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Brendan M. Cournane
Asst. Corp. Counsel

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ATTACHED TO REGISTRATION

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

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REGULATORY AGREEMENT

25th THIS REGULATORY AGREEMENT entered into and effective this
day of October, 1996 (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 Willard Square Limited
Partnership, an Illinois limited partnership (the "Partnership")

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and Technical Assistance Corporation for Housing, an Illinois not-for-profit corporation (the "Borrower").

WITNESSETH

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 program ("CDBG Program"); and

WHEREAS, the City has programmed CDBG Program 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 loan a sum (hereinafter referred to as the "Loan") of Multi-Family Program funds 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 in connection with the Project (as legally described on Exhibit A attached hereto and hereby made a part hereof and as further defined on Exhibit B attached hereto and hereby made a part hereof); and

WHEREAS, the Partnership is the owner of the Premises legally described on Exhibit A and is an affiliate of the Borrower; and

WHEREAS, as a specific condition precedent to the Borrower receiving the Loan, the Borrower and the Partnership have 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, the Partnership and the City each agree as follows:

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SECTION 1 DEFINITIONS AND INTERPRETATIONS.

Additional definitions on Exhibit B hereto are hereby incorporated in this Section 1 by reference.

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:

"Affirmative Marketing Plan" shall mean the affirmative marketing plan submitted by the Borrower and approved by DOH, identifying those racial, ethnic and gender groups least likely to apply for housing in the Low-Income Project, and specifying the commercial media, community contacts and other means to be used to attract such groups to the Low-Income Project.

"Affordable Rent" shall mean the rent amounts determined by the City for rental housing pursuant to 24 C.F.R. §570.208(a)(3), as may be adjusted for unit size.

"Annual Report" shall mean the report from the Borrower in substantially the form set forth in Exhibit C attached hereto and hereby made a part hereof, as the same may be amended from time to time.

"Borrower" shall mean, initially, Technical Assistance Corporation for Housing, an Illinois not-for-profit corporation.

"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 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.

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

"CDBG Regulations" shall mean 24 C.F.R. Part 570, and such additional regulations, orders, rulings, interpretations and directives for the CDBG Program as may be promulgated or issued by HUD from time to time.

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

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

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

"First Reporting Date" shall mean the first January 1 following completion of rehabilitation of the Project.

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

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

"Inspection Period" shall mean a period beginning on the date hereof and ending on the fifth anniversary of the Repayment Date.

"Last Reporting Date" shall mean the first January 1 following the end of the Project Term.

"Loan Agreement" shall mean the Housing Loan Agreement, of even date herewith, 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.

"Mortgage" shall mean that certain Junior Mortgage, Security Agreement and Financing Statement 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.

"People" shall have the meaning assigned to such term in Section 2.20 hereof.

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

"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,

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except as provided in Sections 2.15, 2.16 and 15 hereof, through and including the Termination Date, and shall end on 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 and interest, if any, on 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).

"State" shall mean the State of Illinois.

"Tenant Certification" shall mean the certification in substantially the form set forth in Exhibit D attached hereto and hereby made a part hereof, as the same may be amended from time to time.

"Termination Date" shall mean the earlier of (a) a Foreclosure Date or (b) the Repayment Date.

"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).

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 AND PARTNERSHIP'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.

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.

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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 as provided herein.

2.6 The Borrower shall not convert any units in the Project to condominium ownership or to any form of cooperative ownership that is not eligible to receive CDBG funds from HUD.

2.7 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.

2.8 All of the units in the Project shall be, after completion of the rehabilitation of the Project, and shall remain suitable for occupancy.

2.9 After completion of the rehabilitation of the Project, 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.

2.10 After completion of rehabilitation of the Project, 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.

2.11 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.

2.12 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.

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2.13 All tenant leases shall be written, shall be for a period of not less than six months, shall be in conformity with all applicable laws, including without limitation the City of Chicago Residential Landlord and Tenant Ordinance, and, with respect to 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.

2.14 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 of which pertain to compliance with the provisions of this Regulatory Agreement, the CDBG Act or the CDBG Regulations. 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.

2.15 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 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) hereafter 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 during the Inspection Period. Notwithstanding the foregoing sentence, this Section 2.15 shall terminate as of a Foreclosure Date. The Borrower shall assist each of the tenants in the Low-Income Project in completing the Tenant Certification if necessary.

2.16 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 Report executed by the Borrower, commencing on the First Reporting Date and on each January 1 thereafter through and including the Last Reporting Date. Notwithstanding the foregoing sentence, this Section 2.16 shall terminate as of a Foreclosure Date.

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2.17 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 within 30 days after such unit is leased to such tenant(s) (or, for units occupied by Low-Income Families as of the date hereof, within 30 days from the date hereof). For each unit in the Low-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 (including gender identification of the head(s) of household) of each tenant moving into the unit.

2.18 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.

2.19 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.

2.20 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.

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

2.22 The Project shall constitute HUD-associated housing for purposes of the Lead-Based Paint Poisoning Prevention Act (42

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U.S.C. Section 4821 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.

2.23 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.

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

2.25 No individual who is an employee, agent, consultant, officer or elected or appointed official of the City (and no individual who was an employee, agent, consultant, officer or elected or appointed official within one year prior to the date hereof) and who exercises or has exercised any functions or responsibilities with respect to activities assisted with CDBG Funds or who is or was in a position to participate in a decision-making process or gain inside information with regard to such activities, has obtained, is obtaining or will obtain a financial interest or benefit from the Project, or has or will have any interest in any contract, subcontract or agreement with respect to the Project, or the proceeds thereunder, either for himself or for those with whom he has family or business ties.

2.26 Except as otherwise provided in Section 1B hereof, the Partnership has not 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.

2.27 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 the Loan, and (ii) 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.

2.28 For every unit in the Low-Income Project, the Borrower shall comply with affirmative marketing requirements established by DOH from time to time, including the following:

- (a) based on the Affirmative Marketing Plan, advertise in pre-identified commercial media, contact pre-identified churches, community groups and other agencies, and undertake other means to inform

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targeted groups of the availability of such units in the Low-Income Project;

- (b) display conspicuously HUD's fair housing poster wherever rentals and showings of such units take place;
- (c) provide DOH upon request with an annual report describing the Borrower's affirmative marketing activities with respect to the Low-Income Project, including a description of the Borrower's outreach efforts (including copies of all advertisements and brochures) and, unless prohibited by law, a record of the racial/ethnic/gender characteristics of all individuals who look at units in the Low-Income Project, those who apply for leases for such units, and those who actually sign such leases; and
- (d) maintain records of affirmative marketing efforts with respect to the leasing or re-leasing of each such unit to be made available for review by DOH for a period equal to the Project Term.

2.29 The Borrower has submitted to the City a tenant selection plan containing policies and criteria that: (a) are consistent with the purpose of providing housing for Low-Income Families, (b) are reasonably related to Multi-Family Program eligibility and the applicants' ability to perform the obligations of the lease, (c) give reasonable consideration to the housing needs of Families that would have a preference under 24 C.F.R. Section 960.211, and (d) provide for (1) the selection of tenants from a written waiting list in the chronological order of their application, insofar as is practicable, and (2) the prompt notification in writing to any rejected applicant of the grounds for any rejection.

2.30 The Borrower hereby acknowledges and affirms that it has reviewed the provisions of, and that the Project shall, during the Project Term be in compliance with, each of the following: (a) the requirements of the Fair Housing Act, 42 U.S.C. §§3601-19 and implementing regulations at 24 C.F.R. Part 100 et seq.; Executive Order 11063, as amended by Executive Order 12892 (3 C.F.R., 1958-63 Comp., p. 652 and 59 F.R. 2939) (Equal Opportunity in Housing) and implementing regulations at 24 C.F.R. Part 107; and Title VI of the Civil Rights Act of 1964, 42 U.S.C. §§2000d - 2000d-4, and implementing regulations at 24 C.F.R. Part 1; (b) the prohibitions against discrimination on the basis of age under the Age Discrimination Act of 1975, 42 U.S.C. §6101 et seq., and the implementing regulations at 24 C.F.R. Part 146; (c) the prohibitions against discrimination on the basis of handicap under Section 504 of the Rehabilitation Act of 1973, 29 U.S.C. §794, and implementing regulations at 24 C.F.R. Part 8; (d) the

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requirements of Executive Order 11246, as amended by Executive Orders 11375, 11478, 12086 and 12107 (3 C.F.R., 1964-65 Comp., p. 339; 3 C.F.R., 1966-70 Comp., p.684; 3 C.F.R., 1966-70 Comp., p.803; 3 C.F.R., 1978 Comp., p.230 and 3 C.F.R., 1978 Comp., p.264, respectively) (Equal Employment Opportunity Programs) and the implementing regulations issued at 41 C.F.R. Chapter 60; and (e) the requirements of Executive Order 11625, as amended by Executive Order 12007 (3 C.F.R., 1971-75 Comp., p.616 and 3 C.F.R., 1977 Comp., p.139) (Minority Business Enterprises); Executive Order 12432 (3 C.F.R., 1983 Comp., p.198) (Minority Business Enterprise Development); and Executive Order 12138, as amended by Executive Order 12608 (3 C.F.R., 1977 Comp., p.393 and 3 C.F.R., 1987 Comp., p.245) (Women's Business Enterprise).

2.31 Additional representations and covenants of the Borrower contained on Exhibit B hereto are hereby incorporated herein by reference.

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 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 each potential tenant in the Low-Income Project qualifies as a Low-Income 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. 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 in violation

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of this Section 4 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.

This Regulatory Agreement shall become effective upon its execution and delivery. Subject to Sections 2.15, 2.16 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.

SECTION 6 ENFORCEMENT.

6.1 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 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), 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 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.

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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 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.

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.

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 covenants, reservations and restrictions are set forth in such contract, deed or other instrument.

SECTION 9 GOVERNING LAW.

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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 the CDBG Regulations, the CDBG Act or the CDBG Regulations, 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 for maintaining compliance under the CDBG Act and the CDBG Regulations.

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

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:

Ralph I. Brown
Willard Square Limited Partnership

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205 West Monroe St., Suite 5W
Chicago, IL 60606

WITH COPY TO:

Thomas Thorne-Thomsen, Esq.
Shiff, Hardin & Waite
Sears Tower, Suite 7200
Chicago, Illinois 60606

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.

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.

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 2.14 hereof, upon 30 days' prior notice by the City to the Borrower, at least annually during each year of the Inspection Period. Notwithstanding the foregoing sentence, this Section 15 shall terminate as of a Foreclosure Date.

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SECTION 16 NO THIRD PARTY BENEFITS.

This Regulatory Agreement is made for the sole benefit of the City and the Borrower and their respective successors and assigns and, except as 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.

SECTION 18 INCORPORATION OF RIDER

So long as the Secretary of Housing and Urban Development ("HUD") or his/her successors or assigns, are the insurers or holders of the Senior Mortgage (FHA Project No. 07132131), the Borrower and the City agree that the provisions contained in Rider 1-A attached hereto and hereby made a part hereof shall remain part of this Agreement. Upon such time as HUD is no longer the insurer or holder of the Senior Mortgage or such time as the Senior Mortgage is paid in full, the parties hereto agree that said Rider 1-A shall no longer be a part of this Agreement.

SECTION 19 LIABILITIES OF BORROWER

Notwithstanding anything herein contained to the contrary, any references to Borrower shall be deemed to be references to the Partnership except with respect to references to both the Borrower and the Partnership. The parties hereto agree and acknowledge that the Borrower is executing this document in its capacity as a Community-Based Development Organization and as the recipient of the Loan. Responsibilities with respect to the Project shall be undertaken by the Partnership.

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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: Marina Carrott

Name: MARINA CARROTT

Title: COMMISSIONER

WILLARD SQUARE LIMITED PARTNERSHIP, an Illinois limited partnership

BY: **TACH WILLARD SQUARE DEVELOPMENT CORPORATION**, an Illinois not-for-profit corporation and sole general partner

By: _____

Its: _____

TECHNICAL ASSISTANCE CORPORATION FOR HOUSING, an Illinois not-for-profit corporation

By: _____

Its: _____

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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: _____

Name: _____

Title: _____

WILLARD SQUARE LIMITED PARTNERSHIP,
an Illinois limited partnership

BY: TACH WILLARD SQUARE DEVELOPMENT CORPORATION, an Illinois not-for-profit corporation and sole general partner

By: Ralph Brown

Its: Pres

TECHNICAL ASSISTANCE CORPORATION FOR HOUSING, an Illinois not-for-profit corporation

By: Ralph Brown

Its: Pres

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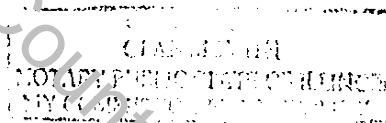
STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

I, the undersigned, a notary public in and for the County and State aforesaid, DO HEREBY CERTIFY THAT MARINA CAREGGI, personally known to me to be the _____ 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 _____ 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 25th day of October, 1996.

[Signature]
Notary Public

(SEAL)



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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 RALPH E. BROWN personally known to me to be the PRESIDENT, of TACH Willard Square Development Corporation, an Illinois not-for-profit corporation and the general partner (the "General Partner") of Willard Square Limited Partnership (the "Partnership") and known to me to be the same person whose name is subscribed to the foregoing document, appeared before me this day in person and severally acknowledged that as such PRESIDENT - (s)he signed and delivered the said document pursuant to authority given by the Board of Directors General Partner, and as his\her respective free and voluntary act and deed and as the free and voluntary act and deed of the General Partner and the Partnership for the uses and purposes therein set forth.

GIVEN under my hand and official seal this 25th day of APRIL, 1996.

Diane N. Marshall
Notary Public



(SEAL)
my commission expires:
7/30/2000

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EXHIBIT A

Parcel 1

Lots 6 and 7 in Block 1 in the Subdivision of the South 1/2 of the Southwest 1/4 of the Northeast 1/4 of the Northeast 1/4 of Section 10, Township 38 North, Range 14, East of the Third Principal Meridian, in Cook County, Illinois.

Address: 4843-45 S. St. Lawrence Avenue, Chicago, IL
P.I.N.: 20-10-211-017

Parcel 2

Lots 8 and 9 in Block 1 in the Subdivision of the South 1/2 of the Southwest 1/4 of the Northeast 1/4 of the Northeast 1/4 of Section 10, Township 38 North, Range 14, East of the Third Principal Meridian, in Cook County, Illinois.

Address: 4851 S. St. Lawrence Avenue, Chicago, IL
P.I.N.: 20-10-211-019 and 20-10-211-020

Parcel 3

Lots 11 and 12 in Block 1 in the Subdivision of the South 1/2 of the Southwest 1/4 of the Northeast 1/4 of the Northeast 1/4 of Section 10, Township 38 North, Range 14, East of the Third Principal Meridian, in Cook County, Illinois.

Address: 600-12 E. 49th St., Chicago, IL
P.I.N.: 20-10-211-021

Parcel 4

The North 25.00 feet of Lot 1 in Block 1 in Washington Park Subdivision of the Northwest 1/4 of the Southeast 1/4 of the Northeast 1/4 of Section 10, Township 38 North, Range 14, East of the Third Principal Meridian, in Cook County, Illinois.

Address: 4900 Block S. St. Lawrence Avenue, Chicago, IL
P.I.N.: 20-10-219-001

Parcel 5

Lot 1, except the North 25.00 feet thereof, and the North 1/2 of Lot 2 in Block 1 in Washington Park Subdivision of the Northwest 1/4 of the Southeast 1/4 of the Northeast 1/4 of Section 10, Township 38 North, Range 14, East of the Third Principal Meridian, in Cook County, Illinois.

Address: 4900 Block S. St. Lawrence Avenue, Chicago, IL
P.I.N.: 20-10-219-001

Parcel 6 (including open space)

The South 1/2 of Lot 2, all of Lot 3 and the North 1/2 of Lot 4, all in Block 1 in Washington Park Subdivision of the Northwest 1/4 of the Southeast 1/4 of the Northeast 1/4 of Section 10, Township 38 North, Range 14, East of the Third Principal Meridian, in Cook County, Illinois.

Address: 4900 Block S. St. Lawrence Avenue, Chicago, IL
P.I.N.: 20-10-219-001

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Parcel 7

Lot 8 in Roberts' Subdivision of part of the North 1/2 of the Southwest 1/4 of the Northeast 1/4 of Section 10, Township 38 North, Range 14, East of the Third Principal Meridian, in Cook County, Illinois.

Address: 4911-16 S. St. Lawrence Avenue, Chicago, Ill.
P.I.N.: 20-10-218-035

Parcel 8

The South 1/2 of Lot 3 in Block 1 in Washington Park Subdivision of the Northwest 1/4 of the Southeast 1/4 of the Northeast 1/4 of Section 10, Township 38 North, Range 14, East of the Third Principal Meridian, in Cook County, Illinois.

Address: 4900 Block S. St. Lawrence Avenue, Chicago, Ill.
P.I.N.: 20-10-219-001

Parcel 9

Lot 5 in Block 1 in Washington Park Subdivision of the Northwest 1/4 of the Southeast 1/4 of the Northeast 1/4 of Section 10, Township 38 North, Range 14, East of the Third Principal Meridian, in Cook County, Illinois.

Address: 4900 Block S. St. Lawrence Avenue, Chicago, Ill.
P.I.N.: 20-10-219-001

Parcel 10

Lot 6 in Block 1 in Washington Park Subdivision of the Northwest 1/4 of the Southeast 1/4 of the Northeast 1/4 of Section 10, Township 38 North, Range 14, East of the Third Principal Meridian, in Cook County, Illinois.

Address: 4900 Block S. St. Lawrence Avenue, Chicago, Ill.
P.I.N.: 20-10-219-001

Parcel 11

Lot 7 in Block 1 in Washington Park Subdivision of the Northwest 1/4 of the Southeast 1/4 of the Northeast 1/4 of Section 10, Township 38 North, Range 14, East of the Third Principal Meridian, in Cook County, Illinois.

Address: 4900 Block S. St. Lawrence Avenue, Chicago, Ill.
P.I.N.: 20-10-219-001

Parcel 12

Lot 3 in Block 2 in Washington Park Subdivision of the Northwest 1/4 of the Southeast 1/4 of the Northeast 1/4 of Section 10, Township 38 North, Range 14, East of the Third Principal Meridian, in Cook County, Illinois.

Address: 4911-13 S. Champlain Avenue, Chicago, Illinois
P.I.N.: 20-10-220-002 and 20-10-220-003

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Parcel 13

Lot 16 in Block 1 in Washington Park Subdivision of the Northwest 1/4 of the Southeast 1/4 of the Northeast 1/4 of Section 10, Township 38 North, Range 14, East of the Third Principal Meridian, in Cook County, Illinois.

Address: 1940-42 S. Champlain Avenue, Chicago, IL
P.I.N.: 20-10-219-011

Parcel 14

The North 1/2 of Lot 5 except that part taken for St. Lawrence Avenue lying West of the East 173.83 feet thereof in Lavinia and Company's Subdivision of Garden and Cottage Lots of the South 1/4 of the Northeast 1/4 of Section 10, Township 38 North, Range 14, East of the Third Principal Meridian, in Cook County, Illinois.

Address: 600 Block E. 50th Street, Chicago, IL
P.I.N.: 20-10-225-001
20-10-225-002

Parcel 15

The West 50 feet of the East 173.83 feet of the North 1/2 of Lot 5 in Lavinia and Company's Subdivision of Garden and Cottage Lots of the South 1/4 of the Northeast 1/4 of Section 10, Township 38 North, Range 14, East of the Third Principal Meridian, in Cook County, Illinois.

Address: 600 Block E. 50th Street, Chicago, IL
P.I.N.: 20-10-225-002
20-10-225-003

Parcel 16

The East 49.75 feet of the North 1/2 of Lot 5 in Lavinia and Company's Subdivision of Garden and Cottage Lots of the South 1/4 of the Northeast 1/4 of Section 10, Township 38 North, Range 14, East of the Third Principal Meridian, in Cook County, Illinois.

Address: 619-21 E. 50th Street, Chicago, IL
P.I.N.: 20-10-225-005

Parcel 17

Lots 1 and 2 in Merrill's Subdivision of Lot 4 in Lavinia and Company's Subdivision of Garden and Cottage Lots in the South 1/4 of the Northeast 1/4 of Section 10, Township 38 North, Range 14, East of the Third Principal Meridian, in Cook County, Illinois.

Address: 647-49 E. 50th Street, Chicago, IL
P.I.N.: 20-10-226-006 (Lot 1)
20-10-226-005 (Lot 2)

Parcel 18

Lots 1 and 2 in the Subdivision of Lot 2 in Lavinia and Company's Subdivision of Garden and Cottage Lots of the South 1/4 of the Northeast 1/4 of Section 10, Township 38 North, Range 14, East of the Third Principal Meridian, in Cook County, Illinois.

Address: 711-13 E. 50th Street, Chicago, IL
P.I.N.: 20-10-226-015

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Parcel 19

Easement for the benefit of Parcels 4, 5, 6, 8, 9, 10, and 11, over the following property, created by Declaration of Easements executed by Willard Square Limited Partnership, an Illinois limited partnership, dated October 1, 1996, and recorded in the office of the Cook County Recorder on the date of recording of this document

The 16 foot wide heretofore vacated alley lying West of the West line of Lots 19 to 22, inclusive, lying East of the East line of Lots 19 to 20, inclusive, lying North of the Westerly extension of a line 16 feet North of and parallel with the South line of the North 1/2 of Lot 19 and lying South of the Westerly extension of the North line of Lot 24, all in Block 1 in Washington Park Subdivision of the Southwest 1/4 of the Southeast 1/4 of the Northeast 1/4 of Section 19, Township 38 North, Range 14, East of the Third Principal Meridian, in Cook County, Illinois.

PIN 20-10-219-001
20-10-219-019
20-10-219-020

Address: 4915 S. St. Lawrence Avenue, Chicago, Illinois
4914 S. Champlain Avenue, Chicago, Illinois

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EXHIBIT B

I. ADDITIONAL DEFINITIONS

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

"Housing Act Section 3" shall mean Section 3 of the Housing and Urban Development Act of 1968, 12 U.S.C. Section 1701u.

"IHDA" shall mean the Illinois Housing Development Authority, a body corporate and politic, and its successors and assigns.

"Loan" shall mean a loan by the City to the Borrower in the principal amount of \$2,492,223 for financing a portion of the costs of rehabilitation of the Project.

"Low-Income Project" shall mean the 100 units in the Project financed with CDBG Funds and required to be occupied by Low-Income Families.

"Project" shall mean the 18 buildings located at 4911 South Champlain Avenue, 4913 South Champlain Avenue, 4940-42 South Champlain Avenue, 4843-45 South Saint Lawrence Avenue, 4851-53 South Saint Lawrence Avenue, 4914-16 South Saint Lawrence Avenue, 4915 South Saint Lawrence Avenue, 5007-09 South Saint Lawrence Avenue, 600-12 East 49th Street, 619-21 East 50th Street, 647-49 East 50th Street, and 711-13 East 50th Street, Chicago, Illinois, and which shall contain, as of the completion of acquisition and construction thereof, 100 multi-family residential dwelling units.

"Section 3 Regulations" shall mean 24 C.F.R. Part 135, and such additional regulations, orders, rulings, interpretations and directives in connection with Housing Act Section 3 as may be promulgated or issued by HUD from time to time.

"Senior Lender" shall mean Prairie Mortgage Company and its successors and assigns.

"Senior Loan" shall mean a loan by the Senior Lender to the Borrower in the principal amount of \$3,123,100 and 1,141,200 for financing a portion of the costs of acquisition and construction of the Project.

"Senior Mortgage" shall mean that certain Mortgage dated as of October 1, 1996 granted by the Borrower to the Senior Lender and securing repayment of the Senior Loan.

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II. ADDITIONAL REPRESENTATIONS AND COVENANTS OF BORROWER.

1. (a) The Project shall consist of the following unit configuration:

<u>Number of Bedrooms</u>	<u>Number of Units</u>
One	9
Two	64
Three	27

TOTAL: 100

(b) The Low-Income Project shall consist initially of the following unit configuration for Low-Income Families:

<u>Number of Bedrooms</u>	<u>Number of Units</u>
One	7
Two	51
Three	22

TOTAL: 80

2. IHDA has allocated low-income housing tax credits in the amount of \$940,000 for the Project pursuant to Section 42 of the Internal Revenue Code of 1986.

3. Every contract for the rehabilitation of the Project shall contain a provision requiring the payment of not less than the wages prevailing in the locality, as predetermined by the United States Secretary of Labor pursuant to the Davis-Bacon Act, 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. Section 327 et seq., the regulations promulgated in connection therewith and with the Davis-Bacon Act, and 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 70.

4. For purposes of Section 11, the Borrower's address shall be:

Ralph I. Brown, President
Technical Assistance Corporation for
Housing
205 West Monroe St.
Suite 5W
Chicago, IL 60606

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WITH COPY TO: Thomas Thorne-Thomsen, Esq.
Schiff Hardin & Waite
Sears Tower
Suite 7200
Chicago, IL 60606

5. (a) The work to be performed in connection with the Project is subject to the requirements of Housing Act Section 3. The purpose of Housing Act Section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by Housing Act Section 3, shall, to the greatest extent feasible, be directed to low- and very low-income individuals, particularly individuals who are recipients of HUD assistance for housing.

(b) The Borrower hereby agrees to comply with the Section 3 Regulations in connection with the Project. As evidenced by its execution of this Regulatory Agreement, the Borrower hereby certifies that it is under no contractual or other impediment that would prevent the Borrower from complying with the Section 3 Regulations in connection with the Project.

(c) The Borrower hereby agrees to (1) send to each labor organization or representative of workers with which the Borrower has a collective bargaining agreement or other understanding, if any, and which concerns workers whose positions are subject to compliance with the Section 3 Regulations in connection with the Project, a notice advising the labor organization or workers' representative of the Borrower's commitments under this Section 6, and (2) post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the Housing Act Section 3 preference and shall set forth: (i) the minimum number of jobs and job titles subject to hire, the availability of apprenticeship and training positions, and the qualifications for each; (ii) the name and location of the Person(s) taking applications for each of the positions; and (iii) the anticipated date the work shall begin.

(d) The Borrower hereby agrees to (1) include the language contained in this Section 5 in every contract entered into by the Borrower in connection with the Project and subject to compliance with the Section 3 Regulations, including the Construction Contract, and (2) take appropriate action, as provided in an applicable provision of such contract or in this Section 5, upon a finding that any Person with whom the Borrower contracts, including the General Contractor, is in violation of the Section 3 Regulations. The Borrower covenants and agrees that the Borrower shall not contract with any Person in connection with the Project where the Borrower has notice or knowledge that such Person has been found in violation of the Section 3 Regulations.

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(e) The Borrower agrees to cause the General Contractor to (1) include the language contained in this Section 5 in every Subcontract subject to compliance with the Section 3 Regulations, and (2) take appropriate action, as provided in an applicable provision of such Subcontract or in this Section 5, upon a finding that any Subcontractor with whom the General Contractor contracts is in violation of the Section 3 Regulations. The Borrower shall cause the General Contractor to agree that the General Contractor shall not subcontract with any Person where the General Contractor has notice or knowledge that such Person has been found in violation of the Section 3 Regulations.

(f) The Borrower hereby certifies that any vacant employment positions in connection with the Project, including training positions, that were filled prior to the Closing Date and with Persons other than those to whom the Section 3 Regulations require employment opportunities to be directed, were not filled to circumvent the Borrower's obligations under the Section 3 Regulations.

(g) Noncompliance with the Section 3 Regulations may result in sanctions, including, but not limited to, the declaration by the City of an event of default under the Loan Documents and the exercise by the City of its remedies thereunder, as well as debarment or suspension from future HUD-assisted contracts.

(h) The Borrower acknowledges receipt from the City of a copy of the City of Chicago Section 3 Compliance Plan booklet (the "Booklet"). The Borrower agrees to complete or cause to be completed, as applicable, those forms contained in the Booklet as requested by the City and to submit such forms to the City promptly upon the City's request. The Borrower hereby represents and warrants to the City that all such forms heretofore submitted by or on behalf of the Borrower are true and correct. The Borrower hereby covenants to the City that all such forms hereafter submitted by the Borrower shall be true and correct, and that work on the Project shall be carried out in accordance with the existing employee list (with respect to number of employees and job classifications only), hiring plan, training plan, contracting plan and compliance effort narrative, as applicable, as submitted by the Borrower to the City, unless otherwise agreed to in writing by the City.

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EXHIBIT C

ANNUAL REPORT FOR PROJECT RECEIVING CDBG FUNDS FROM THE CITY OF CHICAGO, DEPARTMENT OF HOUSING

Borrower: Technical Assistance Corporation for Housing\Willard
Square Limited Partnership

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 _____ with the Borrower pursuant to which the City has loaned CDBG funds to the Borrower for the Project. 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 agreements executed by the City and the Borrower in connection with the Project. The Borrower further agreed, in the Regulatory Agreement dated as of _____, _____ between the City and the Borrower (the "Regulatory Agreement"), to maintain certain records and prepare and deliver certain reports to the City. This Annual Report must be completed in its entirety and must be executed by the Borrower, notarized and returned to the City by January 1 of each year for the period commencing on the first January 1 following completion of rehabilitation of the Project, and ending on the first January 1 following the Termination Date. In addition, a copy of Schedule I 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 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 Address

2. Complete Schedule I 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 Report?

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 _____

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

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. (a) The Borrower hereby certifies to the City that no change shall occur in the Borrower or any general partner, if any, of the Borrower without the prior written consent of the City.
- (b) 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 Report submitted to the City. For each such unit in the Low-Income Project, provide to the City the data with respect to tenant characteristics as required by Section 2.17 of the Regulatory Agreement.
- (c) Provide the City with evidence of compliance with Section 2.22 of the Regulatory Agreement since the later of the execution of the Regulatory Agreement or the last Annual Report, 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, provide evidence to the City of compliance with Section 2.20 of the Regulatory Agreement (The information required by this question need only be supplied to the City once.)
- (e) If the Project is not less than eight units, provide to the City payroll records of the General Contractor indicating compliance with the Davis-Bacon Act and the Contract Work Hours and Safety Standards Act.
- (f) Provide to the City evidence of compliance with the affirmative marketing requirements of Section 2.28 of the Regulatory Agreement.

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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 ___.
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.
3. The Project consists of ___ building(s) containing a total of ___ residential unit(s).
4. The Project is in compliance with all of the currently applicable requirements of the CDBG Act, the CDBG Regulations and the Regulatory Agreement. 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 and the Regulatory Agreement 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.

5. No litigation or proceedings have been threatened in writing 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, except as disclosed on Exhibit ___ attached hereto and hereby made a part hereof.
6. 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.

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7. All units in each building included in the Project are affirmatively marketed and available for occupancy by all persons regardless of race, national origin, religion, creed, sex, age or handicap.
8. Other than in connection with the rehabilitation of the Project, the Borrower has 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.
9. 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 and the Regulatory Agreement, as well as any additional records which the City has determined to be necessary to the compliance and administration of the Project.
10. 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, and the City or the City's 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; provided, however, that the foregoing shall not be deemed to negate any notice and/or cure periods available to the Borrower under the Loan Documents (as defined in the Regulatory Agreement).

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.

INDEMNIFICATION

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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 Report, 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, if any (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.

Borrower

Date

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

Notary Public
(SEAL)

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5. Have any Low-Income Families been evicted since the time of the last Annual Report or if this report is the first Annual Report filed with respect to this building, since the initial rent-up of this building?

Yes _____ No _____

Provide details.

6. Has any legal or administrative action been instituted by any Low-Income Family against the owner?

Yes _____ No _____

If Yes, please provide details.

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EXHIBIT D

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. In order for the development to continue to qualify for this loan, 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:
- the total value of all such assets owned by all such persons: \$_____.
 - the amount of income expected to be derived from such assets in the 12-month period commencing this date: \$_____, and
 - the amount of such income which is included in item (1): \$_____.

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(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 _____

- 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 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)

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FOR COMPLETION BY BORROWER 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 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").
- (ii) _____ More than the amount mentioned in line (i).
- b. Applicant:
- _____ Qualifies as Low-Income Family.
- _____ Does not qualify as a Low-Income Family.

BORROWER:

By: _____

Its: _____

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RIDER 1-A

A 12-11-96-1000

HUD-REQUIRED PROVISIONS RIDER

THIS RIDER is attached to and made a part of that certain HUD-REQUIRED PROVISIONS RIDER (the "Document"), dated as of October 25, 1996, entered into between the City of Chicago, Illinois (the "Municipality") and Willard Square Limited Partnership (the "Owner") relating to the property as described in Exhibit A to the Housing Loan Agreement between Owner and Municipality (the "Property"). Except as provided in paragraph R-1 below, in the event of any conflict, inconsistency or ambiguity between the provisions of this Rider and the provisions of the Document, the provisions of this Rider shall control. All capitalized terms used herein and not otherwise defined herein shall have the meanings given to such terms in the Document. As used herein, the term "HUD" shall mean the United States Department of Housing and Urban Development; and the term "FHA" shall mean the Federal Housing Administration, an administrative agency within HUD; and the term "HUD/FHA" Loan Documents" shall mean the following documents relating to the HUD-insured mortgage loan for the Property (Project No.).

- A. Commitment for Insurance of Advances, dated September 9, 1976 as amended, issued by the Secretary of HUD to Prairie Mortgage Company ("Prairie");
- B. Building Loan Agreement, dated October 1, 1996 between the Owner and Prairie;
- C. Mortgage Note, dated October 1, 1996 made by the Owner payable to the order of Prairie in the principal amount of \$3,123,100;
- D. Mortgage Note, dated October 1, 1996, made by the Owner payable to the order of Prairie in the principal amount of \$1,141,200;
- E. Mortgage, dated October 1, 1996, made by the Owner in favor of Prairie and encumbering the Property as security for the said mortgage loan (the "Mortgage");
- F. Security Agreement (Chattel Mortgage), dated October 1, 1996 between the Owner, as debtor, and Prairie and/or the Secretary of HUD as their interests may appear, as secured party;
- G. UCC-1 and UCC-2 Financing Statements made by the Owner, as debtor, in favor of Prairie and/or the Secretary of HUD as their interests may appear, as secured party; and
- H. Regulatory Agreement for Multifamily Housing Projects, dated October 1, 1996 between the Owner and HUD (the "HUD Regulatory Agreement").

R-1 Notwithstanding anything to the contrary, the provisions of the Document are subordinate to all applicable HUD mortgage insurance regulations and related administrative requirements. The provisions of this Document are expressly subordinate to the Mortgage as described in item E above. In the event of any conflict between the provisions of the

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