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This document prepared by
and when recorded return to:

Brendan M. Cournane
 Office of Corporation Counsel
 Room 511
 121 North LaSalle Street
 Chicago, Illinois 60602

REGULATORY AGREEMENT

THIS REGULATORY AGREEMENT is entered into and effective as of the first day of August, 1994 (this "Regulatory Agreement"), by and between the City of Chicago, Illinois (the "City"), an Illinois municipal corporation, by and through its Department of Housing ("DOH"), with offices at 318 South Michigan Avenue, Chicago, Illinois 60604, and LPW Limited Partnership, an Illinois limited partnership (the "Borrower"), having its offices at 853 North Elston Avenue, Chicago, Illinois 60622.

W I T N E S S E T H

WHEREAS, DOH is an executive department of the City established pursuant to Title 2 of the Municipal Code of Chicago, Chapter 2-44, Section 2-44-010, which supervises and coordinates the formulation and execution of projects and programs creating safe, decent and affordable housing for residents of the City; and

WHEREAS, the City has received an allocation of Community Development Block Grant funds under Title I of the Housing and Community Development Act of 1974, 42 U.S.C. §5301 et seq., as from time to time amended, supplemented and restated, which created the Community Development Block Grant ("CDBG") program; and

WHEREAS, the City has programmed \$11,215,000 of CDBG funds for its Multi-Family Loan Program in Program Year XX ("Multi-Family Program"), wherein acquisition and rehabilitation loans are made available to owners of rental properties containing five or more dwelling units located in low- and moderate-income areas; and

WHEREAS, the City intends to lend \$4,091,505 of Multi-Family



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Program funds (hereinafter referred to as the "Loan") to the

Borrower for the purposes set forth below, and has requested that DOH administer the Loan; and

WHEREAS, the Borrower will utilize the Loan proceeds to acquire and rehabilitate the buildings located at 4655 South Lake Park Avenue, Chicago, Illinois 60653 and 5606 South Wabash Avenue, Chicago, Illinois 60637, into 116 multi-family residential dwelling units (the "Project"), wherein 116 one- two- and three - bedroom units shall be occupied by individuals, groups of unrelated individuals or families qualifying as Low-Income Families (as hereinafter defined); and

WHEREAS, the Borrower received on December 21, 1993, and June 3, 1994, an allocation of low-income housing tax credits pursuant to Section 42 of the Internal Revenue Code of 1986 (the "Tax Credits") in an amount of \$560,047 from DOH in connection with the Project; and

WHEREAS, as a specific condition precedent to the Borrower receiving the Loan and in connection with the allocation of Tax Credits to the Project, the Borrower has agreed to execute this Regulatory Agreement with the City governing the use of the Project;

NOW, THEREFORE, in consideration of the mutual promises and covenants hereinafter set forth, and of other valuable consideration, the Borrower and the City each agree as follows:

SECTION 1 DEFINITIONS AND INTERPRETATIONS.

The following terms shall have the respective meaning assigned to them in this Section 1 unless the context in which they are used clearly requires otherwise:

"Affordable Rent" shall mean the rent amounts determined by the City for rental housing pursuant to 24 C.F.R. § 70.208(a)(3), as may be adjusted for unit size.

"Annual Owner's Certification" shall mean the report from the Borrower in substantially the form set forth in Schedule I attached hereto and hereby made a part hereof, as the same may be amended from time to time.

"Applicable Fraction" shall have the meaning assigned to such term in Section 42(c)(1)(B) of the Code.

"Borrower" shall mean, initially, LPW Limited Partnership, an Illinois limited partnership, and at any subsequent time of reference, the Person or Persons, if any, who shall succeed to the legal or beneficial ownership of all or any part of the Project.

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"Business Day" shall mean a day on which banks in the City of Chicago, Illinois, are not authorized or required to remain closed and which shall not be a public holiday under the laws of the State or any ordinance or resolution of the City of Chicago, Illinois.

"CDBG" shall mean the Community Development Block Grant program created under the CDBG Act.

"CDBG Act" shall mean the Housing and Community Development Act of 1974, 42 U.S.C. §5301 et seq.

"CDBG Funds" shall mean Community Development Block Grant funds awarded by HUD under the CDBG Act.

"City" shall mean the City of Chicago, Illinois, an Illinois municipal corporation, and its successors and assigns.

"Code" shall mean the Internal Revenue Code of 1986, as amended, and all applicable regulations or rulings thereunder.

"Compliance Period" shall mean the period of fifteen taxable years beginning with the first taxable year of the Credit Period.

"Correction Period" shall have the meaning assigned to such term in Section 6.6 hereof.

"Credit Period" shall mean the 10-year period described in Section 42(f) of the Code.

"Davis-Bacon Act" shall mean 40 U.S.C. Section 276a-5.

"DOH" shall mean the Department of Housing of the City, and any successor to said Department.

"Extended Use Period" shall mean the "extended use period" (within the meaning of Section 42(h)(6)(D) of the Code) for the Project.

"Extended Use Period Termination Date" shall mean the fifteenth anniversary of the last day of the Compliance Period.

"Family" shall have the meaning assigned to such term in 24 C.F.R. Section 812.2.

"First Reporting Date" shall mean the earlier of (a) October 1 of the first year of the Compliance Period, or (b) the first October 1 following completion of rehabilitation of the Project.

"Foreclosure Date" shall mean the date of a Transfer.

"Gross Rent" shall have the meaning assigned to such term in Section 42(g) of the Code.

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"HUD" shall mean the U.S. Department of Housing and Urban Development.

"Imputed Income Limitation" shall have the meaning assigned to such term in Section 42(g) of the Code.

"Increased-Income Unit" shall have the meaning given to such term in Section 2.12(b) hereof.

"Last Reporting Date" shall mean the later of (a) the first October 1 following the end of the Compliance Period, or (b) the first October 1 following the end of the Project Term.

"Loan" shall mean a loan by the City to the Borrower in the principal amount of \$4,091,505 for financing a portion of the costs of the Project.

"Loan Agreement" shall mean the Housing Loan Agreement of even date herewith by and between the City and the Borrower with respect to the Loan as hereafter amended, supplemented and restated from time to time.

"Loan Documents" shall have the meaning given to such term in the Loan Agreement.

"Low-Income Families" shall mean and include Families whose annual income does not exceed 80% of the Chicago-area median income, adjusted for Family size, as such annual income and Chicago-area median income are determined from time to time by HUD, and thereafter such income limits shall apply to this definition.

"Low-Income Project" shall mean the 96 units in the Project financed with CDBG Funds and required to be occupied by Low-Income Families.

"Mortgage" shall mean that certain Junior Mortgage and Security Agreement of even date herewith from the Borrower to the City, as hereafter supplemented, amended and restated from time to time.

"Multi-Family Program" shall mean the Multi-Family Loan Program of DOH.

"Noncompliance Condition" shall have the meaning assigned to such term in Section 6.6 hereof.

"Noncompliance Notice" shall have the meaning assigned to such term in Section 6.6 hereof.

"People" shall have the meaning assigned to such term in Section 2.25 hereof.

"Permitted Tenants" shall have the meaning assigned to such

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term in Section 6.3 hereof.

"Persons" shall mean natural persons, firms, partnerships, associations, corporations, trusts and public bodies.

"Plan" shall mean the Housing Tax Credit Plan of the City for the year 1993 pursuant to which Tax Credits were allocated to the Project.

"Project" shall mean the low-income housing development erected or to be erected on real property located within the City and legally described on Exhibit A hereto.

"Project Term" shall mean the number of years during which the Project must comply with this Regulatory Agreement. The Project Term shall begin on the date hereof and shall continue, except as provided in Sections 2.11(a), 2.18, 2.19, 2.20, 5.2, 6.3, 6.6 and 15 hereof, through and including the Termination Date.

"Regulatory Agreement" shall mean this Regulatory Agreement, as supplemented, amended and restated from time to time.

"Repayment Date" shall mean the date as of which the principal of the Loan and all other amounts due and payable to the City under the Loan Documents shall have been paid in full (or deemed by the City in its sole discretion to have been paid in full).

"Request Date" shall mean a date (which shall be after the last day of the fourteenth year of the Compliance Period) on which the Borrower submits a written request to DOH or the City to find a Person to acquire the Borrower's interest in the Tax Credit Eligible Units.

"Search Period" shall mean the one-year period commencing on a Request Date.

"Search Period Expiration Date" shall mean the last day of the Search Period, but only if the City is not able to present during such Search Period a "qualified contract" (within the meaning of Section 42(h)(6)(F) of the Code) for the acquisition of the Tax Credit Eligible Units by any Person who will continue to operate the Tax Credit Eligible Units as a "qualified low-income building" (within the meaning of Section 42(c)(2) of the Code).

"Senior Lender" shall mean The Northern Trust Company, located at 50 South LaSalle Street, Chicago, Illinois 60603 and its successors and assigns.

"Senior Loan" shall mean a loan by the Senior Lender to the Borrower in the principal amount of \$2,435,000 for financing a portion of the costs of the Project.

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"Senior Mortgage" shall mean that certain Construction Mortgage, Security Agreement and Financing Statement dated as of August 31, 1994, granted by the Borrower to the Senior Lender and securing repayment of the Senior Loan.

"State" shall mean the State of Illinois.

"Tax Credit Eligible Families" shall mean and include individuals, groups of unrelated individuals or families whose adjusted annual income does not exceed the Tax Credit Income Limit.

"Tax Credit Eligible Units" shall mean those units in the Project which will be occupied by or available for occupancy to Tax Credit Eligible Families.

"Tax Credit Income Limit" shall mean 60% of the Chicago-area median income, adjusted for Family size, as such adjusted income and Chicago-area median income are determined from time to time by HUD, and thereafter such income limits shall apply to this definition.

"Tax Credit Termination Date" shall mean the earliest to occur of (a) the Foreclosure Date, (b) the Search Period Expiration Date or (c) the Extended Use Period Termination Date; provided, however, that the "Tax Credit Termination Date" shall not mean the Foreclosure Date if such transfer of the Project by foreclosure or an instrument in lieu of foreclosure is part of an arrangement with the Borrower a purpose of which is to terminate the Extended Use Period.

"Tenant Certification" shall have the meaning assigned to such term in Schedule I hereto.

"Termination Date" shall mean the earlier of (a) a Foreclosure Date, provided that such transfer of the Project by foreclosure or an instrument in lieu of foreclosure is not part of an arrangement with the Borrower a purpose of which is to terminate the Extended Use Period; or (b) the later to occur of (i) the Repayment Date or (ii) the Tax Credit Termination Date, provided that the Tax Credit Termination Date shall also be the Search Period Expiration Date or the Extended Use Period Termination Date.

"Three-Year Period" shall mean a period commencing on the Tax Credit Termination Date (but only if the Tax Credit Termination Date shall be the Foreclosure Date or the Search Period Expiration Date) and ending on the third anniversary thereof.

"Transfer" shall mean the transfer of the Project (a) by foreclosure of the Senior Mortgage (or, if the City so elects, of the Mortgage), or (b) by an instrument in lieu of foreclosure of the Senior Mortgage (or, if the City so elects, of the Mortgage).

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Capitalized terms used herein and not otherwise defined herein shall have the same meanings given such terms in the Loan Agreement.

SECTION 2 BORROWER'S REPRESENTATIONS, WARRANTIES AND COVENANTS.

The Borrower hereby represents, warrants, covenants and agrees as follows:

2.1 The Project shall be acquired and rehabilitated for the purpose of providing residential rental property, and the Borrower shall own, manage and operate the Project as residential rental units and facilities functionally related and incidental thereto. At least 96 of the units in the Project shall be Tax Credit Eligible Units.

2.2 The Project shall consist of residential units, together with facilities functionally related and incidental thereto, and which units are similar in quality and type of construction and amenities.

2.3 Each unit in the Project shall contain separate and complete facilities for living, sleeping, eating, cooking and sanitation (unless the Project qualifies as a single-room occupancy project or transitional housing for the homeless, in which case such unit(s) shall comply with the applicable requirements of Section 42 of the Code).

2.4 None of the units in the Project shall at any time be used on a transient basis, and neither the Project nor any portion thereof shall ever be used as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, hospital, nursing home, sanitarium, rest home or trailer park or court.

2.5 The units in the Project shall be made available for lease by members of the general public and the Borrower shall not give preference in renting units in the Project to any particular class or group of individuals other than Low-Income Families and Tax Credit Eligible Families as provided herein.

2.6 (a) Each building in the Project shall consist of the following unit configuration:

(i) Building Address: 4655 South Lake Park Avenue

<u>Number of Bedrooms</u>	<u>Number of Units</u>
one	4
two	36
three	25

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(i) Building Address: 5606 South Wabash Avenue

<u>Number of Bedrooms</u>	<u>Number of Units</u>
two	36
three	15

(b) Each building in the Low-Income Project shall consist of the following unit configuration for Low-Income Family households:

(i) Building Address: 4655 South Lake Park Avenue

<u>Number of Bedrooms</u>	<u>Number of Units</u>
one	4
two	28
three	13

(i) Building Address: 5606 South Wabash Avenue

<u>Number of Bedrooms</u>	<u>Number of Units</u>
two	36
three	15

(c) The Tax Credit Eligible Units in the Project shall consist of the following:

(i) Building Address: 4655 South Lake Park Avenue

<u>Number of Bedrooms</u>	<u>Number of Units</u>
one	1
two	28
three	13

(i) Building Address: 5606 South Wabash Avenue

<u>Number of Bedrooms</u>	<u>Number of Units</u>
two	36
three	15

(d) The Applicable Fraction for each building that is part of the Project shall be, for each taxable year in the Extended Use Period, not less than the following amount:

<u>Building Address</u>	<u>Applicable Fraction</u>
4655 South Lake Park Avenue	61.5%
5606 South Wabash Avenue	100%

2.7 The Borrower shall not convert any units in the Project

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to condominium ownership or to any form of cooperative ownership that is not eligible to receive CDBG Funds from HUD.

2.8 The Borrower shall not discriminate against prospective tenants on the basis of their receipt of, or eligibility for, housing assistance under any federal, State or local housing assistance program or on the basis that they have a minor child or children who will be residing with them. The Borrower shall not refuse to lease any unit in the Project to a holder of a voucher or certificate of eligibility under Section 8 of the United States Housing Act of 1937 because of the status of the prospective tenant as such a holder.

2.9 All of the units described in Section 2.6 hereof shall be, after completion of the rehabilitation of the Project, and shall remain, suitable for occupancy.

2.10 (a) Subject to Section 2.12(a) hereof, all of the Tax Credit Eligible Units shall be occupied or available for occupancy by Tax Credit Eligible Families.

(b) All of the units in the Low-Income Project shall be leased only to tenants who are Low-Income Families at the time of initial occupancy by such Low-Income Families.

2.11 (a) Prior to the Tax Credit Termination Date, the Gross Rent charged each month for any Tax Credit Eligible Unit shall not exceed at any time 30% of the Imputed Income Limitation applicable to such Tax Credit Eligible Unit. Following the Tax Credit Termination Date, but only if the Tax Credit Termination Date is a Foreclosure Date or the Search Period Expiration Date, the rent increase restriction contained in Section 42(h)(6)(E)(ii) of the Code shall apply to each Tax Credit Eligible Unit for the Three-Year Period; if such Foreclosure Date or Search Period Expiration Date is the Termination Date, such rent increase restriction shall survive beyond the Termination Date for the duration of the Three-Year Period.

(b) The rent charged each month for any unit in the Low-Income Project shall not exceed at any time the Affordable Rent for such unit.

(c) Subject to subsection (a) of this Section 2.11, on or after the Tax Credit Termination Date, the rent charged for any Tax Credit Eligible Unit shall not exceed at any time the Affordable Rent for such unit.

2.12 (a) For purposes of satisfying the requirements set forth in Section 2.10(a) above, a Tax Credit Eligible Unit occupied by a Tax Credit Eligible Family whose income has exceeded the applicable Tax Credit Income Limit after initial occupancy of such Tax Credit Eligible Unit by such Tax Credit Eligible Family shall, subject to subsection (b) of this Section 2.12, be deemed to comply with Section 2.10(a) hereof if the rent

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for such Tax Credit Eligible Unit complies with the requirements of Section 2.11 hereof applicable to Tax Credit Eligible Units.

(b) A Tax Credit Eligible Unit (the "Increased-Income Unit") occupied by a Tax Credit Eligible Family whose income has increased above 140% of the Tax Credit Income Limit shall be deemed to comply with Section 2.10(a) hereof if the rent for the Increased-Income Unit complies with the requirements of Section 2.11 hereof applicable to Tax Credit Eligible Units, but only if the next available unit in the Project of a comparable size with or smaller than the Increased-Income Unit is occupied by a new tenant who is a Tax Credit Eligible Family.

2.12 (a) The Borrower shall include in leases for all units provisions which authorize the Borrower to immediately terminate the tenancy of any tenant who misrepresented any fact material to the tenant's qualification as a Low-Income Family.

(b) The Borrower shall not evict or terminate the tenancy of any tenant of a Tax Credit Eligible Unit other than for good cause.

2.14 All tenant lists, applications and waiting lists relating to the Project shall at all times be kept separate and identifiable from any other business of the Borrower which is unrelated to the Project, shall be maintained, as required by the City, in a reasonable condition for proper audit and subject to examination during business hours by representatives of the City. If the Borrower employs a management agent for the Project, the Borrower shall require such agent to comply with the requirements of this Regulatory Agreement and shall include such requirements in any and all management agreements or contracts entered into with respect to the Project.

2.15 All tenant leases shall be written, shall be in conformity with all applicable laws, including without limitation the City of Chicago Residential Landlord and Tenant Ordinance, and, with respect to Tax Credit Eligible Units and units in the Low-Income Project, shall contain clauses, *inter alia*, wherein each individual lessee: (i) certifies the accuracy of the statements made in the Tenant Certification and (ii) agrees that the Family income and other eligibility requirements shall be deemed substantial and material obligations of his/her tenancy, that he/she will comply with all requests for information with respect thereto from the Borrower, the City or HUD, and that the failure to provide accurate information in the Tenant Certification or refusal to comply with a request for information with respect thereto shall be deemed a substantial violation of an obligation of his/her tenancy.

2.16 All tenant leases shall be for a period of not less than six months; provided, however, that notwithstanding the foregoing, each tenant lease for a Tax Credit Eligible Unit constituting a "single-room occupancy unit" within the meaning of

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Section 42(i)(3)(B)(iv) of the Code shall be for a period of not less than one month.

2.17 The Borrower shall permit and shall cause any management agent for the Project to permit, during normal business hours and upon reasonable notice, any duly authorized representative of the City or HUD to inspect any books and records of the Borrower or such agent regarding the Project with respect to the incomes of Low-Income Families residing as tenants in the Low-Income Project or which pertain to compliance with the provisions of this Regulatory Agreement or the CDBG Act or regulations thereunder. The Borrower shall permit, and shall cause any management agent for the Project to permit, the City, HUD and/or their agents to inspect the Project at all reasonable times and access thereto shall be permitted for that purpose.

2.18 The Borrower shall obtain and keep the records required under the Plan and 26 C.F.R. Section 1.42-5(b) for the periods described therein. This covenant shall survive beyond the Termination Date.

2.19 The Borrower shall obtain and maintain on file during the Project Term a sworn and notarized Tenant Certification with respect to each and every individual, group of unrelated individuals or Family who is intended to be a tenant in the Low-Income Project, signed by the tenant or tenants (i.e., the individual or individuals whose name or names appear on the lease) and obtained by the Borrower (a) prior to such tenant or tenants occupying the unit or signing a lease with respect thereto, and (b) thereafter at least annually so long as such individual, individuals or Family remain as tenants in the Low-Income Project. Each Tenant Certification shall be kept on file with the Borrower until three years after the end of the Project Term; this covenant shall survive beyond the Termination Date. The Borrower shall assist each of the tenants in the Low-Income Project in completing the Tenant Certification by referring to the instructions on Exhibit D to Schedule I hereto.

2.20 The Borrower agrees that it will take any and all actions required by the City to substantiate the Borrower's compliance with the restrictions set forth herein, including, but not limited to, submitting to the City an Annual Owner's Certification executed by the Borrower, commencing on the First Reporting Date and on each October 1 thereafter through and including the Last Reporting Date. This covenant shall survive beyond the Termination Date.

2.21 The Borrower shall provide to the City a tenant profile (in the form provided to the Borrower by DOH) for each Low-Income Family for each unit in the Low-Income Project and for each Tax Credit Eligible Unit within 30 days after such unit is leased to such tenant(s) (or, for units occupied by Low-Income Families or Tax Credit Eligible Families as of the date hereof, within 30 days from the date hereof). For each unit in the Low-

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Income Project, promptly after the first leasing of such unit after the completion of rehabilitation of the Project, the Borrower shall provide the City, unless prohibited by law, with data on the racial, ethnic, gender and income-level characteristics of (a) the tenants, if any, occupying such unit before rehabilitation, (b) the tenants moving into such unit initially after completion of rehabilitation of the Project, and (c) the applicants for tenancy of such unit within 90 days following completion of rehabilitation of the Project. For each subsequent leasing of the unit, the Borrower shall provide the City, unless prohibited by law, with data on the racial, ethnic, gender and income-level characteristics of each tenant moving into the unit.

2.22 The Borrower shall notify the City of the occurrence of any event of which the Borrower has notice and which event would violate any of the provisions of this Regulatory Agreement.

2.23 No Person in the United States shall on the grounds of race, color, national origin, religion or sex be excluded from participation in, be denied the benefits of, or be subjected to discrimination in connection with the Project. The Borrower shall cause the Project to comply at all times with the Chicago Fair Housing Ordinance, Section 5-8-010 et seq. of the Municipal Code of Chicago.

2.24 During the Project Term, the Project shall comply with the requirements of Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. §1701u), that to the greatest extent feasible: (a) opportunities for training and employment arising in connection with the planning and carrying out of the Project be given to low-income individuals residing within the City and (b) contracts for work to be performed in connection with the Project be awarded to business concerns, including but not limited to individuals or firms doing business in the fields of planning, consulting, design, architecture, building construction, rehabilitation, maintenance or repair, which are located in or owned in substantial part by individuals residing in the City.

2.25 The Borrower shall take all reasonable steps to minimize the displacement of Families, individuals, businesses, not-for-profit organizations and farms (herein for the purposes of this paragraph collectively called "People") as a result of the Project. If displacement of People does occur as a result of the Project, the Borrower shall comply with the requirements of 24 C.F.R. Section 570.606, with respect to, among other things, temporary and permanent relocation of displaced People. The Borrower shall provide or cause all "displaced persons" (as defined in 24 C.F.R. Section 570.606) to be provided with relocation assistance as required under said Section 570.606.

2.26 The acquisition of the real property on which the Project is located is subject to the requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act

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of 1970, 42 U.S.C. Section 4601 et seq., and the requirements of 49 C.F.R. Part 24, Subpart B.

2.27 The Project shall constitute HUD-associated housing for purposes of the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. Section 4831 et seq.), and comply with the requirements thereof and of 24 C.F.R. Section 570.608, including without limitation the requirements of notice to tenants, prohibition of the use of lead-based paint and for the elimination of the hazards of lead-based paint. Any lead-based paint and defective paint debris shall be disposed of in accordance with applicable federal, State or local requirements.

2.28 Any contracts for the rehabilitation of the Project shall contain a provision requiring that not less than the wages prevailing in the locality, as predetermined by the Secretary of Labor pursuant to the Davis-Bacon Act, will be paid to all laborers and mechanics employed in the rehabilitation of the Project. All such contracts shall also be subject to the Contract Work Hours and Safety Standards Act, 40 U.S.C. Sections 327-332, the regulations promulgated in connection therewith and with the Davis-Bacon Act, and with other federal laws and regulations pertaining to labor standards and HUD Handbook 1344.1 (Federal Labor Standards Compliance in Housing and Community Development Programs), as applicable. Notwithstanding the foregoing, the requirement of this Section with respect to the payment of prevailing wages shall not apply to volunteers in accordance with 24 C.F.R. Part 72.

2.29 The Borrower shall obtain and maintain flood insurance for the Project if the Project is located in an area which is identified by the Federal Emergency Management Agency as having special flood hazards.

2.30 The Borrower is not a primarily religious entity and the Project will be used solely for secular purposes.

2.31 The Borrower agrees that it will pay any reasonable fee which the City may hereafter assess in its sole discretion to underwrite the costs of monitoring activities performed by the City in connection with the Tax Credits allocated for the Project.

2.32 The Project shall constitute, during each year of the Extended Use Period, a "qualified low-income housing project" as defined in Section 42 of the Code, commencing with the first year of the Compliance Period and continuing until the end of the Extended Use Period.

2.33 The Borrower has not executed and shall not execute any other agreement with provisions contradictory to, or in opposition to, the provisions hereof, and in any event, the requirements of this Regulatory Agreement are paramount and controlling as to the rights and obligations herein set forth and supersede any other requirements in conflict herewith.

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2.34 Except as otherwise disclosed to the City in writing, all of the statements, representations and warranties of the Borrower contained in (i) the Borrower's application for Tax Credits, (ii) the Borrower's application for the Loan and (iii) any other document submitted by the Borrower to the City in connection with the Project remain true and in effect as of the date hereof.

SECTION 3 RELIANCE.

The City and the Borrower hereby recognize and agree that the representations and covenants set forth herein made by the City and the Borrower, respectively, may be relied upon by the Borrower and the City, respectively. In performing its duties and obligations hereunder, the City may rely upon statements and certificates of the Borrower, Tax Credit Eligible Families and Low-Income Families and upon audits of the books and records of the Borrower pertaining to occupancy of the Project. In addition, the City may consult with counsel and the opinion of such counsel shall be evidence that such action or failure to act by the City was in good faith and in conformity with such opinion. The City and the Borrower agree that it is the Borrower's responsibility to determine that (i) each potential tenant in the Low-Income Project qualifies as a Low-Income Family, and (ii) that each potential tenant for a Tax Credit Eligible Unit qualifies as a Tax Credit Eligible Family, and that in making each such determination, the Borrower shall exercise due diligence.

SECTION 4 SALE OR TRANSFER OF THE PROJECT.

The Borrower hereby covenants and agrees not to sell, transfer or otherwise dispose of the Project, or any portion thereof (including without limitation, a transfer by assignment of any beneficial interest under a land trust), or to violate any provision of the Mortgage relating to prohibitions on sales or transfers of the Project or any interest therein (whether or not the Mortgage remains of record), at any time during the Project Term, except as expressly permitted by the City; provided, however, that after payment in full of the Loan and all other amounts due and payable to the City under the Loan Documents, such permission by the City shall not be unreasonably withheld; provided further, however, that such prohibition against sale, transfer or other disposition shall not apply to, and permission by the City shall not be required for, the Borrower to enter into a contract for any such sale, transfer or disposition if such contract shall provide that such sale, transfer or other disposition by the Borrower shall occur after the Project Term. The Borrower hereby agrees and covenants that no portion of any building to which this Regulatory Agreement applies shall be transferred to any Person unless all of such building is transferred to such Person. It is hereby expressly stipulated and agreed that any sale, transfer or other disposition of the Project (other than a foreclosure of the Senior Mortgage or by an instrument in lieu of foreclosure) in violation of this Section 4

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shall be null, void and without effect, shall cause a reversion of title to the Borrower or any successor or assignee of the Borrower last permitted by the City, and shall be ineffective to relieve the Borrower or such successor or assignee, as applicable, of its obligations hereunder.

SECTION 5 TERM.

5.1 This Regulatory Agreement shall become effective upon its execution and delivery. Subject to Sections 2.11(a), 2.18, 2.19, 2.20, 5.2, 6.3, 6.6 and 15 hereof, this Regulatory Agreement shall remain in full force and effect for a term equal to the Project Term, it being expressly agreed and understood that the provisions hereof are intended to survive throughout the Project Term.

5.2 If the Project Term shall end on a Termination Date which is also a Foreclosure Date or the Search Period Expiration Date, the occurrence of such Termination Date shall not be construed to permit, during the Three-Year Period, either (i) the eviction or termination of the tenancy (other than for good cause) of an existing tenant of any Tax Credit Eligible Unit, or (ii) any increase in the Gross Rent with respect to any Tax Credit Eligible Unit not otherwise permitted under Section 42 of the Code.

SECTION 6 ENFORCEMENT.

6.1 Subject to Section 6.5 hereof, if a violation of any of the foregoing representations or covenants occurs or is attempted, and such occurrence or attempt is uncorrected for a period of 30 days after notice thereof from the City to the Borrower (provided, however, that if any such occurrence or attempt cannot reasonably be cured within said 30-day period and if the Borrower shall have commenced to cure such occurrence or attempt within said 30-day period and shall thereafter continue diligently to effect such cure, then said 30-day period shall be extended to 60 days upon written request from the Borrower to the City delivered during such 30-day period, and upon further written request from the Borrower to the City delivered during such 60-day period, said 60-day period shall be extended to 90 days; provided further, however, that the City shall not be precluded during any such periods from exercising any remedies hereunder if the City shall receive a request or notice from HUD or the Internal Revenue Service to do so or if the City shall determine that the continuation of such uncorrected occurrence or attempt shall result in any liability by the City to HUD or the Internal Revenue Service), the City and its successors and assigns, without regard to whether the City or its successors and assigns is an owner of any land or interest therein to which these covenants relate, may institute and prosecute any proceeding at law or in equity to abate, prevent or enjoin any such violation or attempted violation or to compel specific performance by the Borrower of its obligations hereunder, or may declare an event of default under the Loan Documents and exercise

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its rights thereunder, including without limitation foreclosure under the Mortgage. No delay in enforcing the provisions hereof as to any breach or violation shall impair, damage or waive the right of any party entitled to enforce the provisions hereof or to obtain relief against or recovery for the continuation or repetition of such breach or violations or any similar breach or violation hereof at any later time.

6.2 All fees, costs and expenses of the City incurred in taking any action pursuant to this Section 6 shall be the sole responsibility of the Borrower.

6.3 The Borrower and the City each acknowledge that a primary purpose of requiring the Borrower to comply with the restrictions provided in this Regulatory Agreement is to assure compliance of the Project and the Borrower with Section 42 of the Code and for that reason the Borrower, in consideration of receiving Tax Credits for the Project, agrees and consents that the City and any Permitted Tenant shall be entitled, for any breach of the provisions hereof, and in addition to all other remedies provided by law or in equity, to enforce specific performance by the Borrower of its obligations under this Regulatory Agreement in a court of competent jurisdiction. To the extent permitted by law, all individuals who are or may qualify as Tax Credit Eligible Families with respect to the Project (whether as prospective, present or former tenants of the Project) (the "Permitted Tenants") shall have the right to enforce in any court of the State the requirement of Section 2.6(d) hereof and the terms of Section 5.2 hereof.

6.4 The Borrower further specifically acknowledges that the beneficiaries of the Borrower's obligations hereunder cannot be adequately compensated by monetary damages in the event of any breach or violation of any of the foregoing representations or covenants.

6.5 Upon any failure of the Borrower to comply fully with the Code, the covenants and agreements contained herein or with all applicable rules, rulings, policies, procedures, regulations or other official statements promulgated or proposed by the United States Department of the Treasury, the Internal Revenue Service or the City from time to time pertaining to the obligations of the Borrower as set forth therein or herein, and upon compliance by the City with the procedures described in Section 6.6 hereof, the City may, in addition to all of the remedies provided by law or in equity, request the Internal Revenue Service to decertify the Project for Tax Credit dollars and to immediately commence recapture of the Tax Credit dollars heretofore allocated to the Project.

6.6 The City shall provide prompt written notice (a "Noncompliance Notice") to the Borrower if the City (a) does not receive from the Borrower an Annual Owner's Certification when due, (b) is not permitted to inspect, as provided in Section 15 hereof, the records maintained by the Borrower pursuant to

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Section 2.18 hereof, or (c) discovers by inspection, review or in some other manner that the Project is not in compliance with the provisions of Section 42 of the Code. The Noncompliance Notice shall specify a period (the "Correction Period") during which the Borrower is required to correct the condition (the "Noncompliance Condition") causing the production of the Noncompliance Notice. After the end of the Correction Period (and within 45 days of the end of such period), the City shall file with the Internal Revenue Service Form 8823 describing the Noncompliance Condition, whether or not the Noncompliance Condition shall have been corrected during the Correction Period. Notwithstanding any other provision herein to the contrary, this Section 6.6 shall survive beyond the Termination Date, if the Termination Date shall occur prior to October 1 of the second calendar year following the end of the Compliance Period.

SECTION 7 RECORDING AND FILING.

The Borrower shall cause this Regulatory Agreement and all amendments and supplements hereto to be recorded and filed in the conveyance and real property records of the county in which the Project is located and in such other places as the City may reasonably request. The Borrower shall pay all fees and charges incurred in connection with any such recording. Upon recording, the Borrower shall immediately transmit to the City an executed original of this Regulatory Agreement showing the date and recording number of record. The Borrower agrees that the City may withhold the Internal Revenue Service Form 8609 with respect to the Project unless and until the City has received the recorded executed original of this Regulatory Agreement.

SECTION 8 COVENANTS TO RUN WITH THE LAND.

The Borrower hereby subjects the Project to the covenants, reservations and restrictions set forth in this Regulatory Agreement. The City and the Borrower hereby declare their express intent that the covenants, reservations and restrictions set forth herein shall, throughout the Project Term, be deemed covenants, reservations and restrictions running with the land to the extent permitted by law, and shall pass to and be binding upon the Borrower's successors in title to the Project throughout the Project Term. The Borrower hereby covenants to include the requirements and restrictions contained in this Regulatory Agreement in any documents transferring any interest in the Project to another Person in order that such transferee has notice of, and is bound by, such restrictions, and to obtain from any transferee the agreement to be bound by and comply with the requirements set forth in this Regulatory Agreement; provided however, that each and every contract, deed, mortgage or other instrument hereafter executed covering or conveying the Project or any portion thereof or interest therein (including, without limitation, any transfer of a beneficial interest in a land trust or a portion thereof) shall conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations and restrictions, regardless of whether such

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covenants, reservations and restrictions are set forth in such contract, deed or other instrument. Notwithstanding anything contained herein to the contrary, no mortgagee or other transferee who takes title to the Premises by foreclosure of the Senior Mortgage or by transfer by instrument in lieu of foreclosure thereof, provided that such transfer is not part of an arrangement a purpose of which is to terminate the Extended Use Period, shall be subject to any of the terms and conditions herein contained except for Section 5.2 hereof. In the event that such covenants, reservations and restrictions terminate pursuant to the provisions of Section 5 hereof, the City, upon such termination and upon a written request from the Borrower or the Senior Lender, shall record a release of this Regulatory Agreement at the expense of the party requesting such release.

SECTION 9 GOVERNING LAW.

This Regulatory Agreement shall be construed in accordance with and governed by the internal laws of the State without regard to its conflict of laws principles and, where applicable, the laws of the United States of America. In the event of any conflict between this Regulatory Agreement and the CDBG Act or Section 42 of the Code, the CDBG Act or Section 42 of the Code, as applicable, shall control.

SECTION 10 AMENDMENTS

This Regulatory Agreement shall be amended only by a written instrument executed by the parties hereto or their successors in title, and duly recorded in the real property records of the county in which the Project is located. The Borrower hereby expressly agrees to enter into all amendments hereto which, in the opinion of the City, are reasonably necessary or desirable for maintaining compliance under the CDBG Act and Section 42 of the Code.

SECTION 11 NOTICE.

Unless otherwise specified, any notice, demand or request required hereunder shall be given in writing at the addresses set forth below, by any of the following means: (a) personal service; (b) electronic communications, whether by telex, telegram or telecopy; (c) overnight courier, receipt requested; or (d) registered or certified mail, return receipt requested.

IF TO CITY:

City of Chicago, Illinois
c/o Department of Housing
318 South Michigan Avenue
Chicago, Illinois 60604
Attention: Commissioner

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WITH COPIES TO:

Department of Finance
City of Chicago
121 North LaSalle Street, Room 501
Chicago, Illinois 60602
Attention: Comptroller

and

Office of the Corporation Counsel
City Hall, Room 511
121 North LaSalle Street
Chicago, Illinois 60602
Attention: Finance and Economic
Development Division

IF TO BORROWER:

LPW Limited Partnership
c/o Rezmar Corporation
853 North Elston Avenue
Chicago, Illinois 60622
Attention: Judi Fishman

WITH COPIES TO:

Keck Mahin & Cate
77 West Wacker Drive
49th Floor
Chicago, Illinois 60601
Attention: Thomas McNulty

and

Chicago Equity Fund 1993
Limited Partnership
c/o Chicago Equity Fund, Inc.
Suite 604
One East Superior Street
Chicago, Illinois 60611

Such addresses may be changed by notice to the other parties given in the same manner provided above. Any notice, demand or request sent pursuant to either clause (a) or (b) above shall be deemed received upon such personal service or upon dispatch by electronic means with confirmation of receipt. Any notice, demand or request sent pursuant to clause (c) above shall be deemed received on the Business Day immediately following deposit with the overnight courier, and any notice, demand or request sent pursuant to clause (d) above shall be deemed received two Business Days following deposit in the mail.

SECTION 12 SEVERABILITY.

If any provision of this Regulatory Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby.

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SECTION 13 COUNTERPARTS.

This Regulatory Agreement may be executed in any number of counterparts, each of which shall constitute an original, but all of which, taken together, shall constitute one and the same Regulatory Agreement.

SECTION 14 EFFECTIVE DATE.

For purposes of Section 42 of the Code, this Regulatory Agreement shall be deemed to be in effect as of the date first set forth above.

SECTION 15 RIGHT TO INSPECT.

The Borrower agrees that the City shall have the right to perform an on-site inspection of the Project and to review the records maintained by the Borrower or its agent as described in Section 2.18 hereof, upon 30 days' prior notice by the City to the Borrower, at least annually during each year of the longer of the Project Term or the Compliance Period. If the Compliance Period shall be longer than the Project Term, the requirements of this Section shall survive beyond the Termination Date. Notwithstanding the foregoing, the requirement of this Section 15 shall survive until the third anniversary of the Repayment Date, but not beyond the Foreclosure Date.

SECTION 16 NO THIRD PARTY BENEFITS.

Subject to Section 6.3 hereof, this Regulatory Agreement is made for the sole benefit of the City and the Borrower and their respective successors and assigns and, except as provided in Section 6.3 hereof or otherwise expressly provided herein, no other party shall have any legal interest of any kind hereunder or by reason of this Regulatory Agreement. Whether or not the City elects to employ any or all of the rights, powers or remedies available to it hereunder, the City shall have no obligation or liability of any kind to any third party by reason of this Regulatory Agreement or any of the City's actions or omissions pursuant hereto or otherwise in connection herewith.

SECTION 17 REFERENCES TO STATUTES, ETC.

All references herein to statutes, regulations, rules, executive orders, ordinances, resolutions, rulings, notices or circulars issued by any governmental body shall be deemed to include any and all amendments, supplements and restatements from time to time to or of such statutes, regulations, rules, executive orders, ordinances, resolutions, rulings, notices and circulars.

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IN WITNESS WHEREOF, the City and the Borrower have executed this Regulatory Agreement by their duly authorized representatives, all as of the date first written hereinabove.

CITY OF CHICAGO, ILLINOIS, by and through its Department of Housing

By: *Angela Malunda*
Commissioner

LPW LIMITED PARTNERSHIP, an Illinois limited partnership

By: Rezmar Corporation, an Illinois corporation and its sole general partner

By: _____

Its: _____

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CITY OF CHICAGO, ILLINOIS, by and through its Department of Housing

By: _____
Commissioner

LPW LIMITED PARTNERSHIP, an Illinois limited partnership

By: Rezmar Corporation, an Illinois corporation and its sole general partner

By: *[Signature]*

Its: *Vice President*

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STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

I, the undersigned, a notary public in and for the County and State aforesaid, DO HEREBY CERTIFY THAT Jana Holubka personally known to me to be the Asst Deputy Commissioner of the Department of Housing of the City of Chicago, Illinois (the "City"), and 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 as such Asst Deputy Commissioner, (s)he signed and delivered the said instrument pursuant to authority, as his/her free and voluntary act, and as the free and voluntary act and deed of said City, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal this 31st day of AUGUST 1994.

Clarice Hall
Notary Public

(SEAL)



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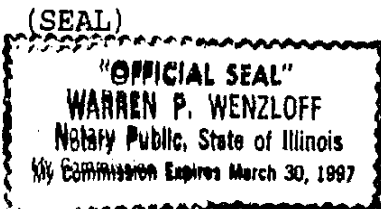
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STATE OF ILLINOIS)
) SS.
COUNTY OF COOK)

I, the undersigned, a Notary Public in and for the county and State aforesaid, do hereby certify that Judi Fishman Vice President, personally known to me to be the of Rezmar Corporation (the "General Partner"), an Illinois corporation and sole general partner of LPW Limited Partnership (the "Borrower"), an Illinois limited partnership, and known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me in person and severally acknowledged that as such Vice President (s)he signed and delivered the said instrument pursuant to authority given by the Board of Directors of the General Partner, and as his/her respective free and voluntary act and deeds and as the free and voluntary act and deed of the General Partner and the Borrower for the uses and purposes therein set forth.

GIVEN under my hand and official seal this 31st day of August, 1994.

Warren P. Wenzloff
Notary Public



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EXHIBIT A

LEGAL DESCRIPTION

4655 South Lake Park
Chicago, Illinois 60653

Lots 5 (except the North 20 feet thereof) and all of Lots 6 and 7 in Sherman's subdivision of Lots 5 and 6 in Lyman's subdivision of that part lying west of the Illinois Central Railroad of the Southeast Fractional 1/4 of Section 2, Township 38 North, Range 14, east of the third principal meridian, in Cook County, Illinois.

PIN: 20-02-405-051; 20-02-405-052; and 20-02-405-053

5606 South Wabash Avenue
Chicago, Illinois 60637

Lots 4, 5, 8 and 9 (except so much of lots as used for Wabash Avenue) in Block 3 in Winston's subdivision of Lots 3 and 4 in Newhall, Larned and Woodbridges' subdivision of Part of the Northwest 1/4 of Section 15, Township 38 North, Range 14, East of the Third Principal Meridian, in Cook County, Illinois

PIN: 20-15-107-019

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ASSUMED COMPLETION SCHEDULE FOR 4655 S. LAKE PARK, GREGO, IL

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WORK TO BE PERFORMED	MONTH 1	MONTH 2	MONTH 3	MONTH 4	MONTH 5	MONTH 6	MONTH 7	MONTH 8	MONTH 9
Demolition/Bricking	X X X X	X X X X	X X X X						
Rough Carpentry		X X	X X	X X X X	X X X				
Truckpointing/Masonry		X X	X X X	X X X					
Roofing	X X	X X X X							
Doors & Hardware					X	X X X X	X X X X	X X	X
Replacement Windows	X X	X X X X							
Carpeting							X X	X X X X	X
Kitchen Cabinets/Counters					X	X X X	X X X	X	X
Appliances						X X X	X X X	X	X
Ceramic Tile					X	X X X	X X X X	X X	X
WCF Flooring					X	X X X	X X X X	X X	
Metals				X	X	X X X X	X X	X X X	
Finish Carpentry				X	X	X X X	X X	X X X	
Concrete			X X X		X X X	X X X X	X X X X	X X X X	X X X X
Brick/Block			X X	X X X X	X X X X	X X X X	X X	X	X X
Painting				X X	X X	X X	X X X X	X X X	X X X X
Pumbing	X X	X X X X	X X	X X X	X X	X X X X	X X X X	X	X
Electrical	X X	X X	X X X	X X X	X X	X X X X	X X X X	X X	X
Heating	X X	X X	X X X X	X X X	X X	X X X	X X X X	X X	X
Landscaping/Sitework							X X	X X	X
PAYOUTS	X	X	X	X	X	X	X	X	X

This schedule is realistic and feasible for the construction of the project.


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ASSUMED COMPLETION SCHEDULE FOR 5606 S. WABASH, CHGO, IL

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ITEM TO BE PERFORMED	MONTH 1	MONTH 2	MONTH 3	MONTH 4	MONTH 5	MONTH 6	MONTH 7	MONTH 8	MONTH 9
Demolition/Wrecking	X X X X	X X X X	X X X						
Rough Carpentry		X X	X X X X	X X X X	X X X				
Truckpointing/Masonry		X X	X X X	X X X					
Roofing	X X	X X X X							
Doors & Hardware				X					
Replacement Windows	X X	X X X X							
Carpeting							X X	X X X X	X X
Kitchen Cabinets/Counters					X		X X X	X X X	X X
Appliances								X X X	X X
Ceramic Tile					X		X X X	X X X X	X X
Wet Flooring					X X X		X X X	X X X X	X X
Metals			X X	X	X X X X	X X X	X X	X X X	X X X
Finish Carpentry					X X X X	X X X X	X X X X	X X X X	X X X X
Concrete			X X X	X X X	X X X	X X X	X X	X X	X X X X
Drywall/Patching		X X X	X X X X	X X X	X X X X	X X X X		X	X X
Painting				X X				X X X X	X X X
Plumbing	X X	X X X X	X X	X X X	X X	X X	X X X X	X	X X X X
Electrical	X X	X X	X X X X	X X X	X X	X X X	X X	X X	X X
Beating	X X	X X	X X X X	X X X	X X	X X	X	X X	X X
Landscaping/Sitework							X X	X X	X X
PAVING	X	X	X	X	X	X	X	X	X

This schedule is realistic and feasible for the construction of the project.



Carol Perrele 6/15/91

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EXHIBIT C

DEBARMENT CERTIFICATION

This certification, dated _____, _____, is being delivered by [INSERT NAME OF BORROWER], a _____ (the "Borrower"), to the City of Chicago, Illinois (the "City") in connection with the Regulatory Agreement (the "Regulatory Agreement") dated _____ between the City and the Borrower.

1. The Borrower represents, warrants and certifies that neither the Borrower nor any officer, director or owner of the Borrower

- (a) is presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government;
- (b) has within a three-year period preceding the date hereof been convicted of or had a civil judgment rendered against it for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain or performing a public (federal, state or local) transaction or contract under a public transaction, including, without limitation, any violation of federal or state antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements or receiving stolen property;
- (c) is presently indicted for or otherwise criminally or civilly charged by a governmental entity (federal, state or local) with commission of any of the offenses enumerated in clause (b) above;
- (d) has within a three-year period preceding the date hereof had one or more public transactions (federal, state or local) terminated for cause or default;
- (e) has been barred from contracting with any unit of state or local government as a result of a violation of 720 ILCS 5/33E-3 or 720 ILCS 5/33E-4, as amended, supplemented and restated from time to time;
- (f) is in default on an educational loan as provided in 5 ILCS 385/1, as amended, supplemented and restated from time to time;
- (g) has within the last three years (i) been convicted of bribery or attempting to bribe a public officer or employee of the City, the State of Illinois or any agency of the federal government or of any state or local government in the United States, in that

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officer's or employee's official capacity; or (ii) been convicted of agreement or collusion among bidders or prospective bidders in restraint of freedom of competition by agreement to bid a fixed price, or otherwise; or (iii) made an admission of guilt of such conduct described in (i) or (ii) above which is a matter of record, but has not been prosecuted for such conduct; or

(h) has made or caused to be made, directly or indirectly, any payment, gratuity or offer of employment in connection with the Loan Agreement (as defined in the Regulatory Agreement) as an inducement for the City to enter into the Loan Agreement with the Borrower.

2. The Borrower shall comply with the applicable requirements of the Governmental Ethics Ordinance of the City, Title 2, Chapter 2-156 of the Municipal Code of Chicago, as amended, supplemented and restated from time to time.

3. The Borrower understands and will comply with all the applicable provisions of Chapter 2-56 of the Municipal Code of Chicago (Office of the Inspector General), as amended, supplemented and restated from time to time.

(INSERT NAME OF BORROWER)

By: _____

Title: _____

ATTEST: _____

Title: _____

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SCHEDULE I

ANNUAL OWNER'S CERTIFICATION FOR PROJECT RECEIVING CDBG FUNDS AND LOW-INCOME HOUSING TAX CREDITS FROM THE CITY OF CHICAGO, DEPARTMENT OF HOUSING

Borrower: _____

Project Name: _____

Project Number: _____

Borrower Federal Employer Identification Number: _____

The City of Chicago, Illinois, acting by and through its Department of Housing (the "City"), has entered into a Housing Loan Agreement dated as of _____ 1, 1994, with the Borrower pursuant to which the City lent CDBG funds to the Borrower for the Project. The City has also allocated low-income housing tax credits (the "Tax Credits") to the Borrower for the Project. Pursuant to Section 42 of the Internal Revenue Code of 1986, as amended (the "Code"), the Borrower is required to maintain certain records concerning the Project and the City is required to monitor the Project's compliance with the CDBG regulations and the Code and the agreements executed by the City and the Borrower in connection with the Project. The Borrower further agreed, in the Regulatory Agreement dated as of _____ 1, 1994, by and between the City and the Borrower (the "Regulatory Agreement"), to maintain certain records and prepare and deliver certain reports to the City. This Annual Owner's Certification must be completed in its entirety and must be executed by the Borrower, notarized and returned to the City by October 1 of each year for the period commencing on the earlier of (a) October 1 of the first year of the Compliance Period or (b) the first October 1 following completion of rehabilitation of the Project, and ending on the later of (1) the first October 1 following the end of the Compliance Period or (2) the first October 1 following the Termination Date. In addition, a copy of Exhibit A must be completed for each building which comprises a part of the Project. No changes may be made to the language contained herein without the prior approval of the City. Except as otherwise specifically indicated, capitalized terms contained herein shall have the meanings ascribed to them in the Regulatory Agreement.

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A. INFORMATION

1. Please list the building identification numbers and address for each building included in the Project: (If there are additional buildings in the Project, please provide the requested information on a separate sheet and attach to this document.)

Building Identification Number

Building Address

<u>Building Identification Number</u>	<u>Building Address</u>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

2. Complete Exhibit A for each building included in the Project.
3. Has any change occurred, either directly or indirectly, (a) in the identity of the Borrower, (b) in the identity of any general partner(s), if any, of the Borrower, (c) in the ownership of any interests in any general partner of the Borrower or in any shareholder, trustee or beneficiary of the Borrower, or (d) which would otherwise cause a change in the identity of the individuals who possess the power to direct the management and policies of the Borrower since the date of the Regulatory Agreement or the most recent Annual Owner's Certification?

Yes _____

No _____

If Yes, provide all the appropriate documents.

4. Have the Borrower's organizational documents been amended or otherwise modified since they were submitted to the City?

Yes _____

No _____

If Yes, provide all amendments and modifications of the Borrower's organizational documents.

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5. Provide the City with independently audited financial statements for the Project for the most recent fiscal year, including an income and expense statement, a balance sheet listing assets and liabilities, a detailed schedule of operating, maintenance and administrative expenses and a cash flow statement.
6. Has the Borrower been a recipient of a federal grant during this year, as defined in Section 42 of the Code, or has there been any other event, either of which would cause a reduction in the Eligible Basis (as hereinafter defined) of any building in the Project?

Yes _____ No _____

If Yes, provide the details.

7. If the date of this Annual Owner's Certification is not later than the first October 1 following the Termination Date, the following certifications apply:

- (a) The Borrower hereby certifies to the City that (1) the Project is in full compliance with all currently applicable provisions of the CDBG regulations, (2) the Project shall continue to comply with the CDBG regulations during the Project Term as required by the CDBG regulations and (3) no change shall occur in the Borrower or the general partner of the Borrower without the prior written consent of the City, except as may be permitted pursuant to Section 8 of the Mortgage.
- (b) The Borrower will provide to the City copies of each lease and each Tenant Certification executed in connection with the Low-Income Project since the later of the date of the Regulatory Agreement or the last Annual Owner's Certification submitted to the City and for each such unit in the Low-Income Project, provide to the City the data with the respect to tenant characteristics as required by Section 2.21 of the Regulatory Agreement.
- (c) The Borrower will provide the City with evidence of compliance with Section 2.27 of the Regulatory Agreement since the later of the execution of the Regulatory Agreement or the last Annual Owner's Certification, including copies of any required notices given to prospective tenants regarding lead-based paint with the signature of each tenant in the Low-Income Project.
- (d) Did the Project cause the displacement of any People?

Yes _____ No _____

If Yes, the Borrower will provide evidence to the City of compliance with Section 2.25 of the Regulatory Agreement. (The information required by this question need only be supplied to the City once.)

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- (e) The Borrower will provide to the City payroll records of the General Contractor indicating compliance with Section 2.29 of the Regulatory Agreement.

B. REPRESENTATIONS, WARRANTIES AND COVENANTS

The Borrower hereby represents and warrants to the City that each of the following statements is true and accurate and covenants as follows:

1. The Borrower is [check as applicable]:
 - (a) ___ an individual.
 - (b) ___ a group of individuals.
 - (c) ___ a corporation incorporated and in good standing in the State of ___.
 - (d) ___ a general partnership organized under the laws of the State of ___.
 - (e) ___ a limited partnership organized under the laws of the State of ___.
 - (f) ___ other [please describe]: _____

2. The Borrower is [check as applicable] (a) _____ the owner of fee simple title to, or (b) _____ the owner of 100% of the beneficial interest in, the hereinafter described Project. The Borrower received an allocation of low-income housing tax credits from the City in the amount of \$ _____ on _____, pursuant to Section 42 of the Code.

3. The Project consists of _____ building(s) containing a total of _____ residential unit(s).

4. If the date of this Annual Owner's Certification is (a) not prior to the start of the Compliance Period and (b) not later than the first October 1 following the end of the Compliance Period, the following subparagraphs apply:
 - (a) _____ of the residential unit(s) (the "Tax Credit Eligible Units") in the Project is/are occupied by Qualifying Tenants (as hereinafter defined).

 - (b) For the 12-month period preceding the date hereof (the "Year"):
 1. [check as applicable] (i) _____ 20% or more of the residential units in the Project were both rent-restricted (within the meaning of Section 42(g)(2) of the Code) and occupied by individuals (the "Qualifying Tenants") whose income is 50% or less of area median income, or (ii) _____ 40% or more of the residential units in the Project were both rent-restricted (within the meaning of Section

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- 42(g)(2) of the Code) and occupied by individuals (the "Qualifying Tenants") whose income is 60% or less of area median income;
2. there was no change in the applicable fraction (as defined in Section 42(c)(1)(B) of the Code) of any building in the Project, or if there were any such changes, attached hereto as Exhibit B is a true and complete description of all such changes;
 3. the Borrower has received an annual income certification from each Qualifying Tenant in substantially the form attached hereto as Exhibit C or in such other form as shall have been approved by the City (a "Tenant Certification") and documentation to support that Tenant Certification (for a Qualifying Tenant receiving Section 8 housing assistance payments, such documentation may be a statement from the Chicago Housing Authority to the Borrower declaring that the Qualifying Tenant's income does not exceed the applicable income limit under Section 42(g) of the Code), and the Borrower assisted each of the Qualifying Tenants in completing the Tenant Certifications by referring to the instructions on Exhibit D attached hereto;
 4. each Tax Credit Eligible Unit in the Project was rent-restricted (within the meaning of Section 42(g)(2) of the Code);
 5. all of the units in the Project were for use by the general public and used on a nontransient basis (except for units used for transitional housing for the homeless provided under Section 42(i)(3)(B)(iii) of the Code, all of which units complied with the applicable requirements of Section 42 of the Code and the hereinafter defined Tax Credit Regulations);
 6. each building in the Project was suitable for occupancy, taking into account the health, safety and building codes of the City;
 7. there was no change in the "eligible basis" as defined in Section 42(d) of the Code (the "Eligible Basis") of any building in the Project, or if there were any such changes, attached hereto as Exhibit E is a true and complete description of the nature of all such changes;
 8. all tenant facilities included in the Eligible Basis of any building in the Project, such as swimming pools, other recreational facilities and parking areas, were provided on a comparable basis to all tenants in such building;

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9. if a Tax Credit Eligible Unit became vacant during the Year, reasonable attempts were or are being made to rent such Tax Credit Eligible Unit or the next available residential unit in the Project of a comparable or smaller size to one or more Qualifying Tenants before any residential units in the Project were or will be rented to tenants who are not Qualifying Tenants;
10. if the income of any Qualifying Tenant increased above 140% of the applicable income limit described in (1) above, the next available residential unit in the Project of a comparable or smaller size was or will be rented to one or more Qualifying Tenants; and
11. the Regulatory Agreement constitutes an "extended low-income housing commitment" as defined in Section 42(h)(6) of the Code and was in effect.
- (c) Any savings realized in a construction line item of the Project were either dedicated to the benefit of the Project through enhancement of the Project, or resulted in a decrease of the Project's Eligible Basis for purposes of calculating the Tax Credits for which the Project qualifies, and except as disclosed to and approved by the City, no amounts paid or payable to the Borrower as developer fees exceeded the amount set forth in the Borrower's original application for the Tax Credits and such fees will not be increased without the consent of the City.
- (d) The Project constitutes a "qualified low-income housing project" as defined in Section 42 of the Code and the Tax Credit Regulations.
- (e) All of the Exhibit A's attached hereto constitute a true, correct and complete schedule showing, for the Year, the rent charged for each Tax Credit Eligible Unit in the Project and the income of the Qualifying Tenants in each Tax Credit Eligible Unit.
- (f) None of the incomes of the Qualifying Tenants exceeds the applicable limits under Section 42(g) of the Code.
5. The Project is in compliance with all of the currently applicable requirements of the CDBG Act, the CDBG regulations, the Regulatory Agreement, Section 42 of the Code, the applicable Treasury regulations under Section 42 of the Code (the "Tax Credit Regulations"), the terms of the City's letter reserving Tax Credits for the Project (the "Reservation Letter"), and, if applicable, the City's Housing Tax Credit Plan for the year in which the Project received its allocation

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of Tax Credits (the "Plan"). The Borrower will take whatever action is required to ensure that the Project complies with all requirements imposed by the CDBG Act, the CDBG regulations, the Regulatory Agreement, Section 42 of the Code, the Tax Credit Regulations, the terms of the Reservation Letter and, if applicable, the Plan during the periods required thereby.

The Borrower shall retain all tenant selection documents, which include but are not limited to: income verification, employment verification, credit reports, leases and low-income computation forms, to be available for periodic inspections by the City or its representative. The City, at its option, can periodically inspect the Project, and all tenancy-related documents to determine continued compliance of the Project with all applicable requirements.

6. No litigation or proceedings have been threatened to the best of our knowledge, or are pending which may affect the interest of the Borrower in the Project or the ability of the Borrower to perform its obligations with respect thereto.
7. The Borrower has taken affirmative action to ensure that women- and minority-owned businesses have had the maximum opportunity to compete for and perform as contractors for supplies and/or services, and will continue to do so with future contracts and awards as provided in Sections 2-92-420 through 2-92-570, inclusive of the Municipal Code of Chicago, as from time to time supplemented, amended and restated.
8. All units in each building included in the Project are affirmatively marketed and upon completion of rehabilitation available for occupancy by all persons regardless of race, national origin, religion, creed, sex, age or handicap.
9. The Borrower has, upon completion of rehabilitation, not demolished any part of the Project or substantially subtracted from any real or personal property of the Project or permitted the use of any residential rental unit for any purpose other than rental housing. The Borrower has used its best efforts to repair and restore the Project to substantially the same condition as existed prior to the occurrence of any event causing damage or destruction, or to relieve the condemnation, and thereafter to operate the Project in accordance with the terms of the Regulatory Agreement.
10. The Borrower is in possession of all records which it is required to maintain pursuant to the terms of the CDBG Act, the CDBG regulations, the Regulatory Agreement, Section 42 of the Code, the Tax Credit Regulations and, if applicable, the Plan, as well as any additional records which the City has determined to be necessary to the compliance and administration of the Project.

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11. The Borrower has not executed any agreement with provisions contradictory to, or in opposition to, the provisions of the Regulatory Agreement and in any event the requirements of the Regulatory Agreement are paramount and controlling as to the rights and obligations therein set forth and supersede any other requirements in conflict therewith. The Borrower shall continue to cooperate with the City and furnish such documents, reports, exhibits or showings as are required by the CDBG Act, the CDBG regulations, the Regulatory Agreement, Section 42 of the Code, the Tax Credit Regulations, the Plan (if applicable) and the City or the City's Corporation Counsel.

If the Borrower is unable to make any representation or warranty set forth above, the Borrower must immediately contact the City and inform the City of the reason that the Borrower is unable to make such representation or warranty.

Under penalties of perjury, the Borrower declares that, to the best of its knowledge and belief, each response, representation, warranty and document delivered by the Borrower in connection herewith is true, correct and complete and will continue to be true, correct and complete.

C. INDEMNIFICATION

The Borrower hereby agrees to fully and unconditionally indemnify, defend and hold harmless the City from and against any judgments, losses, liabilities, damages (including consequential damages), costs and expenses of whatsoever kind or nature, including, without limitation, attorneys' fees, expert witness fees, and any other professional fees and litigation expenses or other obligations, incurred by the City that may arise in any manner out of or in connection with actions or omissions which result from the Borrower's responses or documents provided pursuant to the terms of this Annual Owner's Certification, including breaches of the representations and warranties herein contained, other than those judgments, losses, liabilities, damages, costs and expenses arising out of the City's gross negligence or willful misconduct following the City's acquisition of title to or control of the Project, unless such act is taken in response to (1) any willful misconduct or negligent act or omission of the Borrower, the General Partner, if any, or the Owner (as the last two terms are defined in the Loan Agreement), or (2) any breach (other than failure to repay the Loan) by the Borrower, the General Partner, if any, or the Owner, if any, of any provisions of the instruments executed by the Borrower, the General Partner, if any, or the Owner, if any, in connection with the Loan.

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IN WITNESS WHEREOF, the Borrower has executed this Annual
Owner's Certification this _____ day of _____,
_____.

BORROWER:

LPW LIMITED PARTNERSHIP,
an Illinois limited partnership

By: Rezmar Corporation, an
Illinois corporation and
its sole general partner

By: _____
Its: _____

Subscribed and sworn to before me this
_____ day of _____, _____.

Notary Public

(SEAL)

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EXHIBIT A

Borrower: _____

Mailing Address: _____

Date of Regulatory Agreement: _____

Project Name and No.: _____

Building Address: _____

Building Identification Number: _____

1. Is the date of the attached Annual Owner's Certification prior to the start of the Compliance Period for this Building?
_____ Yes _____ No (check one). If "Yes," do not complete (2) or (3) but go directly to (4). If "No," proceed to (2).

2. Is the date of the attached Annual Owner's Certification later than the first October 1 following the end of the Compliance Period for this Building? _____ Yes _____ No [check one]. If "Yes," do not complete (3) but go directly to (4). If "No," proceed to (3).

3. (a) Tax Credits Allocated to this Project: _____

(b) Number of Residential Rental Units in this Building:

Studios _____ 1 Br _____ 2 Br _____
3 Br _____ 4 Br _____ 5 or more Br _____

(c) Total Square Feet of space contained in Residential Rental Units in this Building: _____

(d) Total Number of Residential Rental Units rented to Tax Credit Eligible Families:

Studios _____ 1 Br _____ 2 Br _____
3 Br _____ 4 Br _____ 5 or more Br _____

(e) Total Eligible Basis of this Building: _____

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(f) Amount reduced due to receiving a federal grant or for any other reason: (If applicable)

(g) Total Qualified Basis of this Building: _____

4. (a) Note utilities paid by tenants:

(b) Note utilities paid by Borrower for which tenants reimburse Borrower:

(c) For each Residential Rental Unit in the Project, provide the following:

TAX CREDIT ELIGIBLE UNITS:

<u>Unit</u>	<u>Br</u>	<u>Rent</u>	<u>Family's Income</u>	<u>Family Size</u>
-------------	-----------	-------------	------------------------	--------------------

_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

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OTHER UNITS RENTED TO LOW-INCOME FAMILIES:

<u>Unit</u>	<u>Br</u>	<u>Rent</u>	<u>Family's Income</u>	<u>Family Size</u>
-------------	-----------	-------------	------------------------	--------------------

OTHER UNITS:

<u>Unit</u>	<u>Br</u>	<u>Rent</u>	<u>Family's Income</u>	<u>Family Size</u>
-------------	-----------	-------------	------------------------	--------------------

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5. Has the rent in any Low-Income Unit or Tax Credit Eligible Unit in this Building increased since the filing of the previous Annual Owner's Certification, or, if this Annual Owner's Certification is the first Annual Owner's Certification filed with respect to this Building, has the rent been increased from the amounts projected during the construction period?

Yes _____

No _____

If Yes, please provide details.

6. How many Low-Income Units or Tax Credit Eligible Units in this Building are now occupied by tenants that did not occupy such units at the time of the last Annual Owner's Certification filed for this Building?

7. What steps did the Borrower take to insure that the new tenants qualified as Low-Income Families or Tax Credit Eligible Families, as applicable?

8. Have any Low-Income Families or Tax Credit Eligible Families been evicted since the time of the last Annual Owner's Certification or if this report is the first Annual Owner's Certification filed with respect to this Building, since the initial rent-up of this Building?

Yes _____

No _____

If Yes, please provide details.

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9. Has any legal or administrative action been instituted by any Low-Income Family or Tax Credit Eligible Family against the Borrower?

Yes _____

No _____

If Yes, please provide details.

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EXHIBIT B

CHANGES IN APPLICABLE FRACTION

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EXHIBIT C

TENANT CERTIFICATION

RE: _____
Chicago, Illinois

Name of Tenant (i.e., person(s)
whose name appears on the lease): _____

Address of Apartment: _____

Apartment Number: _____

Some or all of the cost of the apartment development in which you are to lease an apartment was financed by a loan made by the City of Chicago, Illinois (the "City"), to the owner of the apartment development, through a U.S. Department of Housing and Urban Development program and by the use of low-income housing tax credits provided by the City for the development. In order for the development to continue to qualify for this loan and these tax credits, there are certain requirements which must be met with respect to the apartment development and its tenants. To satisfy one of those requirements it is necessary for you to provide the information requested in this Tenant Certification at the time you sign your lease and annually thereafter so long as you remain a tenant in the apartment development.

CERTIFICATION

I, the undersigned, state that I have read and answered fully, frankly and personally each of the following questions for all persons who are to occupy the unit in the above apartment development for which application is made, all of whom are listed on the following page:

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Income Computation (Anticipated Incomes)

<u>Name of Members of the Household</u>	<u>Relation-ship to Head of Household</u>	<u>Age (if 18 or under)</u>	<u>Social Security Number</u>	<u>Place of Employment</u>
_____	HEAD	_____	_____	_____
_____	SPOUSE	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

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1. On the lines below, indicate the anticipated income from all sources received by the family head and spouse (even if temporarily absent) and by each additional member of the family over the age of 18 during the 12-month period beginning this date:

Name	Annual Wages/ Salary	Other Income	Total Income
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

(Capital Assets)

2. If any of the persons described above (or whose income or contributions were included in item (1)) has any real property, savings, stocks, bonds or other forms of capital investment, excluding interest in Indian Trust land and equity in a housing cooperative unit or in a manufactured home in which the family resides and except for necessary items of personal property such as furniture and automobiles, provide:

- a. the total value of all such assets owned by all such persons: \$ _____,
- b. the amount of income expected to be derived from such assets in the 12-month period commencing this date: \$ _____, and
- c. the amount of such income which is included in item (1): \$ _____.

(Students)

3. a. Will all of the persons listed in column 1 above be or have they been full-time students during five calendar months of this calendar year at an educational institution (other than a correspondence school) with regular faculty and students?

Yes _____ No _____

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b. Is any such person (other than nonresident aliens) married and eligible to file a joint federal income tax return?

Yes _____ No _____

I acknowledge that all of the above information is or may be the basis of my qualifying as a tenant and further is relevant to the status of the tax credits provided by the City and of the funds provided through the U.S. Department of Housing and Urban Development to finance rehabilitation of the apartment for which application is being made. I consent to and authorize the disclosure of such information to the City and HUD and any agent acting on their behalf. If I am accepted as a tenant or my lease is renewed, and if any of the foregoing information is inaccurate or misleading, I understand that it will constitute a material breach of my lease. I understand that the submission of this information is one of the requirements for tenancy and does not constitute an approval of my application, or my acceptance as a tenant.

I declare under penalty of perjury that the foregoing is true and correct.

Executed this _____ day of _____, _____ at Chicago, Illinois.

Tenant

Applicant for an apartment _____
or Residing in Apt. No. _____

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STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

On the _____ day of _____, _____ personally appeared before me _____, the signer of the above certification, who duly acknowledged to me that he/she executed the same.

(SEAL)

NOTARY PUBLIC

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FOR COMPLETION BY OWNER ONLY:

1. Calculation of eligible income:

a. Total amount entered for entire household in 1 above: _____

b. If the amount entered in 2.a above exceeds \$5,000, enter the greater of (i) the amount entered in 2.b less the amount entered in 2.c and (ii) the passbook savings rate as designated by HUD multiplied by the amount entered in 2.a: _____

c. TOTAL ELIGIBLE INCOME (Line 1.a plus line 1.b): _____

2. For each Tax Credit Eligible Unit, complete the following:

a. The amount entered in 1.c is: (place "x" on appropriate line)

_____ Less than \$_____ which is the maximum income at which a household of _____ persons may be determined to be a Qualifying Tenant (as defined in the Annual Owner's Certification).

_____ More than the above-mentioned amount.

b. Number of apartment unit assigned: _____

Applicant:

_____ Qualifies as a Qualifying Tenant.

_____ Does not qualify as a Qualifying Tenant.

3. For each Low-Income Unit, complete the following:

a. The amount entered in 1.c is: (place "x" on appropriate line)

(i) _____ Less than \$_____ which is the maximum income at which a household of _____ persons may be determined to be a Low-Income Family as that term is defined in the Regulatory Agreement dated as of _____, between the City of Chicago, Illinois and _____ (the "Regulatory Agreement").

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(ii) _____ More than the amount mentioned in line
a.

b. Applicant:

_____ Qualifies as Low-Income Family.

_____ Does not qualify as a Low-Income Family.

BORROWER:

By: _____

Its: _____

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EXHIBIT D

In order to assist a proposed or existing tenant in completing the attached Tenant Certification, you should refer to the definition of "annual income" contained in 24 C.F.R. §813.106, as amended, supplemented and restated from time to time. The following may need to be included in calculating "Annual Wages/Salary" and "Other Income":

- A. Annual Wages and Salary, including, before payroll deduction, all wages and salaries, overtime pay, commissions, fees, tips, bonuses and other compensation for personal services;
- B. "Other Income" includes but is not limited to:
- (i) net income from operation of a business or profession; expenditures for business expansion or amortization of capital indebtedness shall not be used as deductions in determining net income; an allowance for depreciation of assets used in a business or profession may be deducted, based on straight line depreciation, as provided in Internal Revenue Service regulations; any withdrawal of cash or assets from the operation of a business or profession will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the family;
 - (ii) interest, dividends and other net income of any kind from real or personal property; expenditures for amortization of capital indebtedness shall not be used as a deduction in determining net income; an allowance for depreciation is permitted only as authorized in paragraph (B)(i) above; any withdrawal of cash or assets from an investment will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested by the family;
 - (iii) the full amount of periodic payments received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic receipts, including a lump-sum payment for the delayed start of a periodic payment;
 - (iv) payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay;

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