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160015 TRAN 0173 02/03/97 15:31:00  
#1219 # CT # -97-075802  
COOK COUNTY RECORDER

After recording, please  
return to:

This instrument  
prepared by:

Prairie Properties, LLC  
c/o GE Capital Realty Group, Inc.  
Two Bent Tree Tower, Suite 400  
16479 Dallas Parkway  
Dallas, Tx 75248  
Attn: Portfolio Management/Project  
Heartland

Barbara A. Potts, Esquire  
Singley & Associates  
230 South Broad Street  
Philadelphia, PA 19102

*D1 69 69 022*  
*J.P.S.*  
**97075802**

Property Identification Number: 06-36-313-028; 06-36-313-029; 06-36-313-030; 06-36-313-031; 06-36-313-032; 06-36-313-033; 06-36-313-034; 06-36-313-035; 06-36-313-036; 06-36-313-037;

## RELEASE OF REGULATORY AGREEMENT

Former FHA Project No.: 071-94014  
Project Name: Parkside Apartments  
Address: 2230 Breezewood Lane, Hanover, IL

THIS RELEASE is made as of January 23, 1997 (the "Closing Date") by the SECRETARY OF HOUSING AND URBAN DEVELOPMENT ("HUD"), subject to the limitations set forth below.

### WITNESSETH:

WHEREAS, pursuant to the applicable section of the National Housing Act, as amended, HUD insured or coinsured a mortgage loan (the "Mortgage Loan"); evidenced by a Mortgage Note, dated January 24, 1985, made by LaSalle National Bank, as Trustee for Trust No. 109252, as maker, in favor of DRG Funding Corporation, together with any

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assignments thereof and modifications thereto (collectively, the "Note"), and secured by a Mortgage recorded on January 28, 1985 in Cook County, IL in Document No. 27421233, filed as Document LR 3416884, together with any assignments thereof and modifications thereto (collectively, the "Mortgage"), on Project No. 071-94014, located in Cook County, IL (the "Project");

WHEREAS, the Note was originally endorsed for insurance or coinsurance under the applicable section of the National Housing Act, as amended;

WHEREAS, a Regulatory Agreement (including any and all amendments and supplements thereto, whether executed by the original mortgagor, LaSalle National Bank, as Trustee for Trust No. 109252, or subsequent owners of the Project, if any (collectively, the "Mortgagor"), collectively, the "Regulatory Agreement") was entered into with HUD in consideration of and in connection with the Mortgage Loan (See Exhibit "A", attached)

WHEREAS, HUD has entered into a certain Loan Sale Agreement with Condor One, Inc and CS First Boston, which has assigned its rights thereunder to Prairie Properties, LLC (the "Purchaser"), dated as of December 12, 1996 (the "Loan Sale Agreement"), pursuant to which HUD is selling, assigning and transferring the Mortgage Loan to the Purchaser; and

WHEREAS, pursuant to Section 6.01 of the Loan Sale Agreement, HUD has agreed to release the Regulatory Agreement as provided below.

NOW, THEREFORE, for and in consideration of the sale, assignment and transfer of the Mortgage Loan, and other good and valuable consideration, the adequacy and receipt of which are hereby acknowledged, HUD does hereby release and terminate, but on a prospective basis only, the Regulatory Agreement in effect with respect to the Project and does hereby agree that the Mortgagor and its successors and assigns are released, on a prospective basis only, from all obligations set forth in the Regulatory Agreement (including, without limitation, obligations relating to the maintenance of any reserve fund for replacements referenced in the Regulatory Agreement); provided, however, that (i) this Release shall be of no further force or effect and the Regulatory Agreement shall not be released if the Purchaser rescinds the sale, assignment and transfer of the Mortgage Loan pursuant to Section 7.05 of the Loan Sale Agreement; and (ii) nothing in this Release shall waive, compromise, impair or prejudice any right that HUD might have to seek judicial, administrative or other recourse for any breach of the Regulatory Agreement that might have occurred or accrued prior to the date of this Release.

IN THE EVENT THERE IS A PROVISIONAL WORKOUT AGREEMENT (AS INDICATED BELOW) IN PLACE WITH RESPECT TO THE MORTGAGE LOAN THAT ADDRESSES THE REPLACEMENT RESERVES, THE FOLLOWING SHALL APPLY:

Reference is made to: (x) any provisional workout agreement, provisional workout arrangement or similar agreement (a "Workout Agreement") that, among

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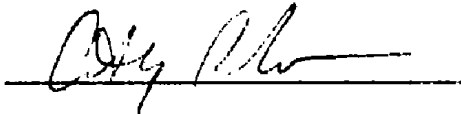
other things, requires Borrower to establish, maintain or otherwise provide or deposit funds for repairs, replacements and capital improvements (the "Replacement Reserves"), and/or provides for the disbursement or application of any such Replacement Reserves; and (y) any arrangement, plan, or other document that otherwise provides for the establishment, maintenance, provision, deposit, disbursement or application of Replacement Reserves (which other arrangement, plan, or other document also shall constitute a Workout Agreement for purposes of this document).

Notwithstanding the release and termination of the Regulatory Agreement as provided for above, HUD does not hereby release, terminate or waive: (a) the Replacement Reserves; (b) Borrower's obligations with respect to the Replacement Reserves (including the funding, disbursement and application thereof) under the Regulatory Agreement or any Workout Agreement (together, the "Reserve Documents"); or (c) HUD's rights to apply and use the Replacement Reserves in accordance with the Reserve Documents, including application of the Replacement Reserves on account of sums due under the Note when and as provided for under the Reserve Documents. All of the foregoing obligations and rights (as described in Clauses (a) through (c) of this paragraph shall remain in full force and effect for the benefit of HUD or the then holder of the Note and the Mortgage and may be enforced and exercised directly by any holder of the Note and the Mortgage.

A PROVISIONAL WORKOUT AGREEMENT IS  IS NOT  (check one) IN PLACE WITH RESPECT TO THE MORTGAGE LOAN.

IN WITNESS WHEREOF, HUD has caused this Release to be executed and delivered by its duly authorized agent as of the Closing Date.

WITNESS:



SECRETARY OF HOUSING AND  
URBAN DEVELOPMENT

By: IVERY W. HIMES  
Authorized Agent

[MULTISTATE]

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## ACKNOWLEDGEMENT

DISTRICT OF COLUMBIA, ss:

The foregoing instrument was acknowledged before me on January 23, 1997 by  
IVERY W. HIMES, Authorized Agent of the Secretary of Housing and Urban  
Development.

Notary Public

JAMES R HANSCOMB

NOTARY PUBLIC DISTRICT OF COLUMBIA

My commission expires January 1, 2001

[SEAL]

[MULTISTATE]

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THAT PART OF THE WEST 1/2 OF SECTION 36, TOWNSHIP 41 NORTH, RANGE 9 EAST OF THE THIRD PRINCIPAL MERIDIAN BOUNDED AND DESCRIBED AS FOLLOWS: COMMENCING AT THE INTERSECTION OF THE NORTHEASTERLY LINE OF LAKE

STREET AND SOUTHEASTERLY LINE OF WAGNET AVENUE, THENCE SOUTH 53 DEGREES 30 MINUTES 00 SECONDS EAST ALONG SAID NORTHEASTERLY LINE OF LAKE STREET, 200.00 FEET TO THE PLACE OF BEGINNING, THENCE CONTINUING SOUTH 53 DEGREES 30 MINUTES 00 SECONDS EAST, 199.82 FEET, THENCE NORTH 26 DEGREES 46 MINUTES 00 SECONDS EAST, 523.66 FEET, THENCE NORTH 46 DEGREES 31 MINUTES 26 SECONDS WEST, 228.57 FEET, THENCE SOUTHERLY AND WESTERLY ALONG A CURVE TO THE RIGHT HAVING A RADIUS OF 500 FEET, CHORD BEARING NORTH 66 DEGREES 13 MINUTES 17 SECONDS WEST, FOR A DISTANCE OF 118.83 FEET, THENCE NORTH 53 DEGREES 30 MINUTES 00 SECONDS WEST, 156.27 FEET, THENCE SOUTH 36 DEGREES 30 MINUTES 00 SECONDS WEST, 150.03 FEET, THENCE NORTH 53 DEGREES 30 MINUTES 00 SECONDS WEST, 222.69 FEET, THENCE SOUTH 36 DEGREES 30 MINUTES 00 SECONDS WEST, 160.03 FEET, THENCE SOUTH 53 DEGREES 30 MINUTES 00 SECONDS EAST, 106 FEET, THENCE SOUTH 36 DEGREES 30 MINUTES 00 SECONDS WEST, 200.0 FEET TO THE PLACE OF BEGINNING ALL IN COOK COUNTY, ILLINOIS

ALSO DESCRIBED AS:

LOTS 3 TO 12 IN J. R. WILLENS HANOVER TERRACE APARTMENTS, ASSESSMENT PLAT, A SUBDIVISION OF (EXCEPT THE WESTERLY 20 FEET OF THE SOUTHERLY 100 FEET) OUTLOT A AND LOTS 1 TO 11 IN HANOVER PARK TERRACE, A SUBDIVISION OF PART OF SECTIONS 35 AND 36, TOWNSHIP 41 NORTH, RANGE 9 TOGETHER WITH A STRIP OF LAND 121 FEET WIDE LYING EASTERLY AND ADJOINING SAID OUTLOT A AND LOT 11 IN SECTION 36, TOWNSHIP 41 NORTH, RANGE 9 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS

2230 Breezewood Lane  
Hanover Park, IL

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## EXHIBIT "A"

Including but not limiting to the following Regulatory Agreement(s) as same may have been amended and/or assigned:

Regulatory Agreement dated January 24, 1985 and recorded January 28, 1985 as document 27421234, and filed January 28, 1985 as document LR3416885

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