant and the Owners for any rental accommodations, ~~facilities and services which may be furnished by the Owners or other persons at the request of the tenant.~~ Tenants receiving Section 8 assistance shall have their rents determined by the HAP Contract. No charge shall be made, however, for facilities or services without the approval of the Secretary.

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- (1) Engage, except for natural persons, in any other business or activity, including the operation of any other rental project, or incur any liability or obligation not in connection with the project.
- (2) Require, as a condition of the occupancy or leasing of any unit in the project any consideration or deposit other than the prepayment of the first month's rent, plus a security deposit in an amount not in excess of one month's rent (the gross family contribution in Section 8 units) to guarantee the performance of the covenants of the lease. Any funds collected as security deposits shall be kept separate and apart from all other funds of the project in a trust account the amount of which shall at all times equal or exceed the aggregate of all outstanding obligations under such account.
- (3) Permit the use of the dwelling accommodations of the project for any purpose except the use which was originally intended, or permit commercial use greater than that originally approved by the Secretary.
- (4) Owners have executed an Agreement to enter into a Housing Assistance Payments Contract or have executed a Housing Assistance Payments Contract if an insurance upon completion case. The terms of said Contract are or shall be incorporated by reference into this Regulatory Agreement.
- (5) A violation of the terms of the Housing Assistance Payments Contract may be construed to constitute a default hereunder in the sole discretion of the Secretary.
- (6) In the event said Housing Assistance Payments Contract expires or terminates before the expiration or termination of this Agreement, the provisions of this paragraph 9 and any other reference to said contract, to Section 8 and Section 8 (c) is contained herein shall be self-cancelling and shall no longer be effective as of the date of the expiration or termination of the Housing Assistance Payments Contract.
- (7) Owners shall maintain the mortgaged premises, accommodations and the grounds and equipment appurtenant thereto in good repair and condition. In the event all or any of the buildings covered by the mortgage shall be destroyed or damaged by fire or other casualty, the money derived from any insurance on the property shall be applied in accordance with the terms of the insured mortgage.
- (8) Owners shall not file any petition in bankruptcy or for a receiver or in insolvency or for reorganization or composition or make any assignment for the benefit of creditors or to a trustee for creditors, or permit an adjudication in bankruptcy or taking possession of the mortgaged property, or any part thereof under judicial process or pursuant to any power of sale and fail to have such adverse actions set aside within forty-five (45) days.
- (9) Any management contract entered into by Owners or any of them involving the project shall contain a provision in the event of default hereunder, it shall be subject to termination without penalty upon written request by the Secretary. Upon such request, Owners shall immediately arrange to terminate the contract within a period of not more than thirty (30) days and shall make arrangements satisfactory to the Secretary for continuing proper management of the project.
- (10) Payment for services, supplies, or materials shall not exceed the amount ordinarily paid for such services, supplies, or materials furnished.
- (11) The mortgaged property, equipment, buildings, plant, office, apparatus, devices, books, contracts, records, documents, and other papers relating thereto shall at all times be maintained in reasonable condition for proper audit and to examination and inspection at any reasonable time by the Secretary or duly authorized agents of the Secretary. Owners shall keep copies of all written contracts or other instruments which affect the mortgaged property, all of which may be subject to inspection and examination by the Secretary or duly authorized agents of the Secretary.
- (12) The books and accounts of the operations of the mortgaged property and of the project shall be kept in accordance with the requirements of the Secretary.
- (13) Within sixty (60) days following the end of each fiscal year, the Secretary shall be furnished with a complete financial report based upon an examination of the books and records of mortgagor prepared in accordance with the requirements of the Secretary, certified to by an officer or responsible Owner and, when required by the Secretary, prepared and certified by a Certified Public Accountant, or other person acceptable to the Secretary.
- (14) At request of the Secretary, or duly authorized agents of the Secretary, the Owners shall furnish monthly reports and shall give specific answers to questions upon which information is desired from time to time relating to income, assets, liabilities, contracts, operation, and condition of the property and the status of the insured mortgage. All rents and other receipts of the project shall be deposited in the name of the project in a bank, whose deposits by the F.D.I.C. Such funds shall be withdrawn only in accordance with the provisions of this Agreement for the project or for distributions of surplus cash as permitted by Paragraph 8(e) above. Any Owner's bank account and failing to do so in violation of this Agreement shall hold such funds in trust. Any Owner's property of the project in violation of this Agreement shall immediately deliver such property to the project falling so to do shall hold such property in trust. At such time as the Owners shall have lost control and possession of the project, all funds held in trust shall be delivered to the mortgagor to the extent that the mortgagor does not have such control.

Approved Form  
 Any distribution of any funds of the project, which the party receiving such funds is not entitled to receive hereunder, shall be held in trust separate and apart from any other funds.

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deformation of payment has been approved by the Secretary, and

- (iii) All obligations of the project other than the insured mortgage funds for payment are so:
- (ii) All amounts required to be deposited in the reserve fund for replacements:
- (i) All sums due or currently required to be paid under the terms of any mortgage or note insured by the Secretary:

88-587212

(1) the payment of:

end of a semiannual and annual fiscal period after:

- (f) "Surplus Cash" (profit-moratorium Owner) or "Residual Receipts" (nonprofit Owner) means any cash remaining
- (e) "Project" includes the mortgaged property and all its other assets of whatsoever nature or whatsoever structure, or owned by the business conducted on said mortgaged property, which business is providing housing and other services as are incidental thereto;
- (d) "Mortgaged Property" includes all property, real, personal, or mixed, covered by the mortgage or mortgages and the note endorsed for insurance or held by the Secretary;
- (c) "Owners" refers to the persons named in the first paragraph hereof and designated as "Owners, their successors and assigns";
- (b) "Mortgages" refers to the holder of the mortgage identified herein, its successors and assigns;
- (a) "Mortgage" includes "Deed of Trust", "Chattel Mortgage", "Security Instrument", and any other security for note identified herein and endorsed for insurance or held by the Secretary;

16. As used in this Agreement the term:

profit, income, and charges, but upon default this permission is terminated as to all rent due or collected thereafter. Agreement, however, permission is granted to Owners to collect, and retain under the provisions of this Agreement such subject, however, to any assignment of rent in the insured mortgage referred to herein. Until a default is declared under charges of whatsoever sort which they may receive or be entitled to receive from the operation of the mortgaged property, the Owners respectively assigned, pledged, and mortgaged to the Secretary their rights to the profit, income, and because of his liability under the endorsement of the note for insurance, and as security for the other obligations under

15. As security for the payment due under this Agreement to the reserve fund for replacement, and to secure the Secretary's performance of his obligations under the Agreement, the Secretary shall, in addition to the other provisions of this Agreement, for an injunction against any violation of this Agreement, for the appointment of a receiver to take over and operate the project in accordance with the terms of this Agreement, or for such other relief as may be appropriate, since the injury to the Secretary arising from a default under any of the terms of this Agreement would be irreparable and the amount of damage would be difficult to ascertain.

(d) Apply to any court, State or Federal, for specific performance of this Agreement, for an injunction against any violation of this Agreement, for the appointment of a receiver to take over and operate the project in accordance with the terms of this Agreement, and operate the project in accordance with the terms of this Agreement until such time as the Secretary in his discretion determines that the Owners are again in a position to operate the project in accordance with terms of this Agreement and in compliance with the requirements of the note and mortgage;

(c) Take possession of the project, bring any action necessary to enforce any rights of the Owners growing out of the project operation, and operate the project in accordance with the terms of this Agreement until such time as the Secretary in his discretion determines that the Owners are again in a position to operate the project in accordance with terms of this Agreement and in compliance with the requirements of the note and mortgage;

(b) Charge all rents and charges in connection with the operation of the project and use such collections to pay the obligations under this Agreement and under the note and mortgage and the necessary expenses of preserving the property and operating the project;

(a) If the Secretary holds the note, declare the whole of said indebtedness immediately due and payable and proceed with the foreclosure of the mortgage;

(ii) If said note is not held by the Secretary, notify the holder of the note of such default and request holder declare a default under the note and mortgage, and holder after receiving such notice and request, but otherwise, at his option, may declare the whole indebtedness due, and thereupon proceed with foreclosure of the mortgage, or assign the note and mortgage to the Secretary as provided in the Regulations;

(i) If the Secretary holds the note, declare the whole of said indebtedness immediately due and payable and proceed with the foreclosure of the mortgage;

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SECRETARY OF HOUSING AND URBAN DEVELOPMENT  
BY: [Signature]

88-587212

WITNESS

Seal

SEE EXCERPTORY RIDER ATTACHED  
HEREIN AND MADE A PART HEREOF

(See Signature Page Attached Herein)

IN WITNESS WHEREOF, the parties hereto have set their hands and seals on the date first hereinabove written.

- (a) for funds or property of the project coming into their hands which, by the provisions hereof, they are not entitled to retain; and
- (b) for their own acts and deeds or acts and deeds of others which they are authorized in violation of the provisions hereof.

do not assume personal liability for payments due under the note and mortgage, or for the payment to the reserve placement, or for matters not under their control, provided that said Owners shall remain liable under this Agreement with respect to the matters hereinafter stated namely:

DIVERSE SQUARE ASSOCIATES LIMITED PARTNERSHIP

20. The following Owners:

19. The invalidity of any clause, part or provision of this Agreement shall not affect the validity of the remaining portions of

18. Owners warrant that they have not, and will not, execute any other agreement with provisions contradictory to, or in opposition to, the provisions hereof, and that, in any event, the requirements of this Agreement are paramount and controlling as to the rights and obligations set forth and supersede any other requirements in conflict therewith.

17. This instrument shall be, and the benefits shall inure to, the respective Owners, their heirs, legal representatives, administrators, successors in office or interest, and assigns, and to the Secretary and successors of the Secretary so long as the contract of mortgage hereon continues in effect, and during such further time as the Secretary shall be the owner, or assignor of the mortgage, or obligated to refinance the mortgage.

(m) "Elderly person" means any person, married or single, who is sixty-two years of age or over.

Disaster Relief Act of 1970.

(l) "Displaced person or families" shall mean a family or families, or a person, displaced from an urban renewal area as a result of government action, or as a result of a major disaster, as determined by the President pursuant to

(k) "Housing Assistance Payments Contract" refers to a written contract between the Owner and HUD, or the Owner and a Public Housing Agency, or the Owner and a Housing Finance Agency for the purpose of providing housing assistance payments to the Owner on behalf of eligible families under Section 8 of the United States Housing Act of 1937.

(j) "Section 8 units" refers to units assisted under Section 8 of the United States Housing Act of 1937 pursuant to Housing Assistance Payments Contract.

Secretary after written notice:

(i) "Default" means a default declared by the Secretary when a violation of this Agreement is not corrected to the satisfaction of the Secretary within the time allowed by this Agreement or such further time as may be allowed by

(h) "Distribution" means any withdrawal or taking of cash or any assets of the project, including the segregation of or assets for subsequent withdrawal within the limitations of Paragraph 8 (e) hereof, and excluding payment of reasonable expenses incident to the operation and maintenance of the project.

(g) "Residual Receipts" (limited distribution mortgage) means any cash remaining at the end of a month or any fiscal period after deducting from surplus cash the amount of distributions as that term is defined below and limited by Paragraph 8 (e) hereof;

(ii) All tenant security deposits held;

(i) An amount equal to the aggregate of all special funds required to be maintained by the project;

(2) the segregation of:

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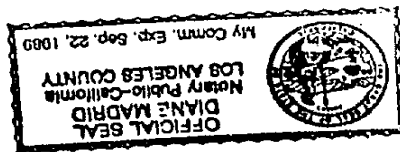
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Diana Madrid  
Notary Public

Given under my hand and official seal this 19th day of December, 1988.

I, the undersigned, a Notary Public in and for the County and State aforesaid, do hereby certify that Edward D. Lohrman, Sr., V.P. of CENTURY PACIFIC REALTY CORPORATION, personally known to me to be a general partner of DIVERSEY SQUARE ASSOCIATES LIMITED PARTNERSHIP, an Illinois limited partnership, and personally known to me to be the same person whose name is subscribed to the foregoing Regulatory Agreement, appeared before me this day in person and acknowledged that he signed and delivered the said Regulatory Agreement, in its capacities as general partner of DIVERSEY SQUARE ASSOCIATES LIMITED PARTNERSHIP as his free and voluntary act and as the free and voluntary act and deed of Edward D. Lohrman for the uses and purposes therein set forth.

STATE OF CALIFORNIA )  
COUNTY OF LOS ANGELES )  
SS

Attest: [Signature]  
By [Signature]  
Title Asst Secy

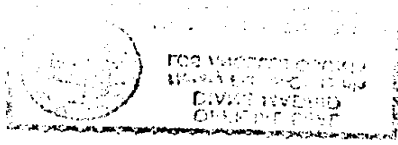
AMERICAN NATIONAL BANK & TRUST COMPANY OF CHICAGO  
not personally but solely as Trustee under a Trust Agreement dated April 4, 1986, and known as Trust No. 67218

By [Signature]  
CENTURY PACIFIC REALTY CORPORATION  
and

By [Signature]  
HOGAR DEVELOPMENT CORP. II  
its President  
LIMITED PARTNERSHIP, an Illinois limited partnership, by its general partners

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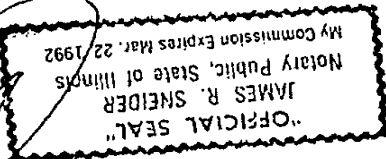


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I, the undersigned, a Notary Public in and for the County of Cook and State of Illinois, do hereby certify that HIPOLITO ROLDAN, President of HOGAR DEVELOPMENT CORP. II, personally known to me to be a general partner of DIVERSEY SQUARE ASSOCIATES LIMITED PARTNERSHIP, an Illinois limited partnership, and personally known to me to be the same person whose name is subscribed to the foregoing Regulatory Agreement, appeared before me this day in person and acknowledged that he signed and delivered the said Regulatory Agreement, in its capacities as general partner of DIVERSEY SQUARE ASSOCIATES LIMITED PARTNERSHIP, as his free and voluntary act and as the free and voluntary act and deed of HIPOLITO ROLDAN for the uses and purposes therein set forth.

Given under my hand and official seal this 30 day of December, 1988.

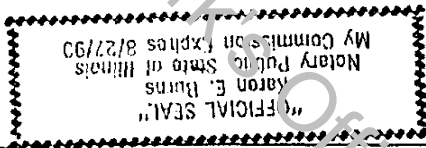


Notary Public

STATE OF ILLINOIS )  
COUNTY OF COOK )  
SS )

I, the undersigned, a Notary Public in and for the County of Cook and State of Illinois, do hereby certify that J. MICHAEL WHELAN, Vice President of AMERICAN NATIONAL BANK & TRUST COMPANY OF CHICAGO, and Robert J. [unclear], personally known to me to be the Assistant Secretary of American National Bank and Trust Company of Chicago, each of whom are personally known to me to be the same persons whose names are subscribed to the foregoing Regulatory Agreement, appeared before me this day in person and acknowledged that they signed and delivered the said Regulatory Agreement, in their respective capacities as Assistant Secretary and Assistant Secretary of American National Bank and Trust Company, as Trustee under a Trust Agreement dated April 4, 1986, and known as Trust No. 67218, as their free and voluntary act and as the free and voluntary act and deed of [unclear] and purposes therein set forth.

Given under my hand and official seal this 20 day of December, 1988.



Notary Public

STATE OF ILLINOIS )  
COUNTY OF COOK )  
SS )

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[Faint, illegible text, possibly a stamp or form]

17-00-00

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Attached to and made a part of that instrument executed by American National Bank & Trust Company of Chicago, as Trustee under Trust No. 67218.

This document is executed by American National Bank & Trust Company of Chicago, not personally, but as Trustee under Trust No. 67218 as aforesaid, in the exercise of the power and authority conferred upon and vested in said Trustee as such, and it is expressly understood and agreed that nothing contained in this Mortgage Note shall be construed as creating any monetary liability on said Trustee personally to pay and indebtedness accruing thereunder, or any personal monetary liability on said Trustee with respect to the performance of any warranty or covenant, either expressed or implied in said Mortgage Note (all such personal monetary liability, if any, being expressly waived by the parties hereto and by every person now or hereafter claiming any right to security thereunder) except that the said Trustee shall be liable for funds or property of the project coming into its hands which, by the provisions of the Regulatory Agreements of given date herewith, it is not entitled to retain.

EXCURSORY RIDER

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## EXHIBIT "A"

Lots 24 to 30, Both inclusive in Block 1 in Henry Wisners Subdivision of Lots 8 and 9 in Brands Subdivision of the Northeast Quarter of Section 26, Township 40 North, Range 13, East of the Third Principal Meridian, in Cook County, Illinois

PERMANENT INDEX TAX NUMBER: 13-26-229-034-0000

ADDRESS OF PROPERTY: 3212-26 W. DIVERSEY  
CHICAGO, ILLINOIS 60647

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13-26-229-034-0000

Prepared by:  
Patrick Duggan  
1305. Bemiston  
St. Louis, MO 63105

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4-16-08

STATE OF ILLINOIS )  
                          ) ss.  
COUNTY OF COOK    )

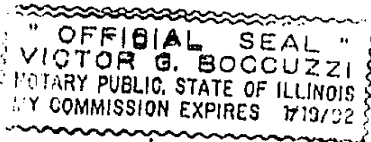
On this 20<sup>TH</sup> day of DECEMBER, 1988, before me appeared LOUIS BERRA, who, being duly sworn did say that he is the duly appointed Authorized Agent and the person who executed the foregoing instrument by virtue of the authority vested in him and acknowledged the same to be his free and voluntary act and deed as Authorized Agent for and on behalf of the SECRETARY OF HOUSING AND URBAN DEVELOPMENT.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my Notarial seal on the day and year last above written.

(Seal)

Victor G. Boccuzzi  
Notary Public

MY COMMISSION EXPIRES \_\_\_\_\_



DEPT-01 \$20.00  
T43333 TRAN 9772 12/21/88 09:26:00  
#4149 & C \*—28—587212  
COOK COUNTY RECORDER

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Box 430

20<sup>th</sup>

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FILED 7-10-2020