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## COLLATERAL ASSIGNMENT OF PARTNERSHIP INTERESTS

THIS COLLATERAL ASSIGNMENT OF PARTNERSHIP INTERESTS (the "Assignment") is made as of November 19, 1996 by THE NATIONAL PROGRESSIVE INSTITUTE FOR COMMUNITY DEVELOPMENT, an Illinois not-for-profit corporation having its principal place of business at 56 East 48th Street, Chicago, Illinois 60615, ("NPI" or the "Assignor") in favor and for the benefit of THE CHICAGO COMMUNITY LOAN FUND, an Illinois not-for-profit corporation having its principal place of business at 343 South Dearborn, Suite 1001, Chicago, Illinois 60604 (the "Lender").

DEPT-01 RECORDING \$67.50  
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COOK COUNTY RECORDER  
DEPT-10 PENALTY \$64.00

### WITNESSETH:

WHEREAS, NPI established PROGRESSIVE SQUARE LIMITED PARTNERSHIP PHASE I, an Illinois limited partnership having its principal place of business at 56 East 48th Street, Chicago, Illinois 60615, ("Progressive") for the sole purpose of developing, owning and operating a 24-unit residential building for seniors and families to be located at 4748 South Wabash Avenue, Chicago, Illinois (the "Project");

WHEREAS, NPI is the general partner of Progressive and, as such, is legally responsible for the debts, liabilities and obligations of Progressive and shares in the benefits flowing to the partners of Progressive (a true and correct copy of the Agreement of Limited Partnership of Progressive is attached hereto as Exhibit A and incorporated herein by reference);

WHEREAS, NPI and Progressive (together, the "Borrowers") have requested that the Lender provide initial funding of certain approved pre-development costs and expenses in connection with the Project;

WHEREAS, the Lender is willing to lend to the Borrowers, jointly and severally, the principal amount of \$100,000.00 (the "Loan") subject to the terms and conditions set forth in a certain Loan Agreement dated as of November 5, 1996 among the Lender, NPI and Progressive and further subject to NPI's pledge to the Lender of its general partnership interests in Progressive as security for the repayment of the Loan;

NOW, THEREFORE, in consideration of the foregoing and of other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, NPI does hereby pledge, assign, transfer, convey and set over to the Lender its general partnership interest in Progressive, together with all rights appurtenant thereto but without any liabilities or obligations appurtenant thereto (the "Assigned Interest"), as collateral security for the repayment of the Loan.

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644  
6/1/97  
HS

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PREPARED BY [Signature]  
MAIL TO:  
BARBARA [Signature]  
111 W. MONROE  
CHICAGO IL 60603

1st AMERICAN TITLE order # C1008392  
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NPI represents and warrants to the Lender as follows:

1. NPI is the general partner of Progressive.
2. NPI has good right and full power and authority to pledge, assign, transfer, convey and set over to the Lender its Assigned Interest in Progressive.

NPI acknowledges that it will, and agrees

1. To perform all duties, responsibilities, obligations and liabilities of the general partner of Progressive pursuant to the Partnership Agreement in connection with the Assigned Interest (none of which are assigned hereunder and are expressly reserved to NPI).
2. To indemnify and hold the Lender harmless from any and all claims, liabilities and obligations arising under or in connection with the Partnership Agreement (none of which are assigned hereunder and are expressly reserved to NPI).
3. To execute such documents and take such action as shall be reasonably required by the Lender to effect the collateral assignment of the Assigned Interest and to otherwise effect the transactions contemplated by this Assignment.

Dated: November 19, 1996

THE NATIONAL PROGRESSIVE INSTITUTE FOR  
COMMUNITY DEVELOPMENT,  
as Assignor

By: Robert E. Stuckland  
Its: Vice President

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2011/11/15

Exhibit A  
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**AGREEMENT OF LIMITED PARTNERSHIP  
ESTABLISHING**

**PROGRESSIVE SQUARE LIMITED PARTNERSHIP PHASE I  
(the "Partnership")**

November 6, 1996

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## AGREEMENT OF LIMITED PARTNERSHIP

OF

## PROGRESSIVE SQUARE LIMITED PARTNERSHIP PHASE I

An agreement of Limited Partnership in the name of Progressive Square Limited Partnership Phase I entered into as of this 6 day of November, 1996 by and among The National Progressive Institute For Community Development, an Illinois not-for-profit corporation, as general partner, and B. Herbert Martin, Sr., as limited partner.

### ARTICLE I

#### Formation of Limited Partnership

1.1 Formation. The General Partner and Limited Partner hereby form a limited partnership pursuant to the Illinois Revised Uniform Limited Partnership Act, as amended.

1.2 Partnership Name. The name of the Partnership is Progressive Square Limited Partnership Phase I.

1.3 Partnership Offices. The principal place of business of the Partnership shall be 56 East 48th Street, Chicago, Illinois 60615. The General Partner may from time to time change the principal place of business, and also may establish additional places of business. In the event of any change in the principal place of business, the General Partner shall notify the Limited Partners in writing within 30 days of the effective date of such change.

1.4 Registered Agent and Registered Office. The Partnership shall continuously maintain in Illinois a registered agent and registered office, which agent shall be an individual resident of Illinois, a domestic corporation, or a foreign corporation having a place of business in, and authorized to do business in Illinois. The General Partner shall appoint the registered agent and designate the registered office of the Partnership and change such appointment and designation only in accordance with the Act.

1.5 Purpose. The purpose of the Partnership is to acquire, own, develop, mortgage, encumber, hypothecate, lease, sell, maintain, improve, rehabilitate, alter, remodel, expand, manage, and otherwise operate and deal with part or all of the Project.

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including, without limitation, obtaining financing and refinancing for the above purposes, selling, exchanging, transferring, or otherwise disposing of all or any part of the Project, and investing and reinvesting any funds held in reserve pursuant to the terms of this Agreement.

1.6 Purposes Limited. The Partnership shall be a partnership only for the purpose specified in Section 1.5 hereof. Except as otherwise provided in this Agreement, the Partnership shall not engage in any other activity or business and no partner shall have any authority to hold himself out as a general agent of another Partner in any other business or activity.

1.7 Term of Partnership. The Partnership shall commence upon the date of filing for record of a certificate of Limited Partnership in the office of the Secretary of State of Illinois, and shall terminate on December 31, 2028, or if earlier, upon the dissolution and termination of the Partnership by act of the Partners, by operation of law, or as otherwise provided in this Agreement.

1.8 Filings. A certificate of limited partnership, properly executed by the General Partner, will be filed, concurrently with the execution of this Agreement, in the office of the Secretary of State of the State of Illinois, in accordance with the Act.

## ARTICLE II Defined Terms

"Act" shall mean the Illinois Revised Uniform Limited Partnership Act, as amended to date and as amended in the future.

"Adjusted Capital Account Deficit" shall mean, with respect to any Partner, the deficit balance, if any, in such Partner's Capital Account as of the time of calculation, after giving effect to the following adjustments:

- (i) Credit to such Capital Account any amounts which such Partner is obligated to restore or is deemed to be obligated to restore as determined under Treasury Regulations Sections 1.704-1T(b)(4)(iv)(f) and 1.704-1-T(B)(4)(iv)(a)(5); and
- (ii) Debit to such Capital Account the items described in Treasury Regulations Sections 1.704-1(b)(2)(ii)(d), (4), (5) and (6).

The foregoing definition of Adjusted Capital Account Deficit is intended to comply with the provisions of Treasury Regulations Section 1.704(b)(2)(ii)(d) and shall be interpreted consistently therewith.

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"Affiliate" means, with respect to any Person, (i) any Person directly or indirectly controlling, controlled by or under common control with such Person; (ii) any Person owning or controlling 10% or more of the outstanding voting interest of such Person; (iii) any officer, director, or general partner of such Person; or (iv) any Person who is an officer, director, general partner, trustee, or holder of 10% or more of the voting interests of any Person described in clauses (i) through (iii) of this sentence.

"Agreement" and Partnership Agreements" shall mean this Agreement of Limited Partnership, as originally executed and as amended from time to time, as the context requires.

"Bankruptcy" shall mean, with respect to any Person: (a) the entry of a decree or order for relief by a court having jurisdiction in the premises in respect of such Person in an involuntary case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency or other similar law, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of such Person or for any substantial part of his property, or ordering the winding-up or liquidation of his affairs and the continuance of any such decree or order unstayed and in effect for a period of 90 consecutive days; or (b) the commencement by such Person of a voluntary case under the federal bankruptcy laws, as now constituted or hereafter amended, or any other applicable federal or state bankruptcy, insolvency or other similar law, or the consent by him to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian sequestrator (or other similar official) of such Person or for any substantial part of his property, or the making by him of any assignment for the benefit of creditors, or the taking of action by such Person in furtherance of any of the foregoing.

"Capital Account" shall mean the account established and maintained for each Partner in accordance with the provisions of Section 6.1.

"Capital Contributions" means, with respect to any partner, the amount of money and the initial Gross Asset Value of any property (other than money) contributed to the Partnership. The principal amount of a promissory note which is not readily traded on an established securities market and which is contributed to the Partnership by the maker of the note shall not be included in the Capital Account of any Person until the Partnership makes a taxable disposition of the note or until (and to the extent) principal payments are made on the note, all in accordance with Regulations Section 1.704-1(b)(2)(iv)(d)(2).

"Code" shall mean the Internal Revenue Code of 1986, as amended to date and as amended in the future.

"Depreciation" means, for each fiscal year or other period, an amount equal to the depreciation, amortization, or other cost recovery deduction allowable with respect to an

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asset for such year or other period, except that if the Gross Asset Value of an asset differs from its adjusted basis for federal income tax purposes at the beginning of such year or other period, Depreciation shall be an amount which bears the same ratio to such beginning Gross Asset Value as the federal income tax depreciation, amortization, or other cost recovery deduction for such year or other period bears to such beginning adjusted tax basis; provided, however, that if the federal income tax depreciation, amortization, or other cost recovery deduction for such year is zero, Depreciation shall be determined with reference to such beginning Gross Asset Value using any reasonable method selected by the General Partner.

**"Distributions"** shall mean any money or other property distributed to Partners with respect to their interests in the Partnership as provided in Article VII.

**"General Partner"** shall mean The National Progressive Institute For Community Development, an Illinois not-for-profit corporation or any Person who becomes a General Partner as provided herein, in such Person's capacity as General Partner of the Partnership.

**"Gross Asset Value"** means, with respect to any asset, the asset's adjusted basis for federal income tax purposes, except as follows:

- (i) The initial Gross Asset Value of any asset contributed by a Partner to the Partnership shall be the gross fair market value of such asset, as determined by the contributing Partner and the Partnership;
- (ii) The Gross Asset Values of all Partnership assets shall be adjusted to equal their respective gross fair market values, as determined by the General Partner, as of the following times: (a) the acquisition of an additional interest in the partnership (other than pursuant to Section 2.3(c) hereof) by any new or existing Partner in exchange for more than a de minimis Capital Contribution; (b) the distribution by the Partnership to a Partner of more than a de minimis amount of Partnership Property as consideration for an interest in the partnership; and (c) the liquidation of the Partnership within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g); provided, however, that the adjustments pursuant to clauses (a) and (b) above shall be made only if the General Partner reasonably determines that such adjustments are necessary or appropriate to reflect the relative economic interests of the Partners;
- (iii) The Gross Asset Value of any Partnership asset distributed to any Partner shall be the gross fair market value of such asset on the date of distribution; and

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- (iv) The Gross Asset Values of Partnership assets shall be increased (or decreased) to reflect any adjustments to the adjusted basis of such assets pursuant to Code Section 734(b) or Code Section 743(b), but only to the extent that such adjustments are taken into account in determining Capital Accounts pursuant to Regulations Section 1.704-1(b)(2)(iv)(m) and Section 6.1 hereof; provided, however, that Gross Asset Values shall not be adjusted pursuant to this paragraph (iv) to the extent the General Partner determines that an adjustment pursuant to Paragraph (ii) hereof is necessary or appropriate in connection with a transaction that would otherwise result in an adjustment pursuant to this Paragraph (iv).

If the Gross Asset Value of an asset has been determined or adjusted pursuant to this definition, such Gross Asset Value shall thereafter be adjusted by the Depreciation taken into account with respect to such asset for purposes of computing Profits and Losses.

"Limited Partner(s)" shall mean B. Herbert Martin, Sr. and any other person admitted to the Partnership as a Limited Partner pursuant to the terms of this Agreement.

"Nonrecourse Deductions" shall mean Partnership deductions which fall within the meaning of Treasury Regulations Section 1.704-1T(b)(4)(iv)(b). The amount of Nonrecourse Deductions for a Partnership fiscal year equals the excess, if any, of the net increase in the amount of Partnership Minimum Gain during that fiscal year over the aggregate amount of any distributions during such year of proceeds of a nonrecourse liability that are allocable to an increase in Partnership Minimum Gain, determined in accordance with Treasury Regulations Section 1.704-1T(b)(4)(iv)(c).

"Partners" mean all General Partners and all Limited Partners, where no distinction is required by the context in which the term is used herein.

"Partnership Minimum Gain" shall have the meaning set forth in Treasury Regulations Section 1.704-1T(b)(4)(iv)(c).

"Person" shall mean any individual, general partnership, limited partnership, corporation, joint venture, trust, business trust, cooperative or association, and the heirs, executors, administrators, legal representatives, successors and assigns of such Person where the context so indicates.

"Profits" and "Losses" means, for each fiscal year or other period, an amount equal to the Partnership's taxable income or loss for such year or period, determined in accordance with Code Section 703(a) (for this purpose, all items of income, gain, loss, or deduction required to be stated separately pursuant to Code Section 703(a) shall be included in taxable income or loss), with the following adjustments:

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- (i) Any income of the Partnership that is exempt from federal income tax and not otherwise taken into account in computing Profits and Losses pursuant to this definition shall be added to such taxable income or loss;
- (ii) Any expenditures of the Partnership described in Code Section 705(a)(B) or treated as Code Section 705(a)(2)(B) expenditures pursuant to Regulations Section 1.704-1(b)(2)(iv)(1), and not otherwise taken into account in computing Profits and Losses pursuant to this definition shall be subtracted from such taxable income or loss; and
- (iii) Notwithstanding any other provision of this definition, any items which are specially allocated pursuant to Section 7.3 or Section 7.4 hereof shall not be taken into account in computing Profits and Losses.

"Project" shall mean the real property located at 4746-52 South Wabash, Chicago, Illinois.

## ARTICLE III

### The General Partner

3.1 Capital Contribution of General Partner. The General Partner shall contribute \$100.00 to the capital of the Partnership, and the General Partner's Capital Account shall be credited in that amount.

3.2 General Authority and Obligations of the General Partner. The General Partner shall actively manage and conduct the business of the Partnership devoting such time to the management as the General Partner may deem necessary. The General Partner shall have the full and complete power to do any and all things necessary or incident to the management and conduct of the Partnership business. The General Partner shall have full power and authority to take any action it deems necessary or advisable on behalf of the Partnership and shall make all decisions affecting the business, affairs and properties of the Partnership. No person dealing with the Partnership shall be required to inquire into the authority of the General Partner to take any action or execute any action or execute any document on behalf of the Partnership.

3.3 Conveyances. The General Partner shall have the authority to sell, exchange, assign or transfer any of the property or assets of the partnership, in furtherance of the business of the Partnership, and in connection therewith, to execute, in the Partnership name, by agent or nominee, any and all assignments, documents, bills of sale and other papers pertaining to the Partnership business.

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3.4 Authorized Acts of the General Partner. Without limiting the generality of Sections 3.2 and 3.3 and in furtherance of the purposes of the Partnership, the General Partner is hereby authorized to do any and all of the following:

- a. Resolve claims of or demands against the Partnership;
- b. Pay as a Partnership expense all costs associated with the development, organization and operation of the Partnership;
- c. Apply the Partnership's funds in a manner consistent with this Agreement;
- d. Make tax elections;
- e. Require in Partnership contracts that no Limited Partner have any personal liability thereon;
- f. Execute all documents or instruments of any kind which the General Partner deems appropriate for carrying out the purposes of the Partnership, except as otherwise provided herein;
- g. Cause the Project to be rehabilitated and hold, improve, maintain, operate, lease, finance, encumber, manage, sell, exchange, dispose of and otherwise deal with the Project following its construction;
- h. Acquire, hold, develop, improve, maintain, operate, lease, finance, encumber, manage, sell, exchange, dispose of and otherwise deal with and invest in, any real or personal property which may be necessary or incidental to the ownership, holding, financing, use, operation, sale or disposition of the Project or direct or indirect interests therein;
- i. Pay or cause to be reimbursed from Partnership funds all expenses of any kind incurred by the Partnership in acquiring and constructing the Project;
- j. Borrow and arrange for acquisition, construction and/or permanent financing for the Project and its contemplated rehabilitation, and in connection therewith, mortgage, pledge or create other security interest on any or all of the partnership properties and income therefrom and secure or provide for the repayment of such borrowing or loans;
- k. Deposit Partnership funds in such bank certificates of deposit, interest-bearing savings and checking accounts, prime commercial paper, or government obligations, as designated by the General Partner;

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- l. Except as otherwise provided herein, enter into contracts and other transactions with Affiliates of any Partner provided that such contracts or other transactions are in writing and at a price and on terms as least as favorable as prices and terms generally offered in the same marketplace by unrelated parties for goods and services as nearly identical as possible in quality and availability.
- m. Purchase insurance, or extend the General Partner's insurance, at the Partnership's expense, to protect Partnership properties and the business of the Partnership against loss and to protect the general Partner against liability to third parties arising out of Partnership activities;
- n. Raise additional capital for the Partnership on such terms as the General Partner deems appropriate and to admit additional Limited Partners to the Partnership; and
- o. Enter into, perform and carry out contracts of any kind necessary to the accomplishment of the purposes of the Partnership, so long as said contracts may be lawfully carried on or performed by a partnership under applicable law.

3.5 Expenses. The Partnership shall reimburse the General Partner and its Affiliates for all expenses reasonably incurred by the General Partner or such Affiliates with respect to the organization and operation of the Partnership.

3.6 Treatment of Reimbursement and Fees. All of the reimbursements payable to the General Partner under Section 3.5 shall be treated as expenses of the Partnership and shall not be deemed to constitute Distributions to the General Partner of profit, loss or capital of the Partnership to which it may be entitled under other provisions of this Agreement.

3.7 Liability of the General Partner.

- A. No General Partner or any Affiliate of the General Partner shall be liable, responsible or accountable in damages or otherwise to the Partnership or any Limited Partner for any act performed or omitted by it other than for acts or omissions performed or omitted by it other than for acts or omissions performed or omitted with gross negligence or in bad faith or fraudulently;
- B. The Partnership shall indemnify and save harmless each General Partner and Affiliate of a General Partner from any claims, expenses (including reasonable attorney fees), loss or damage (collectively, the "Costs") incurred

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by it by reason of an action performed by it on behalf of the Partnership or in furtherance of its interest; provided that such indemnification shall not be available if the acts or omissions giving rise to such Costs shall have been performed or omitted with gross negligence or in bad faith or fraudulently. Any indemnity under this Section 3.7 shall be provided out of and to the extent of Partnership assets only, and no Limited Partner shall have any personal liability on account thereof.

**3.8 Conflicts of Interest.** Subject to the General Partner's fiduciary duty to the Partnership, the General Partner and Affiliates of the general Partner shall not be accountable to the Partnership for any investment or business opportunity of which it hereafter becomes aware by reason of the affairs of the Partnership. The Partnership hereby waives any and all rights which it has now or may have in the future by reason of the doctrine of partnership opportunity.

**3.9 Books and Records; Fiscal Year; Accounting Method.** The Partnership shall keep adequate books and records at its principal place of business, setting forth a true and accurate account of all business transactions arising out of an in connection with the conduct of the Partnership's business. In connection therewith, the Partnership shall adopt the accrual method of accounting and shall adopt the calendar year as the Partnership's fiscal year. The Partnership shall keep at the office named in Section 1.3 the following information and documentation:

- (i) a current list of the full name and last known address of each Partner, separately identifying the General Partners and Limited Partners in alphabetical order and setting forth the amount of cash and a description and statement of the agreed value of other property or services contributed by each Partner and which each Partner has agreed to contribute in the future, and the date on which each became a Partner;
- (ii) a copy of the Certificate of Limited Partnership, as amended or restated from time to time (if applicable);
- (iii) copies of the Partnership's federal, state and local income tax returns and reports, if any, for the three (3) most recent years; and
- (iv) copies of this Agreement and any amendments thereto and of any financial statements of the Partnership for the three (3) most recent years.

Any Partner shall have the right to inspect and, at its sole cost and expense, copy the contents of said books or records during normal business hours.

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## ARTICLE IV

### The Limited Partners

4.1 Capital Contributions of the Limited Partners. The Limited Partner shall make a capital contribution of \$10.00 to the capital of the Partnership on or before execution of this Agreement.

4.2 Assessments. The Limited Partner shall not be assessed for or have any responsibility whatsoever to make contributions or loans to the Partnership in excess of those required pursuant to the provisions of Sections 4.1.

4.3 Limitation of Liability. The Limited Partner shall not: (a) be liable for any debts, liabilities, contracts or obligations of the Partnership; (b) have any personal liability for the repayment of the capital contribution of any other Partner; and (c) be required to lend any funds to the Partnership.

4.4 No Management Responsibility. The Limited partner, when acting solely as such, shall not take part in the management of the Partnership or transact any business for the Partnership. All management responsibility is hereby vested in the general Partner.

4.5 No Authority To Act. The Limited Partner, when acting solely as such, shall have no power to sign for or bind the Partnership or transact business in the name of the Partnership. All authority to act on behalf of the Partnership is hereby vested in the General Partner.

4.6 Access to Information. The Limited Partner shall have the right to obtain, from time to time upon reasonable written request, for any purpose reasonably related to the Limited Partner's interest as a Limited Partner, such information a limited partner has a right to obtain under the Act, provided that the Partnership may require the Limited Partner to pay the costs incurred by the Partnership in responding to any such request for information.

4.7 Withdrawal of Limited Partner. The Limited Partner hereby agrees to withdraw from the Partnership at any time such withdrawal is requested by the General Partner and upon return to such Limited Partner of his capital contribution to the extent such capital contribution exceeds the amount of Distributions previously received by the Limited Partner.

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## ARTICLE V

### Amendments

This Agreement may be amended only upon the written consent of all Partners.

## ARTICLE VI

### Partnership Capital

6.1 Capital Account. A separate Capital Account for each Partner shall be maintained pursuant to the regulations promulgated under Section 704 of the Code. Unless otherwise provided in such regulations, the Capital Account of each Partner shall be (a) credited with the Capital Contribution of such Partner and his allocable share of Profits of the Partnership and any items in the nature of income or gain which are specifically allocated pursuant to Sections 7.3 and 7.4 hereof; (b) charged with his allocable share of Losses of the partnership and any items in the nature of expenses or losses that are specially allocated pursuant to Sections 7.3 and 7.4 hereof, the cash distributed to such Partner and the gross Asset Value of any property distributed to him; and (c) otherwise appropriately reflect the transactions of the Partnership and the Partners in accordance with the provisions of Article VII and the regulations promulgated under Section 704 of the Code.

6.2 Interest, Etc. After formation of the Partnership, no Partner shall be entitled to: (a) interest on his Capital Contribution, or (b) the return of his Capital Contribution, except as otherwise provided in this Agreement.

## ARTICLE VII

### Allocation of Profits and Losses; Distributions

7.1 Profits. After giving effect to the allocations set forth in Section 7.3 and 7.4, all Profits for each fiscal year shall be allocated 1% to the Limited Partner and 99% to the General Partner.

7.2 Losses. After giving effect to the allocations set forth in Section 7.3 and 7.4, all Losses for any fiscal year shall be allocated 1% to the Limited Partner and 99% to the General Partner, provided, however, that the Losses allocated pursuant to Section 7.2 shall not exceed the maximum amount of Losses that can be so allocated without causing any Limited Partner to have an Adjusted Capital Account Deficit at the end of any fiscal year. All Losses in excess of the limitations set forth in this Section 7.2 shall be allocated to the General Partner.

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## 7.3 Special Allocations.

- a. In the event any Partner unexpectedly receives any adjustments, allocations or distributions described in Treasury Regulations Section 1.704-1(b)(2)(ii)(d)(4), (5) or (6), items of Partnership income and gain shall be specially allocated to each such Partner in an amount and manner sufficient to eliminate, to the extent required by such Regulations, the Adjusted Capital Account Deficit of such Partner as quickly as possible.
- b. In the event any Partner has an Adjusted Capital Account Deficit each such Partner shall be specially allocated items of Partnership income and gain in the amount of such excess as quickly as possible.
- c. Notwithstanding any other provision of this Article VII, if there is a net decrease in Partnership Minimum Gain during any Partnership fiscal year, each Partner shall be specially allocated items of Partnership income and gain for such year (and, if necessary, subsequent years) in proportion to and to the extent of, an amount equal to the greater of (i) the portion of such Partner's share of the net decrease in Partnership Minimum Gain during such year that is allocable to the disposition of Partnership property subject to one or more nonrecourse liabilities of the partnership; or (ii) such Partner's Adjusted Capital Account Deficit at the end of such year. The items to be allocated shall be determined in accordance with Treasury Regulations Section 1.704-1T(b)(4)(iv)(e). This Section 7.3(c) is intended to comply with the minimum gain chargeback requirement in such Section of the Treasury Regulations and shall be interpreted consistently therewith.
- d. "Nonrecourse Deductions" for any fiscal year or other period shall be specially allocated 99% to the General Partner and 1% to the Limited Partner.
- e. Notwithstanding any other provision of this Section 7.3, items of Partnership loss, deduction and Code Section 705(a)(2)(B) expenditures attributable to Partnership nonrecourse liabilities where a Partner has the economic risk of loss (i.e., loans to the Partnership on a nonrecourse basis made by Partners or persons bearing a relationship to a Partner as described in Treasury Regulations 1.752-1T(h) or nonrecourse loans guaranteed by Partners or persons related to Partners as described above) shall be allocated in accordance with the provisions of Treasury Regulations Section 1.704-1T9(b)(4)(iv)(g).
- f. To the extent an adjustment to the adjusted tax basis or any Partnership asset pursuant to Code Section 734(b) or Code Section 743(b) is required, pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(m), to be taken into account in determining Capital Accounts, the amount of such adjustment

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to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis) and such gain or loss shall be specially allocated to the General Partner and Limited Partners in a manner consistent with the manner in which their Capital Accounts are required to be adjusted pursuant to such Section of the Treasury Regulations.

**7.4 Curative Allocations.** The allocations set forth in Sections 7.2 (last sentence), 7.3(a), 7.3(b), 7.3(c) and 7.3(f) hereof (the "Regulatory Allocations") are intended to comply with certain requirements of Treasury Regulations Section 1.704-1(b) and 1.704-1T. Notwithstanding any other provision of this Article VII (other than the Regulatory Allocations), the Regulatory Allocations shall be taken into account in allocating other Net Profits, Net Losses, and items of income, gain, loss and deduction among the General Partner and Limited Partner so that, to the extent possible, the net amount of such allocations of other Net Profits, Net Losses and other items and the Regulatory Allocations to each General Partner and Limited Partner shall be equal to the net amount that would have been allocated to each such General Partner and Limited Partner if the Regulatory Allocations had not occurred.

**7.5 Other Allocation Rules.**

- a. For purposes of determining the Profits, Losses, or any other items allocable to any period, such Profits and Losses and any such other items shall be determined on a daily, monthly or other basis, as determined by the General Partner using any permissible method under Code Section 706 and the Regulations thereunder.
- b. Except as otherwise provided in this Agreement, all items of Partnership income, gain, loss, deduction and any other allocations not otherwise provided for, including the allocation of basis for purposes of any tax credit available to the Partners, shall be divided among the General Partner and Limited Partners in the same proportions as they share Profits or Losses, as the case may be, for the taxable year in question.
- c. The Partners are aware of the income tax consequences of the allocations made by this Article VII and hereby agree to be bound by the provisions of this Article VII in reporting their shares of Partnership income and loss for income tax purposes.

**7.6 Distributions.** Subject to the terms of any Partnership indebtedness, the Partnership shall distribute to the Partners such cash which is not, in the reasonable opinion of the General Partner, necessary to the conduct of the Partnership's business (after establishing such reserves as the General Partner determines are necessary to

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operate the Partnership). Any such distributions shall be made as follows: 1% to the Limited Partner and 99% to the General Partner.

## ARTICLE VIII

### Transfers, Dissolution, Liquidation and Termination

8.1 Transfer in General. No Partner shall transfer any interest in the Partnership without the written consent of all other Partners.

8.2 Dissolution. The Partnership shall be dissolved by the occurrence of any event which under the laws of the State of Illinois causes the dissolution of a limited partnership. The Partnership also shall be dissolved upon the occurrence of any of the following events:

- a. The expiration of the term of the Partnership; or
- b. The sale or distribution of all or substantially all of the assets of the Partnership; or
- c. The retirement, dissolution, Bankruptcy, insanity (for purposes of this Section 8.2, the term dissolution shall not include a reorganization pursuant to Section 368 of the Code) of the last remaining General Partner, except that the Partnership shall continue if all the Limited Partners agree to continue the business of the Partnership and a new General Partner is elected within 90 days of any such occurrence.

8.3 Winding Up and Liquidation of the Partnership. Upon the dissolution of the Partnership, no further business shall be conducted, except for the taking of such actions by the General Partner or other liquidator as shall be necessary for the winding up of the affairs of the Partnership and the distribution of its assets to the Partners pursuant to the provisions of this Article VIII. Partnership properties may be sold, if a price deemed reasonable by the General Partner may be obtained therefor, and the proceeds thereof, as well as all other cash and properties of the Partnership, shall be distributed as follows:

- a. All of the Partnership's debts and liabilities to persons other than a Partner shall be paid and discharged and a reserve as deemed necessary shall be set aside for contingent liabilities.
- b. All of the Partnership's debts and liabilities to Partners shall be paid and discharged;

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- c. In connection with the satisfaction of the Partnership's debts and liabilities or otherwise, the General Partner may, but shall not be required to, sell all or any portion of the Partnership's assets and such sales may be made to any Partner;
- d. The income, losses, costs and deductions arising from the sale of Partnership assets in connection with the liquidation of the Partnership shall be allocated to the Partners in accordance with Article VII of this Agreement, and each Partner's Capital Account shall be adjusted accordingly;
- e. The General Partner shall ascertain the fair market value of all Partnership property remaining unsold, and each Partner's Capital Account shall be adjusted as if such remaining Partnership property were sold at such fair market values, and the revenues, income, gain, losses, costs and deductions realized thereby had been allocated to the Partners in accordance with Article VII of this Agreement;
- f. Notwithstanding Section 7.3, the assets of the Partnership remaining after satisfaction of all debts and liabilities of the Partnership as provided in paragraphs (a) and (b) of this Section, shall be distributed to the Partners in proportion to and to the extent of the balances in their respective Capital Accounts in compliance with Treasury Regulation 1.704-1(b)(2)(ii)(b)(2);
- g. Upon dissolution, no Partner shall be obligated to restore any negative balance in its Capital Account and any such deficit Capital Accounts shall not be deemed assets of the Partnership; and
- h. The partnership shall comply with any requirements of the Act or other applicable law, pertaining to the winding up of a limited partnership, at which time the Partnership shall stand terminated.

Upon dissolution, each Limited Partner shall look solely to the assets of the Partnership for the return of his Capital Contribution and shall be entitled only to an in-kind distribution of Partnership property and assets in return thereof. If the Partnership property remaining after the payment or discharge of the debts and liabilities of the Partnership is insufficient to return the Capital Contribution of each Limited Partner, each Limited Partner shall have no recourse against the General Partner or any other Limited Partner. The winding up of the affairs of the Partnership and the distribution of its assets shall be conducted exclusively by the General Partner, which hereby is authorized to do any and all acts and things authorized by law for these purposes, including, without limitation, selling any Partnership assets the General Partner deems necessary or appropriate to sell. In the event the Partnership's dissolution is due to Section 8.2(c), the winding up of the affairs of the Partnership and the distribution of assets shall be conducted by the

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remaining General Partner, or if none, by such person(s) as may be selected by the vote of the Limited Partners whose interests in the Partnership aggregate more than 50% of the total interests, which person(s) is hereby authorized to do any and all acts and things authorized by law for these purposes.

8.4 Termination. Upon the completion of the distribution of Partnership assets as provided in Section 8.3, the Partnership shall be terminated and the General Partner or other person acting as liquidator (or the Partners if necessary) shall cause the Partnership's certificate of limited partnership to be canceled and shall take such other actions as may be necessary to terminate the Partnership.

## ARTICLE IX

### Ministerial Power of Attorney

Without limiting the effect or provisions elsewhere in this Agreement appointing the General Partner (and any successor General Partner) as attorney-in-fact for all those who become Limited Partners (including substitute or additional Limited Partners) under this Agreement in connection with the doing of certain acts and the filing of certain papers, each Limited Partner (including a substitute or additional Limited Partner) hereby irrevocably constitutes, and empowers to act alone, the General Partner as its attorney-in-fact with authority to execute, acknowledge and swear to all instruments and file all documents requisite to carrying out the intention and purpose of this Agreement, including without limitation (a) the filing of all business certificates and necessary certificates under the Act and amendments thereto from time to time in accordance with all applicable laws; (b) the execution of such ratifications or consents as may be required for purposes of the Act in connection with a sale of all or substantially all of the assets of the Partnership or the admission of an additional or successor General Partner chosen and approved in accordance with the provisions of this Agreement; (c) the filing of all business certificates, amendments to certificates, consents and any other documents required by the act, as from time to time amended; and (d) any document which may be required to effect an amendment to this Agreement to correct any mistake, omission, or inconsistency, or to cure any ambiguity herein, to the extent such amendments are permitted by Article V and (e) any documents necessary to effectuate the withdrawal of the Limited Partner under Section 4.7.

The foregoing appointment shall be deemed to be a power coupled with an interest in recognition of the fact that each of the Partners under this Agreement will be relying upon the power of the General Partner (or officers of any General Partner) to act as contemplated by this Amendment in such filing and other action by them on behalf of the Partnership.

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## ARTICLE X

### Miscellaneous Provisions

10.1 Entire Agreement. This Agreement shall constitute the entire agreement between the parties.

10.2 Notices. Any notice, request, demand, instruction, consent, approval or other communication required or permitted to be given to Partners hereunder shall be in writing and be personally delivered, transmitted by telex or wire, or sent by registered or certified mail, postage and fees prepaid, return receipt requested. Notice shall be deemed to have been given upon personal delivery, two (2) business days after transmission by telex or wire, or five (5) business days after mailing in the manner provided above. The addresses for purposes of this Section may be changed by any Partner by the Partner's giving written notice thereof in the manner provided herein. Unless and until such written notice is given, the last address given, or the address provided herein if no notice of change has been given, shall control.

10.3 Place of Agreement. This Agreement shall be construed and enforced according to the laws of the State of Illinois.

10.4 Execution in Counterparts. This Agreement may be executed in multiple counterparts, each to constitute an original, but all in the aggregate to constitute one agreement as executed, and to be binding upon the parties hereto, their heirs, legal representatives, successors and assigns.

10.5 Binding Effect. Except as herein otherwise provided to the contrary, this Agreement shall be binding upon and inure to the benefit of the parties hereto, their heirs, legal representatives, successors and assigns.

10.6 Construction. Unless the context of this Agreement requires otherwise, words denoting the singular may be construed as denoting the plural, and words of the plural may be construed as denoting the singular; and words of the masculine gender or neuter may be construed as denoting the feminine.

10.7 Tax Matters Partner. The General Partner shall be the tax matters partner.

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IN WITNESS WHEREOF, This Agreement has been duly executed by the parties hereto as of the day and year first written above.

THE NATIONAL PROGRESSIVE INSTITUTE  
FOR COMMUNITY DEVELOPMENT, the  
general partner

By:

Its:

Robert E. Stueckland  
VICE-President

56 East 48th Street  
Chicago, Illinois 60615

LIMITED PARTNER:

B. Herbert Martin, Sr.  
B. Herbert Martin, Sr.

56 East 48th Street  
Chicago, Illinois 60615

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