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REDEVELOPMENT AGREEMENT
NEW HOMES FOR CHICAGO PROGRAM
NEW HOMES FOR WEST HUMBOLDT PARK II JOINT VENTURE

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THIS INSTRUMENT PREPARED BY, AND
AFTER RECORDING, PLEASE RETURN TO:

Mark Lenz
Assistant Corporation Counsel
City of Chicago
30 North LaSalle Street
Room 1610
Chicago, Illinois 60602
312/744-1041

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REDEVELOPMENT AGREEMENT
NEW HOMES FOR CHICAGO PROGRAM
NEW HOMES FOR WEST HUMBOLDT PARK II JOINT VENTURE

TABLE OF CONTENTS

RECITALS.....	1
DEFINITIONS.....	5
SECTION I INCORPORATION OF RECITALS AND DEFINITIONS.....	8
SECTION II REPRESENTATIONS AND WARRANTIES.....	9
2.1 Representations and Warranties of Developer.....	9
2.2 Representations and Warranties of the City.....	12
2.3 Survival of Representations and Warranties.....	12
SECTION III CONVEYANCE OF THE CITY LOTS.....	13
3.1 Form of Deed.....	13
3.2 Conveyance of the City Lots.....	15
3.3 Closing Documents.....	16
3.4 Title Insurance.....	17
3.5 Real Estate Taxes.....	17
3.6 Substitution of Lots.....	18
3.7 Recordation of Deed.....	18
SECTION IV CONSTRUCTION OF THE PROJECT.....	19
4.1 Schedule of Construction Progress.....	19
4.2 Working Drawings and Specifications.....	20
4.3 Preparation of the Lots; General Requirements.....	22
4.4 Limited Applicability of DOH's Approval.....	23
4.5 Financing and Constructing the Project.....	24
4.6 Relocation of Utilities.....	37
4.7 Commencement and Completion of the Project.....	37
4.8 Certificate of Compliance.....	38
4.9 Prohibition against Unpermitted Encumbrances.....	39
4.10 Mortgagees Not Obligated to Construct.....	40

98326519

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SECTION V	
CONVEYANCE OF THE SINGLE FAMILY HOMES AND TWO-FLAT BUILDINGS.....	42
5.1 Developer's Covenants for Participation.....	42
5.2 Marketing.....	44
5.3 Income Eligibility Standards.....	45
5.4 Pre-Purchase Qualification.....	46
5.5 Review of Renters of Two-flat Buildings.....	46
SECTION VI	
PERFORMANCE.....	46
6.1 Time of the Essence.....	46
6.2 Permitted Delays.....	46
6.3 Breach.....	47
6.4 Waiver and Estoppel.....	55
6.5 Indemnity.....	56
6.6 Access to the Site.....	57
6.7 City's Right to Inspect Records.....	57
SECTION VII	
DEVELOPER'S EMPLOYMENT OBLIGATIONS.....	58
7.1 Employment Opportunity.....	58
7.2 City Resident Employment Requirement.....	59
7.3 Developer's MBE/WBE Commitment.....	63
7.4 Federal Requirements.....	65
7.5 Pre-Construction Meeting; Monitoring Requirements..	67
SECTION VIII	
MISCELLANEOUS PROVISIONS.....	68
8.1 Entire Agreement.....	68
8.2 Assignability and Transfer.....	69
8.3 Conflict of Interest - City's Representatives Not Individually Liable.....	70
8.4 Survival.....	71
8.5 Mutual Assistance.....	71
8.6 Cumulative Remedies.....	71
8.7 Disclaimer.....	71
8.8 Notices.....	72
8.9 Headings.....	72
8.10 Governing Law.....	73
8.11 References to Statutes.....	73
8.12 Recordation of the Agreement.....	73
8.13 No Third Party Beneficiary.....	73
8.14 Successors and Assigns.....	74
8.15 Severability.....	74
8.16 Counterparts.....	74

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REDEVELOPMENT AGREEMENT
NEW HOMES FOR CHICAGO PROGRAM
NEW HOMES FOR WEST HUMBOLDT PARK II JOINT VENTURE

This Agreement ("Agreement"), dated as of April 7, 1998 is made by and between the City of Chicago, an Illinois municipal corporation, having its offices at City Hall, 121 North LaSalle Street Chicago, Illinois 60602 ("City") and New Homes for West Humboldt Park II Joint Venture, an Illinois joint venture, having its principal office c/o Thrush Construction Company, 357 West Chicago Avenue, Chicago, Illinois 60610 ("Developer").

RECITALS

A. The City, as a home rule unit under the 1970 Constitution of the State of Illinois, has the authority to promote the health, safety and welfare of its inhabitants, to prevent the spread of blight and to encourage private development in order to enhance the local tax base and create employment, and to enter into contractual agreements with third parties for the purpose of achieving the aforesaid purposes.

B. The City Council of the City, by Ordinance adopted June 7, 1990 (C.J.P. pgs. 17038-17045), established the New Homes for Chicago Program ("New Homes Program") to assist with the construction of affordable, new, high-quality, owner-occupied housing.

C. The enabling ordinance for the New Homes Program was amended by ordinance adopted by the City Council on July 24, 1991

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(C.J.P. pgs. 4361-4365), as further amended by ordinance adopted by the City Council on April 29, 1992 (C.J.P. pgs. 15675-15677), as further amended by that certain ordinance adopted May 19, 1993 (C.J.P. pgs. 32921-32924), as further amended by that certain ordinance adopted September 14, 1994 (C.J.P. pgs. 56815-56819), as further amended by that certain ordinance adopted October 2, 1995 (C.J.P. pgs. 8079-8082), as further amended by that certain ordinance adopted March 26, 1996 (C.J.P. pgs. 19241-19250), and as further amended by that certain ordinance adopted July 2, 1997 (C.J.P. 47944-48951).

D. Developer has previously submitted an application package to the Department of Housing of the City of Chicago ("DOH") describing its proposal for participation in the New Homes Program by constructing single family housing in the West Humboldt Park neighborhood.

E. Based in part on the representations and proposals contained in Developer's application package and Developer's previous participation in the New Homes Program, the City Council of the City, by Ordinance adopted October 1, 1997 (C.J.P. pgs. 53043-53049), approved the selection of Developer for continued participation in the New Homes Program and approved the allocation of Development Subsidy funds and HOME Development Subsidy funds (as defined below) to subsidize certain development costs associated with the Project (as defined below).

F. Developer, subject to the terms of the Agreement, shall undertake to complete the construction of up to eleven (11) single family homes (singularly, "Single Family Home" and

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collectively "Single Family Homes") and two-flat buildings (singularly, "Two-flat Building" or collectively, "Two-flat Buildings") consisting of an owner-occupied housing unit and a rental unit. The construction of the Single Family Homes and Two flat Buildings by Developer pursuant to the terms of the Agreement shall be referred to as the "Project".

G. The Single Family Homes and Two flat Buildings shall be constructed on those certain parcels presently owned or to be acquired by Developer ("Private Lots") or on those certain parcels presently owned or to be acquired by the City and to be conveyed to Developer pursuant to the terms of the Agreement ("City Lots"). A list of the City Lots and Private Lots is provided on Exhibit A attached hereto. Those City Lots and Private Lots which are presently owned by the City and Developer, respectively, are legally described on Exhibit B attached hereto. The City Lots and Private Lots are located in the West Humboldt Park neighborhood, bordered by North Central Park Avenue on the west, North Kedzie Avenue on the east, West North Avenue on the north and West Division Street on the south.

H. In accordance with the terms and conditions of the Agreement, those City Lots with a fair market value of Twenty Thousand Dollars (\$20,000) or less may be conveyed by the City to Developer for the sum of One Dollar (\$1.00) per City Lot, and those City Lots with a fair market value in excess of Twenty Thousand Dollars (\$20,000) may be conveyed by the City to Developer for the amount by which the fair market value of the

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City Lot in question exceeds Twenty Thousand Dollars (\$20,000). Furthermore, Developer shall also receive waivers of certain City fees and deposits relating to new construction as described on Exhibit C attached hereto.

I. The Single Family Homes and Two-flat Buildings constituting the Project shall be constructed by Developer utilizing in part a development subsidy ("Development Subsidy") derived from City corporate funds not to exceed the sum of Twenty Thousand Dollars (\$20,000) for each Single Family Home or Thirty Thousand Dollars (\$30,000) for each Two flat Building. Notwithstanding the above, the parties acknowledge and agree that the aggregate amount of the Development Subsidy described in this paragraph I to be made available to Developer pursuant to the Agreement shall not exceed the sum of Eighty Thousand Dollars (\$80,000).

J. In the alternative, if the Single Family Homes constituting a portion of the Project shall be constructed by Developer and are to be conveyed to initial homebuyers whose household incomes are at or below eighty percent (80%) of the median income for the Chicago Primary Metropolitan Statistical Area ("P.M.S.A."), Developer may utilize, in lieu of the Development Subsidy described in the preceding paragraph, funds ("HOME Development Subsidy") derived from an allocation of HOME Investment Partnerships Program ("HOME Program") grant funds, pursuant to the Cranston-Gonzalez National Affordable Housing Act, 42 U.S.C. Section 12701 et seq. (1992) ("Act") and the

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regulations promulgated thereto in 24 C.F.R. Part 92 ("HOME Regulations"). The HOME Development Subsidy shall not exceed the sum of Forty Thousand Dollars (\$40,000) for each such Single Family Home or the sum of Two Hundred Forty Thousand Dollars (\$240,000) in the aggregate. For purposes of the Agreement, these Single Family Homes shall be referred to as the "HOME Units".

K. Developer and the City acknowledge that the implementation of the policies and provisions described in the Agreement will be of mutual benefit to Developer and the City.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, the parties agree as follows:

DEFINITIONS

For all purposes of the Agreement, each of the following terms shall have the respective meaning assigned to it as follows:

Act: The Cranston-Gonzalez National Affordable Housing Act, 42 U.S.C. Section 12701 et seq. (1992).

Affidavits: Those certain affidavits executed by Developer dated September 1, 1997, as re-certified to the City on April 7, 1998 consisting of an economic disclosure statement, anti-scofflaw affidavit, certification regarding lobbying and any other customary affidavit or certification required by the City in connection with the New Homes Program.

Certificate: The certificate of compliance to be issued by the City pursuant to subsection 4.8 below.

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City: The City of Chicago, an Illinois municipal corporation.

City Lots: Those certain lots presently owned or to be acquired by the City which are to be conveyed to and redeveloped by Developer pursuant to the terms of the Agreement. The City Lots are listed on Exhibit A attached hereto.

Commissioner: The Commissioner of Housing of the City of Chicago.

Construction Lender: Developer's construction lender as more fully described in subsection 4.5 below.

Construction Loan: That certain construction loan obtained by Developer from the Construction Lender as more fully described in subsection 4.5 below.

Debarment Certificate: The certificate executed by Developer attesting that neither Developer nor its principals is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this Project or in HOME Program assisted projects generally.

Developer: New Homes for West Humboldt Park II Joint Venture, an Illinois joint venture.

DOH: City of Chicago Department of Housing.

First Mortgage: That certain mortgage created by Developer and Developer's construction lender in accordance with the terms of section 4.5 below.

HOME Program: The HOME Investment Partnerships Program.

HOME Regulations: Those certain federal regulations

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governing the HOME Program, as codified in 24 C.F.R. Part 92.

HOME Units: The Single Family Homes to be constructed by Developer pursuant to the terms of the Agreement utilizing the HOME Development Subsidy derived from HOME Program grant funds.

Inspector: The independent inspecting architect employed by the Construction Lender and approved by the City, or if there is no Construction Lender, employed by the City, pursuant to subsection 4.5 below.

Lot: A City Lot or a Private Lot, as the case may be.

New Homes Program: The New Homes for Chicago Program of the City of Chicago, as created by ordinance of the City Council of the City of Chicago adopted June 7, 1990, and any amendments thereto as described in Paragraph C of the Recitals.

P.M.S.A.: The Primary Metropolitan Statistical Area.

Private Lots: Those certain lots presently owned or to be acquired by Developer and to be redeveloped by Developer pursuant to the terms of the Agreement. The Private Lots are listed on Exhibit A attached hereto.

Project: The construction of the new Single Family Homes and Two-flat Buildings and HOME Units by Developer pursuant to the terms of the Agreement.

Single Family Homes: The single family housing units to be constructed by Developer pursuant to the terms of the Agreement, whether funded in part by utilization of the Development Subsidy or the HOME Development Subsidy.

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Title Company: That certain title company selected by Developer and the City pursuant to the terms of the Agreement.

Two-flat Buildings: The two-flat buildings to be constructed by Developer pursuant to the terms of the Agreement, consisting of an owner-occupied housing unit and a rental unit.

Working Drawings and Specifications: The final working drawings and specifications prepared for Developer with regard to the construction of the Single Family Homes and the Two-flat Buildings, a list of which is attached hereto as Exhibit D.

SECTION I

INCORPORATION OF RECITALS AND DEFINITIONS

The recitations and definitions set forth above constitute an integral part of the Agreement and are hereby incorporated herein by this reference with the same force and effect as if set forth herein as agreements of the parties.

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SECTION II

REPRESENTATIONS AND WARRANTIES

2.1 Representations and Warranties of Developer.

To induce the City to execute the Agreement and perform the obligations of the City hereunder, Developer hereby covenants, represents and warrants to the City as follows:

- (a) Developer is a duly organized and existing Illinois joint venture in good standing under the laws of the State of Illinois. Developer is comprised of the following entities ("Entities"): Thrush West Humboldt Park, Inc., an Illinois corporation, and (ii) NHS Redevelopment Corporation, an Illinois not for profit corporation. The rights and responsibilities of the Entities are further described in that certain Joint Venture Agreement dated as of _____, a certified copy of which has been delivered to the DOH. Specifically, pursuant to the terms of the Joint Venture Agreement, Thrush West Humboldt Park, Inc. shall hold an eighty percent (80%) interest in the Joint Venture, and NHS Redevelopment Corporation shall hold a twenty percent (20%) interest in the Joint Venture. The Entities agree that the Joint Venture Agreement, inasmuch as it affects the performance of Developer and either Entity pursuant to the terms of this Agreement, shall not be modified or amended without the express written consent of the DOH.

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- (b) To the best of Developer's knowledge, no litigation or proceedings are pending, or are threatened against Developer, either Entity, or any party affiliated with Developer or either Entity which could: (i) adversely affect the ability of Developer or either Entity to perform its obligations pursuant to and as contemplated by the terms and provisions of the Agreement; or (ii) adversely materially affect the operation or financial condition of Developer or either Entity.
- (d) To the best of Developer's knowledge, the execution, delivery and performance by Developer of the Agreement have not constituted or will not, upon the giving of notice or lapse of time, or both, constitute a breach or default under any other agreement to which Developer, either Entity or any party affiliated with Developer or either Entity is a party or may be bound or affected, or a violation of any law, regulation or court order which currently affects the Project, any part thereof, any interest therein or the use thereof, including, without limitation, the Act or the HOME Regulations.
- (e) The parties executing the Agreement on behalf of Developer have been duly authorized by all appropriate action to enter into, execute and deliver the

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Agreement and to cause Developer to perform the terms and obligations contained herein.

- (f) To the best of its knowledge, the construction of the Single Family Homes and the Two-flat Buildings, and the development of the Project, as proposed by Developer pursuant to the terms of its application package for participation in the New Homes Program and the terms of this Agreement, do not currently violate:
- (i) any statute, law, regulation, rule, ordinance or executive or judicial order of any kind (including, without limitation, zoning and building laws, ordinances, codes or approvals and environmental protection laws or regulations, the Act or the HOME Regulations); or
 - (ii) any building permit, restriction of record or any agreement affecting any City Lot, Private Lot, or any part thereof.
- (g) Except as otherwise provided in the Agreement, Developer shall not, without the prior written consent of the DOH, which the DOH may withhold in its sole discretion:
- (i) grant, suffer or permit any lien, claim or encumbrance upon any City Lot, Private Lot, or any portion thereof (unless Developer has taken such appropriate action to cause the Title Company to insure over any title encumbrances caused by such liens or claims);
 - (ii) permit or suffer any levy, attachment, claim or restraint to be made affecting

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any City Lot, Private Lot or any portion thereof; or
(iii) enter into any transaction not in the ordinary
course of business of Developer which materially or
adversely affects Developer's ability to perform its
obligations under the terms of the Agreement.

- (h) Developer has agreed to comply with the terms of: (1)
those certain covenants described in Section V below;
(2) the Affidavits and the Debarment Certificate; and
(3) the employment obligations described in section
VII below.

2.2 Representations and Warranties of the City.

To induce Developer to execute the Agreement and perform the
obligations of Developer hereunder, the City hereby represents
and warrants to Developer that the City has authority under its
home rule powers granted in the Constitution of the State of
Illinois to enter into, execute and deliver the Agreement and
perform the terms and obligations contained herein.

2.3 Survival of Representations and Warranties.

Developer agrees that all of its covenants, representations
and warranties, and the City agrees that all of its
representations and warranties, set forth in this Section II or
elsewhere in the Agreement are true as of the execution date of
the Agreement and will be true in all material respects at all
times hereafter, except with respect to matters which from time
to time are or have been disclosed in writing to and approved by
the other party.

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SECTION III

CONVEYANCE OF THE CITY LOTS

3.1 Form of Deed. In accordance with the terms of the Agreement, the City shall convey to Developer fee simple title to each City Lot (upon the request of Developer pursuant to the terms of the Agreement) by quitclaim deed substantially in the form attached hereto as Exhibit E ("Deed"). The conveyance and title of each City Lot, in addition to the provisions of the Agreement, shall be subject only to the following ("Permitted Exceptions"):

1. Covenants and restrictions set forth in the Deed.
2. The permitted exceptions in an Alta insurance policy regarding the City Lot in question.
3. Taxes for the current year.
4. Easements of record and not shown of record.
5. Such defects which cannot reasonably be cured but will not affect the use, marketability and insurability of the City Lots.
6. Title objections caused by Developer.

In addition, each City Lot shall be conveyed to Developer with no warranty, express or implied, by the City as to the condition of the soil, its geology, or the presence of known or unknown faults. It shall be the sole responsibility of Developer, at its sole expense, to investigate and determine the soil and environmental condition existing in each City Lot. Such investigation shall at the minimum consist of a soil test or, in

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the alternative, an engineering test subsequent to excavation of the City Lot in question. If the soil conditions are not in all respects entirely suitable for the use or uses to which each City Lot shall be utilized in accordance with the terms of the New Homes Program and the Agreement, then it shall be the sole responsibility and obligation of Developer to take such action as may be necessary to place the soil and environmental condition of each City Lot in a condition entirely suitable for the intended uses of the City Lots as described in the New Homes Program and the Agreement. The parties acknowledge, however, that if Developer conducts its Phase II testing which reveals soil conditions or environmental contamination of the City Lot in question to such an extent that Developer is able to demonstrate, to the reasonable satisfaction of the DOH, that the cost of any corrective action or environmental clean-up of the City Lot in question will cause the ceiling base price for the proposed Single Family Home to exceed the sum of \$130,000 (or in the event that the Single Family Home to be constructed is a HOME Unit, the sum of \$110,000) or in the case of a Two-flat Building, the sum of \$180,000, then: (a) if such Phase II testing occurs prior to the conveyance of the City Lot in question, said City Lot shall not be conveyed to Developer and the City shall endeavor to make available to Developer a "substitute lot" pursuant to Section 3.6 below; or (b) if such Phase II testing occurs subsequent to the conveyance of any City Lot by the City to Developer, Developer shall have the option to re-convey said City Lot to the City.

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Concurrent with any said reconveyance, Developer agrees to: (a) restore the City Lot to a condition immediately prior to the commencement of any environmental testing conducted by or on behalf of Developer (said obligation to restore the City Lot does not include any requirement of Developer to undertake any landscaping of the City Lot), and (b) provide the City with copies of any and all environmental reports prepared on behalf of Developer with regard to the City Lot in question. Additionally, the parties acknowledge that if any City Lot is re-conveyed by Developer to the City in accordance with the terms of this subsection 3.1, the City shall be under no obligation to Developer to remedy the environmental contamination with regard to said City Lot.

3.2 Conveyance of the City Lots. Subject to all the terms, covenants and conditions of the Agreement, the City shall convey to Developer the Deed to each City Lot in accordance with the terms of the Escrow described in subsection 4.5 below, and subsequent to the occurrence of all of the following:

- (a) approval by the DOH of Developer's Working Drawings and Specifications for each model Single Family Home or Two-flat Building (as described in subsection 4.2 below);
- (b) approval by the DOH of Developer's Budget (as defined in subsection 4.5 below);
- (c) approval by the DOH of Developer's Financing (as defined in subsection 4.5 below); and

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- (d) receipt by Developer of a building permit with regard to the construction of the Single Family Home or the Two-flat Building, as the case may be, on the City Lot.

If the conditions described in this subsection 3.2 (a) through (d) are not achieved by Developer for the construction of the first Single Family Home or Two-flat Building of the Project within three (3) months of the execution date of the Agreement (except in the instance of the occurrence of any Permitted Delay described in subsection 6.2 below), then the Agreement, at the option of the City, shall become null and void and the City shall be under no further obligation to Developer.

3.3 Closing Documents. At the closing for the initial City Lot to be conveyed by the City to Developer pursuant to the terms of the Agreement, Developer shall deliver to the Escrowee (as defined in subsection 4.5 below) a certificate of good standing from the state of Illinois, a certificate of incumbency and a corporate resolution from Developer, and each Entity comprising Developer, authorizing its acceptance of the conveyance by the City of each City Lot described on Exhibit A attached hereto. Concurrently, the City shall deliver to the Escrowee a certified copy of the ordinance adopted by the City Council of the City authorizing the City to enter into and perform the Agreement and to execute the Agreement and all other documents necessary to carry out the transactions provided for in the Agreement. At the

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closing for each City Lot requested by Developer, the parties shall deliver to each other the following:

(i) Developer's documents:

(a) A written request executed by an appropriate party of Developer requesting the conveyance to Developer of the City Lot(s) in question.

(b) An ALTA statement.

(ii) The City shall deliver the Deed to each City Lot requested by Developer (with appropriate transfer tax exemptions).

3.4 Title Insurance. Upon the conveyance of each City Lot by the City to Developer, the City, at Developer's sole expense, shall provide to Developer, a commitment of title insurance from the Chicago Title Insurance Company or other title company mutually agreeable to the parties ("Title Company"), consisting of an Owner's Policy ALTA form B (1987), dated as of the date of conveyance of the City Lot to Developer, insuring the title of Developer with regard to the City Lot, subject only to the reservations and exceptions provided in this Section III. Developer, at Developer's sole expense, may obtain such endorsements as it may require. The City agrees to use reasonable efforts to assist Developer in obtaining said endorsements.

3.5 Real Estate Taxes. The City shall take all appropriate steps to secure the waiver of general real estate taxes to the

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date of delivery of the Deed. Developer shall be responsible for real estate taxes accruing after the conveyance of said Deed.

3.6 Substitution of Lots. The parties acknowledge that the City may be unable to clear certain tax liens or other exceptions to title affecting some of the City Lots in a time frame suitable for purposes of the Agreement, or that the result of Developer's investigation of the soil and environmental condition of certain City Lots (as more fully described in subsection 3.1 above) may cause Developer to refuse the conveyance of said Lots, or if such City Lots have been conveyed to Developer, to re-convey said City Lots to the City. In such event, the City, if acceptable to Developer, may substitute lots which are acceptable to Developer to be included in the universe of City Lots potentially available to Developer for redevelopment pursuant to the terms of the Agreement; provided, however, that the City owns additional lots in the vicinity of the Project that may be substituted, and provided further that under no circumstances shall the City be compelled by Developer, with regard to any City Lot, to remedy any tax lien, title exception, or environmental condition as described in this Section III.

3.7 Recordation of Deed. The City shall promptly file the Deed to any City Lot conveyed by the City to Developer for recordation with the Office of the Recorder of Deeds of Cook County, Illinois ("Recorder's Office"). Developer shall pay all recording costs.

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SECTION IV

THE CONSTRUCTION OF THE PROJECT

4.1 Schedule of Construction Progress. In accordance with the terms of the Agreement, Developer shall construct the Single Family Homes and Two-flat Buildings constituting the Project (which shall not collectively exceed eleven (11) in the aggregate) on the City Lots and the Private Lots. Developer shall construct the Single Family Homes and the Two-flat Buildings in accordance with that certain construction timetable schedule dated as of April 7, 1998 ("Schedule"), prepared by Developer, approved by the DOH, and attached hereto as Exhibit F. The Schedule shall represent an estimate of the number of structures (Single Family Homes and Two-flat Buildings) to be completed by Developer by the expiration of certain time periods within the eighteen (18) month time frame for commencement and completion of the Project as described further in subsection 4.7 below. If Developer fails to achieve its production of the number of structures in accordance with the Schedule, the City and Developer agree that certain of the City Lots made available to Developer (and the corresponding amount of Development Subsidy funds or HOME Development Subsidy funds, as the case may be, allocated to the Project) may be released from the terms of this Agreement and thereafter be made available to the City for alternative redevelopment plans.

Developer covenants that the Single Family Homes and Two-flat Buildings shall be constructed in accordance with the

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Working Drawings and Specifications approved by the DOH as described further in subsection 4.2 below. Upon completion of the construction of each Single Family Home or Two-flat Building, as the case may be, the City shall issue to Developer the Certificate in accordance with subsection 4.8 below.

4.2 Working Drawings and Specifications. Developer's list of Working Drawings and Specifications dated October 1, 1997, containing the preliminary plans and drawings with regard to the construction of the Single Family Homes and the Two-flat Buildings, are approved by the DOH and listed on Exhibit D attached hereto. Within thirty (30) days of the execution date of the Agreement, Developer shall submit to the DOH for its approval Developer's proposed final working drawings and specifications with regard to each model to be constructed by Developer. The DOH shall have thirty (30) days within which to approve or reject said drawings and specifications. If the DOH rejects the drawings and specifications, Developer shall have sixty (60) days in order to prepare said documents consistent with the requirements of the DOH and resubmit them to the DOH for its approval. The DOH shall thereafter have thirty (30) days within which to approve or reject said drawings and specifications. Upon the approval of the DOE, said drawings and specifications shall be considered final Working Drawings and Specifications for purposes of the Agreement.

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Should Developer, subsequent to the execution date of the Agreement, wish to construct Single Family Homes or Two-flat Buildings in the Project based upon a different type of model than that reflected in the Working Drawings and Specifications listed on Exhibit D attached hereto, Developer shall submit to the DOH for its approval Developer's final design drawings and specifications for said models. The DOH shall have thirty (30) days within which to approve or reject said drawings and specifications. If the DOH rejects the drawings and specifications, Developer shall have sixty (60) days in order to prepare said documents consistent with the requirements of the DOH and resubmit them to the DOH for approval. Upon the approval of the DOH, said drawings and specifications shall be considered Working Drawings and Specifications for purposes of the Agreement.

The Working Drawings and Specifications shall conform to the terms of the Agreement, the New Homes Program, the Act and the HOME regulations, and all applicable federal, state and local laws, ordinances and regulations, including, without limitation, the Zoning Ordinance of the City of Chicago, Title 17, Municipal Code of Chicago, the current edition of the Model Energy Code published by the Council of American Building Officials, and the housing quality standards contained in 24 C.F.R. Section 882.109.

Any material amendment to the Working Drawings and Specifications must be submitted to the DOH for its approval, which approval shall not be unreasonably withheld or delayed.

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4.3 Preparation of the Lots; General Requirements.

Developer and the City acknowledge that some of the City Lots and the Private Lots may have "atypical" conditions (sunken lot and other site elevation problems, a lack of ingress and egress to the parking pads for certain of the Lots, issues concerning the location of the Single Family Homes or Two-flat Buildings vis-a-vis existing buildings located on the parcels adjacent to the City Lots and the Private Lots) which dictate that special consideration should be given to the redevelopment of said City Lots and Private Lots by Developer pursuant to this Agreement and the New Homes Program. These "atypical" conditions do not include matters which are routinely considered by the City's Department of Buildings with regard to the issuance of building permits. Accordingly, prior to the commencement of construction of the Project, a representative of Developer and the DOH shall conduct a site visit of each of the City Lots and Private Lots listed on Exhibit A to determine if any special, "atypical" conditions exist. Those lots shall be deemed as "Special Lots" for purposes of the Agreement.

Prior to the commencement of construction by Developer on any Special Lot, the DOH must approve a site-specific, final plat of survey (including grading elevations) identifying the proposed location of the model type in question, showing the resolution of any elevation, location of the housing structure, or parking pad issue.

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In addition, prior to the commencement of construction on any of the City Lots or Private Lots, the environmental effect of the development and construction of the Project must be assessed in accordance with the provisions of the National Environmental Policy Act of 1969 ("NEPA") and implementing regulations contained in 24 C.F.R. Parts 50 and 58. In such regard, the City may grant to Developer a right of entry to the City Lots for the purpose of allowing Developer's architects and engineers to inspect each City Lot and to investigate the soil and environmental condition existing in each City Lot.

Construction and development of any of the Single Family Homes and Two-flat Buildings constituting the Project shall be in accordance with the Lead-Based Paint Poisoning Prevention Act, 42 U.S.C. 4821 et seq, and the corresponding regulations contained in 24 C.F.R. Part 35. In addition, Developer shall comply with the Flood Disaster Protection Act of 1973, 42 U.S.C. 4001 -4128).

4.4 Limited Applicability of DOH's Approval. Any approvals of the Working Drawings and Specifications made by the DOH are for the purposes of the Agreement only and do not affect or constitute approvals required for building permits or approvals required pursuant to any other ordinance of the City, nor does any approval by the DOH pursuant to the Agreement constitute approval of the quality, structural soundness or the safety of the Single Family Homes and Two-flat Buildings constituting the Project. The City, however, agrees to assist Developer in

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expeditiously obtaining approvals for building permits and driveways affecting the Project.

4.5 Financing and Constructing the Project.

(a) Budget. Concurrent with the execution of the Agreement by Developer and its delivery to the City, Developer shall deliver to the DOH for its approval a written budget ("Budget") setting forth the projected and anticipated development costs with regard to the construction of the Single Family Homes and Two-flat Buildings constituting the Project. Developer shall also submit to the DOH a description of Developer's financing ("Financing"), which shall include the amount of Developer's equity in the Project and evidence of: (i) a commitment for adequate financing ("Commitment") obtained from a financial institution or lender, specifying the source and the amount of the loan, length of the term and the applicable interest rate, or (ii) evidence of a line of credit or other funding source necessary to fund the construction of the Single Family Homes or the Two-flat Buildings. Within seven (7) business days of receipt, the DOH shall review and approve the Financing with regard to its adequacy in providing sufficient funds to facilitate the construction of the Project, and further, approve the Commitment, if any, to determine its compliance with the terms and provisions of the Agreement and the New Homes Program. The Financing shall be subject and subordinate to the terms and conditions of the Agreement.

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Provided that the Commitment is approved by the City, Developer shall obtain financing from the lender identified in the Commitment ("Construction Lender") to permit the construction of the Project ("Construction Loan"). The Construction Lender shall be permitted to secure and evidence its loan by a mortgage ("First Mortgage") and mortgage note ("First Mortgage Note") encumbering the Lots. The Construction Loan funds shall be disbursed pursuant to the Escrow described in subsection 4.5(c) below.

(b) City's Incentives.

(1) Sales Price. Subject to all of the terms, covenants and conditions of the Agreement, the City shall convey to Developer the Deed to each City Lot requested by Developer pursuant to the terms of the Agreement for the consideration of One Dollar (\$1.00) per City Lot if the fair market value of the City Lot in question is Twenty Thousand Dollars (\$20,000) or less, and with regard to those City Lots in which the fair market value exceeds the sum of Twenty Thousand Dollars (\$20,000), said City Lots shall be conveyed by the City to Developer for the amount by which the fair market value of the City Lot exceeds the sum of Twenty Thousand Dollars (\$20,000).

(2) Development Subsidy. Pursuant to the objectives of the New Homes Program and consistent with the terms of the Agreement, the City shall grant to Developer a Development Subsidy in an amount not to exceed the sum of Eighty Thousand Dollars (\$80,000) in the aggregate to cover hard construction

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costs of certain of the Single Family Homes and Two-flat Buildings constituting the Project. The Development Subsidy for each Single Family Home shall not exceed the sum of Twenty Thousand Dollars (\$20,000) per structure, and the Development Subsidy for each Two-flat Building shall not exceed the sum of Thirty Thousand Dollars (\$30,000) per structure. The specific amount of Development Subsidy to be allocated to each model type of the Single Family Home or Two-flat Building is described further on Exhibit G attached hereto.

The Development Subsidy shall be disbursed to Developer at the closing of the sale of each Single Family Home or the Two-flat Building, as the case may be, from Developer to the initial homebuyer, but only in the event that Developer: (a) obtains from the City the Certificate with regard to Developer's compliance with the terms and conditions of the Agreement concerning the construction of the Single Family Home or Two-flat Building in question, (b) conveys the completed Single Family Home or Two-flat Building to an eligible homebuyer as more particularly described in subsection 5.3 below, (c) complies with the covenants described in subsection 5.1 below, and (d) provides the initial homebuyer with a policy of title insurance issued by the Title Company, consisting of an Owner's Policy ALTA form B (1987), dated as of the date of conveyance of the Lot in question by Developer to the initial homebuyer, insuring the title of the initial homebuyer with regard to the Lot in the amount of the purchase price.

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Developer agrees, however, that it shall advise said initial homebuyer, prior to the closing of the Lot from Developer to the initial homebuyer, and it shall be a condition of such sale, that the homebuyer shall be required to execute: (a) a mortgage, security and recapture agreement in favor of the City to be dated as of the date of the closing, and (b) a Covenant of Residency with regard to the use of the Single Family Home by the initial homebuyer as its principal residence, or in the case of a Two-flat Building, the use of one of the housing units of the Two-flat Building by the initial homebuyer as its principal residence. Developer must also advise potential homebuyers of the Two-flat Buildings that renter-households of the rental unit of the Two-flat Building must meet the income eligibility standards of the New Homes Program. The mortgage shall be repaid by the homebuyer to the City in accordance with its terms in the event that, subsequent to the closing, the Single Family Home (or Two-flat Building) and Lot are sold by the initial homebuyer within four (4) years of purchase. The City's mortgage described in this paragraph shall be subordinate to the lien in favor of the permanent lender, if any.

(3) HOME Development Subsidy. Pursuant to the objectives of the New Homes Program and consistent with the terms of the Agreement, and consistent with all federal laws, rules, and regulations, including, without limitation, the Act, the HOME Program and the HOME Regulations, the City shall grant to Developer a HOME Development Subsidy in an amount not to exceed

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the sum of Two Hundred Forty Thousand Dollars (\$240,000) in the aggregate to cover hard construction costs of the HOME Units. Developer shall be permitted to construct no more than seven (7) HOME Units pursuant to the terms of the Agreement. Unless otherwise specified herein, for purposes of the Agreement, all the terms, conditions, regulations and provisions governing the construction, development and conveyance to initial homebuyers of the Single Family Homes shall also be applicable to the HOME Units. In addition, the construction, development and conveyance of the HOME Units shall be subject to the terms, conditions and regulations described in the Act, the HOME Program and the HOME Regulations.

The HOME Development Subsidy shall not exceed the sum of Forty Thousand Dollars (\$40,000) per structure. The specific amount of HOME Development Subsidy to be allocated to each model type of the HOME Unit is described further on Exhibit G attached hereto.

The HOME Development Subsidy shall be disbursed to Developer at the closing of the HOME Unit from Developer to the initial homebuyer, but only in the event that Developer: (a) obtains from the City the Certificate with regard to Developer's compliance with the terms and conditions of the Agreement concerning the construction of the HOME Unit in question, (b) conveys the completed HOME Unit to an eligible homebuyer as more particularly described in subsection 5.3 below, (c) complies with the covenants described in subsection 5.1 below, and (d) provides

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the initial homebuyer with a policy of title insurance issued by the Title Company, consisting of an Owner's Policy ALTA form B (1987), dated as of the date of conveyance of the Lot in question by Developer to the initial homebuyer, insuring the title of the initial homebuyer with regard to the Lot in question in the amount of the purchase price. The pertinent amount of HOME Development Subsidy funds allocated to a particular HOME Unit shall be wired to the Title Company at closing, in accordance with the Escrow instructions (as described in subsection 4.5(c) below).

Developer agrees, however, that it shall advise said initial homebuyer, prior to the closing of the Lot from Developer to the initial homebuyer, and it shall be a condition of such sale, that the homebuyer shall be required to execute: (a) a mortgage, security and recapture agreement in favor of the City to be dated as of the date of the closing, and (b) a Covenant of Residency with regard to the use of the HOME Unit by the initial homebuyer as its principal residence. The mortgage shall be repaid by the homebuyer to the City in accordance with its terms in the event that, subsequent to the closing, the HOME Unit and Lot are sold by the initial homebuyer within the applicable affordability period (as prescribed by the HOME Regulations) commencing with the closing date. If, however, the mortgage obtained by the initial homebuyer from the permanent lender is insured by the FHA, the affordability period shall be extended to conform to the terms of the FHA-insured mortgage, as is required under the HOME

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Regulations. The City's mortgage described in this paragraph shall be subordinate to the lien in favor of the permanent lender, if any.

(4) Waiver of City Fees. In conjunction with the construction by Developer of the Single Family Homes and Two-flat Buildings constituting the Project, the City shall waive those certain fees and deposits as described in Exhibit C attached hereto.

(c) Escrow. Prior to the commencement of construction of the first Single Family Home or Two-flat Building, Developer and the City shall open an escrow account ("Escrow") held by an institutional escrowee ("Escrowee") mutually acceptable to the parties. The Escrow shall be utilized by the parties for the conveyances of the City Lots to Developer pursuant to the terms of the Agreement (or, if Developer so chooses, to provide for the conveyance of any Private Lots to Developer that may be acquired subsequent to the execution date of the Agreement). The respective rights, liabilities and duties of the Escrowee are contained in the Agreement. The parties agree that if any conflict exists between the terms of the Agreement and any escrow instructions or other documents affecting the Escrow, the terms and provisions of the Agreement shall govern.

Prior to the commencement of construction of the Project on any City Lot or Private Lot by Developer pursuant to the terms of this Agreement, the DOH must have approved the following: (a) the Working Drawings and Specifications for each model type of Single

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Family Home or Two-flat Building; (b) the Budget and the Financing (including, without limitation, the Construction Loan documents, if any); and have received a certified copy of the contract between Developer and its general contractor, and all executed contracts covering the completion of the Project from the major subcontractors, if available. In addition, prior to the commencement of construction by Developer on any particular City Lot or Private Lot, the DOH must have approved: (a) the condition of title with regard to the City Lot or Private Lot in question; and (b) a final plat of survey for the Lot (as described in subsection 1.3 above) certified by a licensed engineer showing all easements, encroachments and containing a legal description of the Lot.

Prior to the commencement of construction of the Project, the Escrowee must have received the following documents submitted by Developer: (a) a certificate of good standing from the State of Illinois regarding each Entity; (b) a certified copy of the construction contract between Developer and its general contractor, and copies of each subcontract; (c) Internal Revenue Service taxpayer identification numbers; and (d) originals of the Construction Loan documents or evidence of Financing. Escrowee shall also have received the following documents submitted by the City: (a) one copy of this Agreement; (b) a certified copy of the ordinance authorizing the selection of Developer to participate under the New Homes Program; and (c) a check in the amount of Eighty Thousand Dollars (\$80,000) representing the

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City's aggregate Development Subsidy (as further described in subsection 4.5(b)(2) above), which shall be deposited in the NHFC Account maintained by the Escrowee. The pertinent amount of HOME Development Subsidy funds allocated to a particular HOME Unit shall be wired to the Title Company at closing, in accordance with the Escrow instructions to be executed by the parties pursuant to the Agreement.

As construction of the Project commences on each particular City Lot or Private Lot, the Escrowee shall receive from Developer: (a) one copy of every "soft sheet" building permit issued by the City; and (b) a final plat of survey certified by a licensed engineer showing all easements, encroachments and containing a legal description of the Lot in question, and from the City, the Deed (if the Lot is a City Lot).

(d) Review of Construction Progress. During the construction of the Project, Developer shall submit to the City for its review any documentation relating to the construction work, including, without limitation, an Owner's sworn statement and the construction manager's sworn statement.

During the construction of the Project by Developer, the Construction Lender shall employ, at the sole expense of Developer, an inspecting architect ("Inspector") (other than the architect who prepared the Working Drawings and Specifications) meeting the prior approval of the DOH, to review for the parties all activities undertaken with regard to the construction of the Single Family Homes or Two-flat Buildings, as the case may be.

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In the event that no Construction Lender exists (or if the Construction Lender does not wish to hire the Inspector), then the DOH, at the sole expense of Developer, shall utilize an Inspector which has been previously approved by the DOH for the benefit of the New Homes Program.

The scope of the Inspector's work shall be contained in the terms of the contract between the Inspector and the Construction Lender, or the Inspector and the DOH, as the case may be, and shall include inter alia, a certification for the benefit of the Construction Lender and the DOH on the form attached hereto as Exhibit H that the construction of said Single Family Home or Two-flat Building complies with the Working Drawings and Specifications. The Inspector shall be affirmatively obligated to notify the DOH and the Construction Lender of any discrepancies between the Working Drawings and Specifications (as approved by the DOH) and the actual construction of the Single Family Home or Two-flat Building in question, and shall provide the DOH with a copy of each and every Inspector's certification. As described in subsection 4.5(e) below, the receipt by the DOH of the Inspector's Conditional Certificate shall be a condition precedent to the disbursement of the applicable amount of Development Subsidy (or HOME Development Subsidy with regard to a HOME Unit) to Developer. A representative of the DOH shall have the right, but not the obligation, to accompany the Inspector during his inspection of the progress of the construction of the Single Family Homes and the Two-flat Buildings.

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(e) Disbursement of the Development Subsidy or HOME Development Subsidy. Subject to the provisions of the Agreement, and as long as Developer is not in material default in the due, prompt and complete performance or observance of any of its covenants or obligations contained in the Agreement, the Development Subsidy and or the HOME Development Subsidy, if the Single Family Home in question is a HOME Unit, shall be disbursed by the City to or for the benefit of Developer at the closing of the conveyance of the Single Family Home or Two-flat Building, as the case may be, upon the occurrence of the following:

- (i) Developer and the initial homebuyer shall have complied with the provisions described in subsection 4.5(b)(1) or (2) above, as the case may be, including, the execution of the mortgage, security and recapture agreement and the covenant of residency by the initial homebuyer;
- (ii) The Inspector shall have delivered to the City its conditional certificate indicating that the construction of said Single Family Home or Two-flat Building is complete and complies with the Working Drawings and Specifications, conditioned and subject only to the completion of punch list items or such other items agreed to by the City, the Inspector and Developer ("Conditional Certificate");

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- (iii) The City shall have issued its Certificate in accordance with the provisions described in subsection 4.3 below;
- (iv) Developer, in the form of an owner's sworn statement and the construction manager's sworn statement, shall have submitted to the Escrowee and the Inspector affirmative proof that no materialmen's liens or claims exist affecting the Single Family Home or the Two-flat Building in question, or that Developer has taken such appropriate action to cause the Title Company to insure over any title encumbrances caused by such liens or claims; provided, however, that the Title Company shall have received from Developer acceptable waivers or releases of lien covering at least seventy five percent (75%) of the hard construction costs associated with the construction of the Single Family Home or Two-flat Building in question;
- (v) Developer shall have submitted to the City a copy of the Owner's sworn statement and the construction manager's sworn statement describing all costs expended for the construction of the Single Family Home or Two-flat Building in question; and
- (vi) Developer shall have furnished to the City one (1) copy of an "as-built" survey showing the location of all completed improvements on the Lot in question,

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including all walks, drives and other on-site appurtenances and improvements, showing site elevations, and showing no encroachments by any such improvements across the boundary lines of the Lot.

- (vii) The DOH shall have issued a letter to Developer that the homebuyer in question meets the income eligibility requirements of the New Homes Program, or in the event that the conveyance concerns a HOME Unit, the homebuyer meets the income eligibility requirements of the HOME Program.

Notwithstanding the foregoing, Developer shall be obligated to complete those items listed on the Conditional Certificate (including the punch list items) in a timely and expeditious manner subsequent to the closing of the Single Family Home or Two-flat Building in question. The City reserves the right to request that Developer deposit or reserve with the Escrowee funds (or in lieu thereof, deliver to the Escrowee a letter of credit) in an amount to pay for the cost of such incomplete work, including, without limitation, any landscaping or other work that was not completed prior to closing because of weather-related conditions. Once such work has been completed, the Inspector shall conduct an on-site inspection in order to facilitate the issuance of a final certificate indicating that construction of the Single Family Home or Two-flat Building is complete ("Final Certificate"). Any funds retained by the Escrowee pursuant to

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this paragraph shall not be released until a copy of the Final Certificate is delivered to the Escrowee and the DOH.

Developer does also certify that it shall not take its fee until the closing for the Single Family Home or Two-flat Building in question.

4.6 Relocation of Utilities. In the event Developer requests the relocation, repair or replacement of any existing City utility lines in and under any of the City Lots or Private Lots, the public streets or private property adjacent to said Lots, Developer agrees that such utilities shall be relocated at Developer's sole expense. The DOH shall use its best efforts to assist Developer in obtaining the cooperation of any City agency with regard to the relocation, repair or replacement of existing utility lines. Under no circumstances shall the City be financially responsible for the relocation, repair or replacement of any utility lines as a result of the Agreement. In addition, Developer shall be solely responsible for the payment of any costs associated with the repair, replacement or relocation of any private utility lines as a result of the Agreement.

4.7 Commencement and Completion of the Project. Developer, subject to the occurrence of Permitted Delays described in subsection 6.2 below, shall commence with the construction of the Project within three (3) months of the execution date of the Agreement. Except as otherwise provided in the Agreement, Developer shall complete the Project within eighteen (18) months from said execution date. Developer agrees for itself, its

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successors and assigns, that Developer, its successors and assigns, shall promptly begin and diligently complete the Project within the time period specified in this subsection 4.7. The parties, however, may mutually agree to extend the time for Developer's performance of its obligations to construct the Project by executing a written amendment to the Agreement.

4.8 Certificate of Compliance. As each Single Family Home or Two-flat Building, as the case may be, of the Project is substantially completed in accordance with the Working Drawings and Specifications (as evidenced by, and based solely on, the issuance of the Inspector's Conditional Certificate or Final Certificate, as the case may be, as further described in subsection 4.5(e) above), and Developer has performed all of its other contractual obligations pursuant to the provisions contained in the Agreement and the objectives of the New Homes Program, including without limitation, the provisions described in 4.5(e)(i), (iv)-(vii) above, the DOH, upon written request by Developer, shall furnish Developer with an appropriate Certificate. The Certificate shall be a conclusive determination of satisfaction and termination of the covenants in the Agreement with respect to the obligations of Developer and its successors and assigns to complete such Single Family Home or Two-flat Building and to satisfy the objectives of the New Homes Program. The Certificate, however, shall not constitute evidence that Developer has complied with any applicable provisions of federal, state and local laws, ordinances and regulations with regard to

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the completion of the Single Family Home or Two-flat Building in question (or with any applicable provisions of the Act, the HOME Program and the HOME Regulations, if the Single Family Home in question is a HOME Unit) and furthermore, shall not serve as any "guaranty" as to the quality of the construction of said structure..

The Certificate shall be in recordable form and shall be delivered by the DOH to the Escrowee at the closing of the Single Family Home or Two-flat Building, as the case may be, from Developer to the initial homebuyer. Once the Certificate is recorded with the Recorder's Office, the Agreement shall no longer be deemed to be a title encumbrance of the Lot in question.

4.9 Prohibition Against Unpermitted Encumbrances.

Prior to the issuance of the Certificate with regard to the completion of construction of each Single Family Home or Two-flat Building on a particular Lot, neither Developer nor any successor in interest to the Lot in question shall engage in any financing or other transaction the effect of which creates an encumbrance or lien upon said Lot; provided, however, that Developer, after receiving the prior written consent of the City, shall be permitted to mortgage the Lots for the purpose of obtaining the Construction Loan or other financing source as described in subsection 4.5(a) above to the extent necessary for completing the construction of the Project.

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4.10 Mortgagees Not Obligated to Construct.

Notwithstanding any of the provisions of the Agreement, the holder of any mortgage (or any affiliate of such holder) authorized by the Agreement (including any holder who obtains title to the Lots or any part thereof as a result of foreclosure proceedings, or action in lieu therefor), shall not be obligated by the provisions of the Agreement to construct or complete the construction of the Single Family Home or Two-flat Building on the Lots in question, as the case may be, or to guarantee such construction or completion. Nothing in this subsection 4.10 or any section of the Agreement, however, shall be deemed or construed to permit or authorize any such holder or its affiliate to devote the Lots in question or any part thereof to any uses, or to construct any improvements thereon, other than those uses or improvements provided for or permitted in the New Homes Program and the Agreement, or if applicable, the Act, the HOME Program and the HOME Regulations, if the Single Family Home in question is a HOME Unit. In the event that the Developer obtains a Construction Loan, if the Construction Lender, due to the occurrence of a default by Developer of its obligations under the Agreement or under the terms of its mortgage executed in favor of the Construction Lender, obtains possession or title to any of the Lots by foreclosure or deed in lieu of foreclosure, the Construction Lender, shall be entitled, upon the receipt of the prior written consent of the City, which consent shall not unreasonably be withheld, to utilize those amounts of the

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Development Subsidy or the HOME Development Subsidy, if the Single Family Home in question is a HOME Unit, which is available to complete the Single Family Homes and Two-flat Buildings on said Lots (including the completion of the Single Family Homes and Two-flat Buildings on said Lots which had not been commenced by Developer as of the date that the Construction Lender acquires title to said Lots), so long as the Construction Lender complies with the terms and conditions of the Agreement. In such event, the Construction Lender shall be required to execute a Debarment Certificate and such other economic disclosure documents as the City deems appropriate.

Whenever the City shall deliver a notice or demand with respect to any breach or default by Developer of its obligations under the Agreement, the City shall at the same time forward a copy of such notice or demand to any mortgagee whose address has been given in writing to the City. After any such default by Developer, and the expiration of any applicable cure period, the City and each mortgagee shall (insofar as the City is concerned) have the right, at the mortgagee's option, to remedy such default.

Whenever the mortgagee shall deliver a notice or demand to Developer with respect to any breach or default by Developer of its obligations under the mortgage loan documents, the mortgagee shall at the same time forward a copy of such notice or demand to the City at the addresses listed in subsection 8.8 below. After any such default by Developer, and the expiration of any

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applicable cure period, the City and each mortgagee shall have the right to remedy such default.

SECTION V

CONVEYANCE OF THE SINGLE FAMILY HOMES AND TWO-FLAT BUILDINGS

5.1 Developer's Covenants for Participation in the New Homes Program.

(a) Sales Price. Developer acknowledges and affirms the objectives of the City with regard to the creation of the New Homes Program as a means of achieving the construction of affordable, new, high quality, owner-occupied housing within the corporate boundaries of the City. Developer affirmatively covenants that it shall sell and convey each Single Family Home to a prospective homebuyer for a base price per model of \$107,100.00 for the "A" Unit, \$92,100 for the "B" Unit, and \$82,100 for the "C" Unit and \$_____ for the "D" Unit (but in no event shall said base price for a particular Single Family Home exceed the sum of \$130,000, except with regard to a HOME Unit, which base price cannot exceed the sum of \$110,000) In the event that Developer seeks to construct Two-flat Buildings pursuant to the terms of the Agreement, the base price for a particular Two-flat Building shall not exceed the sum of \$180,000. Developer's projected final sales pricing of the various models of the Single Family Homes and Two-flat Buildings to be constructed by Developer are described on Exhibit I attached hereto. The parties acknowledge that said base price

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does not include options described on Exhibit J attached hereto, which may be desired by individual homebuyers. The parties further acknowledge that said base price may be slightly adjusted due to inflation, upon the express agreement of the parties and as anticipated by the provisions contained in the New Homes Program.

(D) Compliance with Fair Housing and Non-Discrimination Law. Developer shall not discriminate based upon race, color, religion, sex, national origin or ancestry, age, handicap or disability, sexual orientation, military status, parental status or source of income in the design, marketing and sale of any Single Family Home or Two-flat Building constructed by Developer pursuant to the terms of the Agreement, and shall comply with any and all federal, state and local laws, statutes, ordinances or regulations with regard to non-discrimination in the sale and marketing of housing, including, without limitation, the Fair Housing Act, 42 U.S.C. sec. 3601-20 et seq. (1988) and implementing regulations at 24 C.F.R. Part 100; Executive Order 11063, as amended by Executive Order 12259 (3 C.F.R., 1958-1963 Comp., p. 652 and 3 C.F.R., 1980 Comp., p. 307) (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) (Nondiscrimination in Federally Assisted Programs) and implementing regulations issued at 24 C.F.R. Part 1; 42 U.S.C. sec. 1982 (1988), and sections 17-19 of Article I of the Constitution of the State of Illinois; the Age Discrimination Act

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of 1975, 42 U.S.C. sect. 6101-07, and implementing regulations at 24 C.F.R. Part 146, Section 504 of the Rehabilitation Act of 1973, 29 U.S.C. 794 and implementing regulations at 24 C.F.R. Part 8.

(c) Compliance with Act and the HOME Regulations. With regard to the development, construction and conveyance to eligible homebuyers of the HOME Units, in addition to the following covenants described in this Section V, Section VII below and elsewhere in the Agreement, Developer also shall comply with the Act, the HOME Program, and the HOME Regulations.

(d) Warranty of Habitability. At the closing for the conveyance of a Lot from Developer to an initial homebuyer, Developer shall deliver to said homebuyer a warranty of habitability approved by the DOH and attached hereto as Exhibit K. Said warranty of habitability shall have a duration of one year and shall be deemed to run with the land.

5.2 Marketing. Developer shall comply with the affirmative marketing requirements described in subsection 5.1(b) above and those requirements described in 24 C.F.R. 92.351 of the HOME Regulations. Specifically, Developer agrees to abide by the terms and conditions of the marketing plan which has been approved by the DOH and is attached hereto as Exhibit L, and to utilize solely those marketing materials which have been approved by the DOH either prior to or subsequent to the execution date of the Agreement with regard to the marketing of the Single Family Homes and Two-flat Buildings to prospective homebuyers.

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Developer also agrees to place on at least one of the Lots a sign containing an inscription that the Single Family Home or Two-flat Building was (or shall be) constructed by Developer in accordance with Developer's participation in the New Homes Program.

5.3 Income Eligibility Standards. Developer agrees that each and every potential homebuyer, in conjunction with the execution of any contract with Developer for the purchase of a Single Family Home or Two-flat Building, as the case may be, shall be approved in writing by the DOH as meeting the income eligibility standards of the New Homes Program. With regard to the sale of the purchase of a HOME Unit, however, the household income of the initial homebuyer shall not exceed 80% of P.M.S.A. Such approval shall be a contingency in the purchase contract. Developer shall be responsible for providing the DOH with any and all information required by the DOH in determining the prospective homebuyer's income eligibility. The DOH shall have ten (10) business days from the date of receipt of a "complete information package" (which shall include, by means of illustration and not limitation, the W-2 forms from the initial homebuyer's employer(s), U.S. 1040 income tax returns for the previous two years, an affidavit or verification from the homebuyer with regard to household size, and the employer verification form utilized by the Federal National Mortgage Association ("Fannie Mae")) within which to qualify potential homebuyers.

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5.4 Pre-Purchase Qualification. Developer shall refer each prospective homebuyer for pre-purchase counseling, which shall be offered either by the DOH, a qualified community organization or lending institution.

5.5 Review of Renters of Two-flat Buildings. With regard to the rental of the housing unit of the Two-flat Building which is not occupied by the initial homebuyer, Developer shall advise the initial homebuyer, prior to the closing of the conveyance of the Two-flat Building from Developer to said initial homebuyer, that each renter-household occupying the rental unit of the Two-flat Building must be approved in writing by the DOH as meeting the income eligibility standards of the New Homes Program. Such approval shall precede the execution of any lease affecting the rental unit. The initial homebuyer shall be responsible for providing the DOH with any and all information required by the DOH in determining the prospective renter's income eligibility. The DOH shall have ten (10) business days from the date of receipt of a "complete information package" within which to qualify potential renters.

SECTION VI

PERFORMANCE

6.1 Time of the Essence. Time is of the essence of the Agreement.

6.2 Permitted Delays. Neither the City, Developer, or any successor in interest to Developer, shall be considered in breach

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of its obligations with respect to the commencement and completion of the Project in the event of delay in the performance of such obligations due to unforeseeable causes beyond such party's control and without such party's fault or negligence, including but not limited to, any delays or halts in the construction of the Single Family Homes and Two-flat Buildings constituting the Project, which are compelled by court order, acts of God, acts of the public enemy, acts of the United States or other governmental body, acts of the other party, fires, floods, epidemics, quarantine restrictions, strikes, vandalism, embargoes and unusually severe weather or delays of subcontractors due to such cause. The time for the performance of the obligations shall be extended only for the period of the permitted delay if the party seeking the extension shall request it in writing of the other party within twenty (20) days after the beginning of any such delay.

6.3 Breach.

(a) Generally. Except as otherwise provided in the Agreement, in the event of default by any party or its successor in interest in the performance of its obligations under the Agreement, such party or successor, upon written notice from the other, shall commence to immediately cure or remedy such default but, in any event, by not later than thirty (30) days after receipt of such notice. In the event such action is not diligently pursued or the default not cured within a reasonable time, the aggrieved party may institute such proceedings at law

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