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REDEVELOPMENT AGREEMENT
NEW HOMES FOR CHICAGO PROGRAM
SOUTH SHORE WEST JOINT VENTURE - PHASE III

Legal pg. 50

101

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

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REDEVELOPMENT AGREEMENT
NEW HOMES FOR CHICAGO PROGRAM
SOUTH SHORE WEST JOINT VENTURE - PHASE III

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REDEVELOPMENT AGREEMENT
NEW HOMES FOR CHICAGO PROGRAM
SOUTH SHORE WEST JOINT VENTURE - PHASE III

This Agreement ("Agreement"), dated as of April 15, 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 South Shore West Joint Venture, an Illinois joint venture, having its principal office c/o Lakeshore Development and Construction Company, 555 West Jackson Boulevard, Suite 250, Chicago, Illinois 60661 ("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.

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C. The enabling ordinance for the New Homes Program was amended by ordinance adopted by the City Council on July 24, 1991 (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), and 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. 47544-48951).

D. Developer has previously undertaken two phases of its New Homes Project in the South Shore neighborhood of the City, pursuant to those certain redevelopment agreements between Developer and the City dated as of July 7, 1995 and January 29, 1997, respectively.

E. Developer previously submitted an application package to the Department of Housing of the City of Chicago ("DOH") describing its proposal for continued participation in the New Homes Program by constructing its third phase of single family housing in the South Shore neighborhood.

F. 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 January 14, 1998 (C.J.P. pgs. 59986-59992), approved the selection of Developer for continued

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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).

G. Developer, subject to the terms of the Agreement, shall undertake to complete the construction of up to eighteen (18) single family homes (singularly, "Single Family Home" and 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".

H. 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 South Shore neighborhood of the City, on the 1400 and 1500 blocks of East 72nd Street, the 1300 block of East 71st Place, and the 1300, 1400 and 1500 blocks of East 72nd Place.

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I. 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 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.

J. 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 J to be made available to Developer pursuant to the Agreement shall not exceed the sum of Three Hundred Sixty Thousand Dollars (\$360,000).

K. 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

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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 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".

L. 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).

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Affidavits: Those certain affidavits executed by Developer dated December 8, 1997, as re-certified to the City on April 15, 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.

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.

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Developer: South Shore West 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 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.

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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.

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"): LakeShore Development and Construction Company, an Illinois corporation, and (ii) Steven Lome, an individual. The rights and responsibilities of the Entities are further described in that certain Joint Venture Agreement dated as of September 3, 1994, a certified copy of which has been delivered to the DOH. Specifically, pursuant to the terms of the Joint Venture Agreement, each Entity shall hold a fifty percent (50%) interest in the Joint Venture. The Entities agree that the Joint Venture Agreement, insomuch 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.
- (b) To the best of Developer's knowledge, no litigation or proceedings are pending, or are threatened against

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

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- (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 the 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 any City Lot, Private Lot or any portion thereof; or
 - (iii) enter into any transaction not in the ordinary

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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 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 eighteen (18) 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 December 1, 1997 ("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 a certificate of compliance in accordance with subsection 4.8 below.

4.2 Working Drawings and Specifications. Developer's list of Working Drawings and Specifications dated April 15, 1998, 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 DOH, 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 of 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 procedures described in a construction loan escrow agreement.

(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 Three Hundred Sixty Thousand Dollars (\$360,000) in the aggregate to cover hard

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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 procedures described in a construction loan escrow agreement.

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(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 Three Hundred Sixty Thousand Dollars (\$360,000) in the aggregate to cover hard

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construction 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 4.3 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 Three Hundred Thirty Thousand Dollars (\$330,000)

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representing the 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 4.8 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 \$109,999.00 per Single Family Home. 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 does not include options described on Exhibit J attached hereto, which may be desired by individual

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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.

(b) Compliance with Fair Housing and Non-Discrimination Laws. 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 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

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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. 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

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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.

5.4 Pre-Purchase Qualification. Developer shall refer each prospective homebuyer for pre-purchase counseling, which shall be

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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 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

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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 or in equity as may be necessary or desirable in its sole discretion to cure and remedy such default, including but not

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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 or in equity as may be necessary or desirable in its sole discretion to cure and remedy such default, including but not

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limited to, proceedings to compel specific performance by the party in default of its obligations.

(b) Event of Default. For purposes of the Agreement, the occurrence of any one or more of the following shall constitute an "event of default":

- (1) If, at any time, any warranty, representation or statement made or furnished by Developer (including the representations and warranties of Developer described in subsection 2.1 above) is not true and correct in any material respect; or
- (2) If any petition is filed by or against Developer under the Federal Bankruptcy Code or any similar state or federal law, whether now or hereafter existing (and in the case of involuntary proceedings, failure to cause the same to be vacated, stayed or set aside within sixty (60) days after filing); or
- (3) Failure of Developer to develop Working Drawings and Specifications materially consistent with the procedures outlined in subsection 4.2 above with regard to the construction of the Single Family Homes and Two-flat Buildings constituting the Project; or
- (4) If Developer fails to fulfill its obligations with respect to the completion of the Project (including the nature of and the dates of the beginning and completion thereof) or abandons or substantially suspends construction work of any Single Family Home

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or Two-flat Building then under construction, and such failure, violation, abandonment or suspension shall not be cured, ended or remedied within thirty (30) days of the date Developer receives written demand by the City to cure the same; or

- (5) If Developer conveys any Single Family Home or Two-flat Building to a homebuyer in excess of the consideration described in subsection 5.1 above, or conveys any Single Family Home or Two-flat Building to a homebuyer ineligible to participate in the New Homes Program; or
- (6) If Developer conveys any HOME Unit to a homebuyer not meeting the eligibility requirements of the HOME Program; or
- (7) If Developer fails to comply with the non-discrimination covenant described in Section V above with regard to the marketing and sale of the Single Family Homes and Two-flat Buildings constructed by Developer; or
- (8) Failure of Developer to pay real estate taxes or assessments affecting the City Lots (accruing after the date of conveyance by the City to Developer) or Private Lots (after the date of acquisition by Developer) or any part thereof when due, or placing thereon any encumbrance or lien unauthorized by the Agreement, or suffering any levy or attachment to be

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made, or any materialmen's or mechanics' lien, or any other unauthorized encumbrance or lien to attach to the Lots or any part thereof (unless Developer has taken such appropriate action to cause the Title Company to insure over any title encumbrances caused by such liens or encumbrances), and such taxes or assessments shall not have been paid, or the encumbrance or lien removed or discharged or provision satisfactory to the City made for such payment, removal or discharge within thirty (30) days after written demand by the City to remove such lien or encumbrance or

- (9) A violation of the Act or the HOME Regulations, or any applicable federal laws or regulations, including, without limitation, those described in Section V and subsection 4.3 above or in subsections 7.4 and 8.3 below; or
- (10) The occurrence of an event of default within the context of the First Mortgage, if any, which is not cured within the applicable time periods, if any, contained therein; or
- (11) Any assignment, pledge, encumbrance, transfer or other disposition is made in violation of subsection 8.2 below.

(c) Prior to Commencement of Construction. If, from the execution date of the Agreement until the commencement of

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construction of the Project, Developer or its successor in interest defaults in any specific manner as described in paragraph (b) of this subsection 6.3, and such default continues after the delivery of notice of default pursuant to subsection 6.3(a), and the failure of Developer to commence to cure within the thirty (30) day period (or such longer period if so specified) provided for in such notice, the City may immediately terminate the Agreement and institute any action or proceeding at law or in equity against Developer.

(d) After Commencement of Construction Until Issuance of Certificate. If, subsequent to the commencement of construction by Developer on any Lot, until the City issues its Certificate with regard to the completion of construction of the Lot in question, Developer or its successor in interest shall default in any specific manner as described in paragraph (b) of this subsection 6.3, then the City, by written notice to Developer, and after reasonable opportunity to cure as described in paragraph (a) of this subsection 6.3, may immediately terminate the Agreement and institute any action or proceeding at law or in equity against Developer. In such event, Developer shall have no further right regarding any City Lot not conveyed to Developer prior to the default.

In addition, in the event of default and failure to cure by Developer as provided herein, if the Lots then under construction by Developer as of the date of default are City Lots, then the City shall have the right to re-enter and take possession of each

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such City Lot, to terminate the estate conveyed by the Deeds to such City Lots to Developer as well as Developer's right of title and all other rights and interests in said City Lots conveyed by the Deeds to Developer, and re-vest title in said City Lots with the City without any compensation whatsoever to Developer; provided, however, that such condition subsequent and the re-vesting of title as a result thereof in the City shall always be limited by, and shall not defeat, render invalid, or limit in any way, the lien of the First Mortgage, if any, authorized by the Agreement for the protection of the holders of the First Mortgage. The parties agree that the City also has the right, in the event of a default as described in this subsection, to purchase from Developer each or all of the Private Lots in question. The City shall pay as consideration for said Private Lots the fair market value of each said Lot determined as of the execution date of the Agreement, or in the event that improvements have been constructed on the Lot in question, the City shall pay the fair market value of the Lot (with improvements) as of the date in which Developer is declared to be in default by the City pursuant to the terms of this subsection.

Upon the re-vesting in the City of title to the City Lots and the acquisition of any of the Private Lots in the manner described in the preceding paragraph, the DOH may complete the construction of the Single Family Homes and Two-flat Buildings on the Lots in question, including, if necessary, the hiring of an alternative contractor to complete the construction. Upon

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completion of construction, the DOH shall employ its best efforts to convey the Single Family Homes and Two-flat Buildings (subject to the First Mortgage liens described above, if any) to eligible prospective homeowners ("Homeowners") under the New Homes Program, and in accordance with all applicable federal, state and local laws, ordinances and regulations. The Single Family Homes and Two flat Buildings shall be conveyed to the Homeowners who, at closing, in the event a First Mortgage encumbers the Lot, shall pay the unpaid principal of the First Mortgage affecting said Lot and the interest accrued thereon due and payable as of the date of the conveyance of the Single Family Home by the City. When the City sells all of the Single Family Homes and Two-flat Buildings in accordance with the provisions described in this subsection, the proceeds from said sale shall be utilized and distributed in accordance with the provisions described in subsection 6.3(e) below.

In the alternative, in the event that Lots are then under construction by Developer as of the time of default, the City may allow the Construction Lender to enter into possession of such Lots and cause the completion of construction of the Single Family Home or Two-flat Building, as the case may be, on the Lots in question; provided, however, that the Construction Lender complies with the terms and provisions of the Agreement, including, without limitation, section 4.10 of the Agreement.

(e) Distribution of Sale Proceeds. Upon the sale of all of the Single Family Homes and Two-flat Buildings by the City

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pursuant to subsection 6.3(d) above, the proceeds from said conveyance(s) shall be utilized first to reimburse the City for:

- (a) costs and expenses incurred by the City with regard to the reconveyance of the City Lots and the conveyance of the Private Lots, if any, from Developer to the City, and the management and subsequent conveyance of the said Lots to the Homeowners;
- (b) all taxes, assessments, and water and sewer charges with respect to the City Lots and the Private Lots as provided for under this Agreement;
- (c) any payments made or necessary to be made (including attorneys' fees) to discharge or prevent from attaching or being made any subsequent encumbrances or liens due to obligations, defaults or acts of Developer, its successors or transferees;
- (d) any expenditures made or obligations incurred with respect to the construction and maintenance of any Single Family Homes and Two-flat Buildings constructed on the Lots;
- (e) any other amounts owed to the City by Developer, its successors or transferees; and
- (f) any remaining sums shall be delivered to Developer.

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(f) After Conveyance. If, subsequent to the issuance of the Certificate with regard to the completion of construction of the Single Family Home or Two-flat Building in question, Developer or its successor in interest shall default in any specific manner as described in items (5), (6) and (7) contained in paragraph (b) of this subsection 6.3, and after reasonable opportunity to cure as described in paragraph (a) of this subsection 6.3, then the City shall have the right to institute a suit for injunctive relief against Developer, or alternatively, at the option of the City solely with regard to item (5) or (6) concerning the default by Developer for charging a sales price in excess of the consideration allowable under subsection 5.1 above, Developer, within twenty (20) days after the receipt of written notice of default from the City, shall deliver the sum of one and one-half times the amount by which the sales price exceeds the consideration described in subsection 5.1, per violation to the City, said sum representing an amount of liquidated damages and not a penalty.

6.4 Waiver and Estoppel. Any delay by the City in instituting or prosecuting any actions or proceedings or otherwise asserting its rights shall not operate as a waiver of such rights or operate to deprive the City of or limit such rights in any way. No waiver made by the City with respect to any specific default by Developer shall be construed, considered or treated as a waiver of the rights of the City with respect to any other defaults of Developer.

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6.5 Indemnity. Developer hereby agrees to indemnify, defend and hold the City harmless from and against any losses, costs, damages, liabilities, claims, suits, actions, causes of action and expenses (including, without limitation, attorneys' fees and court costs), suffered or incurred by the City (except due to the negligence of the City) arising from or in connection with: (i) the failure of Developer to perform its obligations under the Agreement; (ii) the failure of Developer or any contractor to pay contractors, subcontractors or materialmen in connection with the construction of the Single Family Homes and the Two-flat Buildings constituting the Project (unless Developer has taken such appropriate action to cause the Title Company to insure over any title encumbrances caused by such liens and encumbrances); (iii) a material misrepresentation or material omission in Developer's application to participate in the New Homes Program or the Agreement which is the result of information supplied or omitted by Developer or by agents, employees, contractors, subcontractors, or persons acting under the control or at the request of Developer; (iv) the failure of Developer to redress any misrepresentations or omissions in the Agreement or any other agreement relating hereto; (v) any activity undertaken by Developer on any of the City Lots or Private Lots or any part thereof; and (vi) any claim or cost relating to any soil or environmental condition existing at, or created by Developer on, any City Lot or Private Lot.

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6.6 Access to the City Lots and Private Lots. Any duly authorized representative of the City shall, at all reasonable times, have access to any City Lot, Private Lot, or part thereof, from the execution date of the Agreement until the City issues its Certificate with regard to the completion of the Single Family Home or Two-flat Building on the City Lot or Private Lot in question, for the purpose of confirming Developer's compliance with the Agreement and the objectives of the New Homes Program.

6.7 City's Right to Inspect Records. Until the City issues its Certificate with regard to the completion of the final Single Family Home or Two-flat Building of the Project, Developer agrees that the City shall have the right and authority to review and audit, from time to time, Developer's books and records relating to the Project, including, without limitation, Developer's loan statements, the construction manager's sworn statements, general contracts, subcontracts, purchase orders, waivers of lien, paid receipts and invoices. All such books, records and other documents shall be available at the offices of Developer for inspection, copying, audit and examination by any duly authorized representative of the City; provided, however, that the City shall provide Developer with at least two (2) business days' written notice of any proposed inspection of Developer's books and records.

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SECTION VII

DEVELOPER'S EMPLOYMENT OBLIGATIONS

7.1 Employment Opportunity. Developer agrees for itself and its successors and assigns, and shall contractually obligate its or their various contractors, subcontractors or any Affiliate of Developer operating on the Project (collectively, with Developer, the "Employers" and individually an "Employer") to agree, that for the term of this Agreement with respect to Developer and during the period of any other party's provision of services in connection with the construction of the Project and the occupation of the Lots with regard thereto:

- A. No Employer shall discriminate against any employee or applicant for employment based upon race, religion, color, sex, national origin or ancestry, age, handicap or disability, sexual orientation, military discharge status, marital status, parental status or source of income as defined in the City of Chicago Human Rights Ordinance, Chapter 2-160, Section 2-160-010 et seq., Municipal Code of Chicago, except as otherwise provided by said ordinance and as amended from time to time (the "Human Rights Ordinance"). Each Employer shall take affirmative action to ensure that applicants are hired and employed without discrimination based upon race, religion, color, sex, national origin or ancestry, age, handicap or disability, sexual orientation, military discharge status, marital status, parental status or source of income and are treated in a non-discriminatory manner with regard to all job-related matters, including without limitation: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. Each Employer agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the City setting forth the provisions of this nondiscrimination clause. In addition, the

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Employers, in all solicitations or advertisements for employees, shall state that all qualified applicants shall receive consideration for employment without discrimination based upon race, religion, color, sex, national origin or ancestry, age, handicap or disability, sexual orientation, military discharge status, marital status, parental status or source of income.

- B. Each Employer shall comply with all federal, state and local equal employment and affirmative action statutes, rules and regulations, including, but not limited to, the Human Rights Ordinance, and the Illinois Human Rights Act, 775 ILCS 5/1-101 et seq. (1993), and any subsequent amendments and regulations promulgated thereto.
- C. Developer, in order to demonstrate compliance with the terms of this Section, shall cooperate with and promptly and accurately respond to inquiries by the City, which has the responsibility to observe and report compliance with equal employment opportunity regulations of federal, state and municipal agencies.
- D. Developer and each Employer shall include the foregoing provisions of subparagraphs A through C in every contract entered into in connection with the Project, and shall require inclusion of these provisions in every subcontract entered into by any subcontractors, and every agreement with any Affiliate operating on the Property, so that each such provision shall be binding upon each contractor, subcontractor or affiliate, as the case may be.
- E. Failure to comply with the employment obligations described in this Section 7.1 shall be a basis for the City to pursue remedies under the provisions of Section VI above.

7.2 City Resident Employment Requirement. Developer agrees for itself and its successors and assigns, and shall contractually obligate the other Employers, as applicable, to agree, that during the construction of the Project they shall comply with the minimum percentage of total worker hours

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performed by actual residents of the City of Chicago as specified in Section 2-92-330 of the Municipal Code of Chicago (at least fifty percent of the total worker hours worked by persons on the site of the construction for the Project shall be performed by actual residents of the City of Chicago); provided, however, that in addition to complying with this percentage, Developer and the other Employers shall be required to make good faith efforts to utilize qualified residents of the City of Chicago in both unskilled and skilled labor positions.

Developer and the other Employers may request a reduction or waiver of this minimum percentage level of Chicagoans as provided for in Section 2-92-330 of the Municipal Code of Chicago in accordance with standards and procedures developed by the Purchasing Agent of the City of Chicago.

"Actual residents of the City of Chicago" shall mean persons domiciled within the City of Chicago. The domicile is an individual's one and only true, fixed and permanent home and principal establishment.

Developer and the other Employers shall provide for the maintenance of adequate employee residency records to ensure that actual Chicago residents are employed on the Project. Developer and the other Employers shall maintain copies of personal documents supportive of every Chicago employee's actual record of residence.

Weekly certified payroll reports (U.S. Department of Labor Form WH-347 or equivalent) shall be submitted to the Commissioner

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of the DOH in triplicate, which shall identify clearly the actual residence of every employee on each submitted certified payroll. The first time that an employee's name appears on a payroll, the date that the company hired the employee should be written in after the employee's name.

Developer and the other Employers shall provide full access to their employment records to the Purchasing Agent, the Commissioner of the DOH, the Superintendent of the Chicago Police Department, the Inspector General, or any duly authorized representative thereof. Developer and the other Employers shall maintain all relevant personnel data and records for a period of at least three (3) years after final acceptance of the work constituting the Project as evidenced by the issuance of the Certificate for the last Single Family Home or Two-flat Building constructed by Developer.

At the direction of the DOH, affidavits and other supporting documentation will be required of Developer and the other Employers to verify or clarify an employee's actual address when doubt or lack of clarity has arisen.

Good faith efforts on the part of Developer and the other Employers to provide utilization of actual Chicago residents (but not sufficient for the granting of a waiver request as provided for in the standards and procedures developed by the Purchasing Agent) shall not suffice to replace the actual, verified achievement of the requirements of this Section concerning the worker hours performed by actual Chicago residents.

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When work at the Project is completed, in the event that the City has determined that Developer and the other Employers failed to ensure the fulfillment of the requirement of this Section concerning the worker hours performed by actual Chicago residents or failed to report in the manner as indicated above, the City will thereby be damaged in the failure to provide the benefit of demonstrable employment to Chicagoans to the degree stipulated in this Section. Therefore, in such a case of non-compliance it is agreed that 1/20 of 1 percent (.05%), 0.0005, of the aggregate hard construction costs set forth in the Budget (as the same shall be evidenced by approved contract value for the actual contracts) shall be surrendered by Developer and/or the other Employers to the City in payment for each percentage of shortfall toward the stipulated residency requirement. Failure to report the residency of employees entirely and correctly shall result in the surrender of the entire liquidated damages as if no Chicago residents were employed in either of the categories. The willful falsification of statements and the certification of payroll data may subject Developer and/or the other Employers or employee to prosecution. Nothing herein provided shall be construed to be a limitation upon the "Notice of Requirements for Affirmative Action to Ensure Equal Employment Opportunity, Executive Order 11246" and "Standard Federal Equal Employment Opportunity, Executive Order 11246," or other affirmative action required for equal opportunity under the provisions of this Agreement.

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Developer shall cause or require the provisions of this Section 7.2 to be included in all construction contracts and subcontracts related to the Project.

7.3 Developer's MBE/WBE Commitment. Developer agrees for itself and its successors and assigns, and shall contractually obligate the General Contractor to agree, that during the construction of the Project:

A. Consistent with the findings which support the Minority-Owned and Women Owned Business Enterprise Procurement Program ("MBE/WBE Program"), Section 2-92-420 et seq., Municipal Code of Chicago, and in reliance upon the provisions of the MBE/WBE Program to the extent contained in, and as qualified by, the provisions of this Section 7.3, during the course of construction of the Project, at least the following percentages of the aggregate hard construction costs (as set forth in the Budget) shall be expended for contract participation by minority-owned businesses ("MBEs") and by women-owned businesses ("WBEs"):

- a. At least 25% by MBEs.
- b. At least 5% by WBEs.

B. For purposes of this Section 7.3 only, Developer (and any party to whom a contract is let by Developer pursuant to this Agreement) shall be deemed a "Contractor" and this Agreement (and any contract let pursuant thereto) shall be deemed a "Contract" as such terms are defined in Section 2-92-420, Municipal Code of Chicago. In addition, the term "minority-owned business" or MBE shall mean a business enterprise identified in the Directory of Certified Minority Business Enterprises published by the City's Purchasing Department, or otherwise certified by the City's Purchasing Department as a minority-owned business enterprise; and the term "women-owned business" or WBE shall mean a business enterprise identified in the Directory of Certified Women Business Enterprises published by the City's Purchasing Department, or otherwise certified by

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the City's Purchasing Department as a women-owned business enterprise.

- C. Consistent with Section 2-92-440, Municipal Code of Chicago, Developer's MBE/WBE commitment may be achieved in part by Developer's status as an MBE or WBE (but only to the extent of any actual construction work performed by Developer), or by a joint venture with one or more MBEs or WBEs (but only to the extent of the lesser of (i) the MBE or WBE participation in such joint venture, or (ii) the amount of any actual construction work performed by the MBE or WBE), by Developer utilizing a MBE or a WBE as a contractor (but only to the extent of any actual construction work performed by such contractor), by subcontracting or causing a contractor to subcontract a portion of the work to one or more MBEs or WBEs, or by the purchase of materials used in the Project from one or more MBEs or WBEs, or by any combination of the foregoing. Those entities which constitute both a MBE and a WBE shall not be credited more than once with regard to Developer's MBE/WBE commitment as described in this Section 7.3.
- D. Developer shall deliver quarterly reports to the DOH describing its efforts to achieve compliance with this MBE/WBE commitment. Such reports shall include inter alia the name and business address of each MBE and WBE solicited by Developer or a contractor to work on the Project, and the responses received from such solicitation, the name and business address of each MBE or WBE actually involved in the Project, a description of the work performed or products or services supplied, the date and amount of such work, product or service, and such other information as may assist the DOH in determining Developer's compliance with this MBE/WBE commitment. The DOH shall have access to Developer's books and records, including, without limitation, payroll records and tax returns, and records and books of account in accordance with Section 6.7 of this Agreement on two (2) business days' notice, to allow the City to review Developer's compliance with its commitment to MBE/WBE participation.
- E. The City shall have the right to terminate this Agreement upon the disqualification of Developer or its contractors as a MBE or WBE, if the Developer or its contractor's status as a MBE or

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WBE was a factor in the approval of Developer to participate in the New Homes Program, and such status was misrepresented by the contractor or Developer. In addition, the City shall have the right to terminate this Agreement upon the disqualification of any MBE or WBE subcontractor or supplier of goods or services if the subcontractor's status as a MBE or WBE was a factor in the approval of Developer to participate in the New Homes Program, and such status was misrepresented by the contractor or Developer. In the event that Developer is determined not to have been involved in any misrepresentation of the status of the disqualified contractor, subcontractor or supplier, the City, at its option, may choose to not terminate this Agreement; provided, however, Developer shall be obligated to discharge or cause to be discharged the disqualified contractor or subcontractor or to terminate any contract or business with the disqualified supplier, and, if possible, identify and engage a qualified MBE or WBE as a replacement. For purposes of this Paragraph E, the disqualification procedures are further described in Section 2-92-540, Municipal Code of Chicago.

- F. Any reduction or waiver of Developer's MBE/WBE commitment as described in this Section 7.3 shall be undertaken in accordance with Section 2-92-450, Municipal Code of Chicago.

7.4 Federal Requirements. In addition to those equal employment opportunity and affirmative action requirements described in subsections 7.1 to 7.3 above, Developer agrees for itself and its successors and assigns, and shall contractually obligate the Employers, that during the construction of the Project:

A. Section 3 Requirements:

1. The construction of the Project and the work to be performed under this Agreement is subject to the requirements of Section 3 ("Section 3") of

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the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u ("Housing Act"). The purpose of Section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by Section 3 shall, to the greatest extent feasible, be directed to low-income and very low-income persons, particularly persons who are recipients of HUD assistance for housing. Terms used in this subsection 6.4 shall have the meanings ascribed thereto in Section 3 or in the regulations promulgated under the Housing Act ("Regulations"), and found at 24 CFR Part 135.

2. Developer hereby agrees to comply with the Regulations which implement Section 3. As evidenced by the execution of the Agreement, Developer certifies that it is under no contractual or other impediment that would prevent it from complying with the Regulations.
3. Developer agrees to send each labor organization or representative of workers with which the Developer has a collective bargaining agreement or other understanding, if any, a notice advising the labor organization or workers' representative of Developer's commitments under this subsection 7.4, and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the Section 3 preference, shall set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each; and the name and location of the person(s) taking applications for each of the positions; and the anticipated date the work shall begin.
4. Developer agrees to include the language contained in this subsection 7.4 in every contract and subcontract subject to compliance with the Regulations and agrees to take appropriate action, as provided in an applicable provision of the contract or subcontract or in this Section, upon a finding that any contractor with whom Developer contracts (and their subcontractors) is in violation of the Regulations. Developer will not contract (and its contractor(s) shall not subcontract) with any contractor or subcontractor where Developer (or such contractor) has notice or knowledge that the

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contractor or subcontractor has been found in violation of the Regulations.

5. Developer will certify that any vacant employment positions, including training positions, that are filled: (1) after the contractor is selected but before a contract is executed, and (2) with persons other than those to whom the Regulations require employment opportunities to be directed, were not filled to circumvent Developer's obligations under the Regulations.

6. Noncompliance with the Regulations may result in sanctions, including, but not limited to, termination of this Agreement for default, and debarment or suspension from future HUD assisted contracts.

B. Executive Order 11246. Developer shall also comply with the terms and conditions of Executive Order 11246 (3 C.F.R. 1964-65, Comp., p. 339) and the implementing regulations at 41 C.F.R. chapter 60, concerning equal employment opportunity.

C. MBE/WBE Participation. In addition to Developer's obligations as described in Section 7.1 above, Developer shall also comply with the requirements of Executive Orders 11625 and 12432 concerning the participation of MBEs, and Executive Order 12138 concerning the participation of WBES, in the development and construction of the Project. Implementation of this MBE/WBE commitment shall be accomplished in accordance with the regulations set forth in 24 C.F.R. Section 85.36e.

7.5 Pre-Construction Meeting; Monitoring Requirements.

Prior to the commencement of construction of the Project, Developer shall be required to meet with the monitoring staff of the DOH with regard to Developer's compliance with its employment obligations described in this Section VII. Developer's General Contractor and major Subcontractors shall be required to attend this pre-construction meeting. During said meeting, Developer shall demonstrate to the DOH its plan to achieve its employment obligations, the sufficiency of which must be approved by the DOH as a pre-condition to the DOH's approval to allow Developer to

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commence with the construction of the Project. During the construction of the Project, Developer shall submit documentation (as required in Sections 7.1-7.4 above) to the monitoring staff of the DOH. Failure to submit such documentation on a timely basis, or if the DOH determines, upon analysis of the documentation, that Developer is not complying with its employment obligations described in this Section VII, shall, upon the delivery of written notice to Developer, be deemed a default. In such event, in addition to any remedies described in this Section VI, the City may: (1) issue a written demand to Developer to halt construction of the Project; (2) withhold certain pertinent sums from payment to Developer or the General Contractor; or (3) seek any other remedies against Developer available at law or in equity.

SECTION VIII

MISCELLANEOUS PROVISIONS

8.1 Entire Agreement. Except as otherwise provided herein, the Agreement contains the entire agreement of the parties with respect to the Project and supersedes all prior agreements, negotiations and discussions with respect thereto, and shall not be modified, amended or changed in any material manner whatsoever except by mutual consent of the parties as reflected by written instrument executed by the parties hereto. The term "material" for the purpose of this subsection 8.1 shall be defined as any deviation from the terms of the Agreement which operates to cancel or otherwise reduce any developmental, construction or

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job-creating obligation of Developer by more than five percent (5%) or substantially changes the character of the Project or any activities undertaken by Developer affecting the Project, or increases any time agreed for performance by either party by more than thirty (30) days.

8.2 Assignability and Transfer. With regard to any Lot to be redeveloped by Developer pursuant to the terms of the Agreement, unless permitted by the provisions contained in subsection 4.10 above, Developer, until the City issues the Certificate with regard to the completion of each Single Family Home or Two-flat Building, as the case may be, on a particular Lot, shall not assign, transfer or convey any right, title or interest in said Lot; provided, however, that Developer shall have the right to enter into real estate purchase contracts with initial homebuyers concerning the conveyance of a Lot by Developer to an initial homebuyer, prior to the issuance of the Certificate. In addition, Developer shall be permitted to convey its right, title and interest to any of the Lots to a land trust formed under the laws of the state of Illinois and of which Developer is the sole beneficiary; provided, however, that the City must receive prior notification of such transfer accompanied by a certified copy of the land trust agreement, and the City, Developer and the land trustee shall execute a document granting the City the irrevocable right to approve the land trust documents.

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8.3 Conflict of Interest - City's Representatives Not Individually Liable. In addition to the conflict of interest provisions described in 24 C.F.R. Section 92.356, prior to the issuance of the Certificate by the City with regard to the completion of the final Single Family Home or Two-Flat Building constituting the Project, no member of any City board, commission or agency, or official or employee of the City shall have any personal interest, direct or indirect, in Developer, the Agreement or the Project; nor shall any such member, official or employee participate in any decision relating to the Agreement which affects his or her personal interest or the interests of any corporation, partnership or association in which he or she is directly or indirectly interested. This prohibition shall include those public officials who have exercised any functions or responsibilities with respect to this Project or who are in a position to participate in a decisionmaking process or gain inside information with regard to the Project or to the use of HOME funds generally, or may obtain a financial interest or benefit from this Project, or have an interest in any contract, subcontract, or agreement with respect thereto, or the proceeds therefore, either for themselves or those with whom the officials have family or business ties, during the tenure or employment of said public officials and for a period of one year thereafter. The foregoing shall not be deemed to exclude employees of the City who meet the requirements of the New Homes Program from purchasing Single Family Homes or Two-flat Buildings for their

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primary residences, and who are able to do so pursuant to an ordinance passed by the City Council of the City. No member, official or employee of the City shall be personally liable to Developer, or any successor in interest, to perform any commitment or obligation of the City under the Agreement nor shall any such person be personally liable in the event of any default or breach by the City.

8.4 Survival. All representations and warranties contained in the Agreement are made as of the execution date of the Agreement and the execution, delivery and acceptance hereof by the parties shall not constitute a waiver of rights arising by reasons of any misrepresentation.

8.5 Mutual Assistance. The parties agree to perform their respective obligations, including the execution and delivery of any documents, instruments, petitions and certifications, as may be necessary or appropriate, consistent with the terms and provisions of the Agreement.

8.6 Cumulative Remedies. The remedies of any party hereunder are cumulative and the exercise of any one or more of the remedies provided by the Agreement shall not be construed as a waiver of any of the other remedies of such party unless specifically so provided herein.

8.7 Disclaimer. No provision of the Agreement, nor any act of the City, shall be deemed or construed by any of the parties, or by third persons, to create any relationship of third-party beneficiary, or of principal or agent, or of limited or general

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partnership, or of joint venture, or of any association or relationship involving the City.

8.8 Notices. Any notice called for herein shall be in writing and shall be mailed postage prepaid by registered or certified mail with return receipt requested, or hand delivered and receipted, as follows:

If to the City: Commissioner
 Department of Housing
 318 South Michigan Avenue
 Chicago, Illinois 60604
 Attn: Deputy Commissioner,
 Developer Services

with a copy to: Corporation Counsel
 City of Chicago
 30 North LaSalle Street
 Room 1610
 Chicago, Illinois 60602
 Attn: Real Estate & Land Use Div.

If to Developer: South Shore West Joint Venture
 c/o LakeShore Development and
 Construction Company
 555 West Jackson Boulevard
 Suite 250
 Chicago, Illinois 60661
 Attn: D. Lynier Richardson

Notices are deemed to have been received by the parties three (3) days after mailing. The parties, by notice given hereunder, may designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

8.9 Headings. The headings of the various sections and subsections of the Agreement have been inserted for convenient reference only and shall not in any manner be construed as

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modifying, amending or affecting in any way the express terms and provisions hereof.

8.10 Governing Law. The Agreement shall be governed by and construed in accordance with the laws of the State of Illinois and, where applicable, the laws of the United States of America. In the event of any conflict between this Agreement and the Act and the HOME Regulations, the Act or the HOME Regulations, as applicable, shall control.

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

8.12 Recordation of the Agreement. Upon execution of the Agreement by the parties, the City shall promptly record one original of the Agreement with the Office of the Recorder of Deeds of Cook County, Illinois.

8.13 No Third Party Beneficiary. The approvals given by the City pursuant to the Agreement and the Certificate when issued by the City shall be only for the benefit of Developer, the First Mortgagee or other lien holder, and their successors in interest in the Project and no other person or party may assert against the City or claim the benefit of such approval or certificate.

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8.14 Successors and Assigns. The terms of the Agreement shall be binding upon the City and Developer, and Developer's respective heirs, legal representatives, successors and assigns.

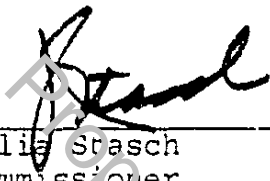
8.15 Severability. If any provision of the Agreement, or any paragraph, sentence, clause, phrase, or word, or the application thereof, in any circumstance, is held invalid, the remainder of the Agreement shall be construed as if such invalid part were never included herein and the Agreement shall be and remain valid and enforceable to the fullest extent permitted by law.

8.16 Counterparts. The Agreement shall be executed in triplicate, each of which shall constitute an original instrument.

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IN WITNESS WHEREOF, the parties hereto have executed or caused the Agreement to be executed, all as of the date first written above.

CITY OF CHICAGO,
an Illinois municipal corporation

By: 
Julie Stasch
Commissioner
Department of Housing

SOUTH SHORE WEST JOINT VENTURE,
an Illinois joint venture

By: LAKESHORE DEVELOPMENT AND CONSTRUCTION COMPANY,
an Illinois corporation,
a partner

By: 
D. Lynier Richardson
President

By: STEVEN LOME,
an individual,
a partner

By: 
Steven Lome

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LIST OF EXHIBITS

- A List of City Lots and Private Lots
- B Legal description of City Lots and Private Lots
- C List of waiver of City fees
- D Working drawings and specifications
- E Form of Deed
- F Schedule of Construction Progress
- G Allocation of City Subsidy Per Unit Type
- H Inspector's certificate
- I Final sales pricing of units
- J List of options
- K Warranty of habitability
- L Marketing Plan

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EXHIBIT A

LIST OF CITY LOTS AND PRIVATE LOTS

<u>Parcel</u>	<u>PIN</u>
1339 East 71st Place	20-26-205-010-0000
1350-60 East 71st Place	20-26-201-031-0000 & 20-26-502-004-0000
1347 East 71st Place	20-26-205-012-0000
1317 East 71st Place	20-26-205-004-0000
1500-1516 East 72nd Place	20-26-211-009-0000 & 20-26-502-006-0000
1320 East 72nd Place	20-26-209-019-0000
1324 East 72nd Place	20-26-209-020-0000
1412 East 72nd Street	20-26-206-017-0000
1425 East 72nd Street	20-26-210-008-0000
1448 - 1450 East 72nd Street	20-26-206-019-0000
1427 East 72nd Street	20-26-210-009-0000
1452 East 72nd Street	20-26-206-020-0000
1506-08 East 72nd Street	20-26-207-012-0000
1450-60 East 72nd Street	20-26-502-008-0000
1414-32 East 72nd Street	20-26-206-018-0000
1500-02 East 72nd Street	20-26-207-011-0000
1450 East 72 Place	20-26-210-027-0000
1454 or 1456 East 72nd Street	20-26-206-021-0000
1452 East 72nd Place	20-26-206-018-0000

Doc # 98328550 Page 83 of 101

EXHIBIT B
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LEGAL DESCRIPTION

STREET ADDRESS: 1320 E. 72ND PL.
CITY: CHICAGO COUNTY: COOK
TAX NUMBER: 20-26-209-019-0000

LEGAL DESCRIPTION:

LOTS 33 AND 34 IN BLOCK 11 IN JOHN G SHORTALL TRUSTEE'S SUBDIVISION OF THE NORTH 1/2 OF THE NORTHEAST 1/4 OF SECTION 26, TOWNSHIP 36 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS

STREET ADDRESS: 1324 E. 72ND PL.
CITY: CHICAGO COUNTY: COOK
TAX NUMBER: 20-26-209-036-0000

LEGAL DESCRIPTION:

LOTS 35 AND 36 IN BLOCK 11 IN JOHN G SHORTALL TRUSTEE'S SUBDIVISION OF THE NORTH 1/2 OF THE NORTHEAST 1/4 OF SECTION 26, TOWNSHIP 38 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS

STREET ADDRESS: 1317 E. 71ST PLACE
CITY: CHICAGO COUNTY: COOK
TAX NUMBER: 20-26-205-004-0000

LEGAL DESCRIPTION:

LOT 17 AND THE EAST 8 1/3 FEET OF LOT 18 IN BLOCK 6 IN THE SUBDIVISION BY JOHN G. SHORTALL TRUSTEE OF THE NORTH 1/2 OF THE NORTH EAST 1/4 OF SECTION 26, TOWNSHIP 38 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS

STREET ADDRESS: 1347 E. 71ST PL.
CITY: CHICAGO COUNTY: COOK
TAX NUMBER: 20-26-205-012-0000

LEGAL DESCRIPTION:

LOT 5 (EXCEPT THE EAST 18 FEET THEREOF) AND LOT 6 IN BLOCK 6 IN JOHN G. SHORTALL TRUSTEE'S SUBDIVISION OF THE NORTH 1/2 OF THE NORTH EAST 1/4 OF SECTION 26, TOWNSHIP 38 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS

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EXHIBIT B

Legal Descriptions for Private Lots

~~LOT 3 AND 4 IN BLOCK 10 IN JOHN G. SHORTALLS' SUBDIVISION OF THE NORTH 1/2 OF~~
LOTS 3 AND 4 IN BLOCK 10 IN JOHN G. SHORTALLS' SUBDIVISION OF THE NORTH 1/2 OF
THE NORTHEAST 1/4 OF SECTION 26, TOWNSHIP 38 NORTH, RANGE 14 EAST OF THE THIRD
PRINCIPAL MERIDIAN, IN COOK COUNTY ILLINOIS.

2026 210 010

Lots seven(7), eight(8), nine(9), ten(10), eleven(11), twelve(12), thirteen(13),
fourteen(14), fifteen(15), sixteen(16), seventeen(17), eighteen(18), nineteen(19),
twenty(20), twenty-one(21), twenty-two(22), twenty-three(23), twenty-four(24),
twenty-five(25), twenty-six(26), Township thirty-eight(38) North, Range fourteen(14) East of the Third Principal
Meridian, according to the plat of said Subdivision as recorded in the Recorder's Office of Cook County,
Illinois.

2026 206 018

A PARCEL OF LAND IN THE EAST 1/2 OF THE NORTHEAST 1/4 OF SECTION 26, TOWNSHIP 38
NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, DESCRIBED AS FOLLOWS:

BEGINNING AT THE INTERSECTION OF THE EAST LINE OF DORCHESTER AVENUE AND THE
NORTHEASTERLY LINE OF LOT 19 IN BLOCK 7 IN JOHN G. SHORTALL TRUSTEES SUBDIVISION OF
THE NORTH 1/2 OF THE NORTHEAST 1/4 OF SECTION 26; THENCE SOUTHEASTERLY ALONG THE
NORTHERLY LINES OF SAID LOT 19, THE 16 FOOT PUBLIC ALLEY AND OF LOTS 23, 24, 25
AND 26 TO THE SOUTHEASTERLY CORNER OF SAID LOT 26 BEING ON THE NORTH LINE OF 72ND
STREET; THENCE EAST ON SAID NORTH LINE TO THE SOUTHWEST CORNER OF LOT 27 IN BLOCK
7; THENCE NORTHWESTERLY ALONG THE SOUTHERLY LINES OF SAID LOT 27, THE 16 FOOT
PUBLIC ALLEY AND OF LOT 16, 17 AND 18 TO THE NORTHWESTERLY CORNER OF LOT 18 AND
THE SOUTH LINE OF 71ST PLACE; THENCE WEST ON SAID SOUTH LINE OF 71ST PLACE TO THE
EAST LINE OF DORCHESTER AVENUE EXTENDED; THENCE SOUTH ON THE EAST LINE OF
DORCHESTER AVENUE EXTENDED TO THE POINT OF BEGINNING, IN COOK COUNTY, ILLINOIS.

2026 502008

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EXHIBIT C

Department of Buildings:

Plan review, permit and field inspection fees are to be paid in full for the first unit of each unit type; the fees paid for each successive unit type would be reduced by 50%. This fee reduction is not applicable to the electrical permit.

Department of Housing:

Trees and sod in parkways are provided on an as-needed basis in coordination with the Department of Transportation's reconstruction of sidewalks, curbs and gutters.

Department of Sewers:

Connection fees are waived.
Inspection fees are waived.

Department of Streets and Sanitation:

Street opening or patching fees, deposits or bonds are not waived at this time.

Department of Transportation:

Curbs, gutters, sidewalks are provided on an as-needed basis. Street and alley repairs or repaving are not provided through the New Homes program.

Department of Water:

Tap fees are waived.
Inspection fees are waived.
Demolition fees for existing water taps are waived.
Water liens against City-owned lots only are waived.
(B-boxes, meters and remote readouts are not waived and need to be purchased.)

Department of Zoning:

Zoning approval is required as part of the building permit process and is covered under the building permit fee schedule described above. However, any private legal work, such as noticing nearby property owners if a zoning change is requested, is not waived.

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April 13, 1998

EXHIBIT D

List of Approved Working Drawings & Specifications

Those certain drawings for New Homes for Chicago - South Shore Joint Venture by Chas. W. Schult & Associates, dated 6/10/94 as approved by the Department of Buildings on December 24, 1997.

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EXHIBIT E

QUITCLAIM DEED

Grantor, the CITY OF CHICAGO, an Illinois municipal corporation ("Grantor"), having its principal office at 121 North LaSalle Street, Chicago, Illinois 60602, for and in consideration of TEN and NO/100 DOLLARS (\$10.00), conveys and quitclaims, pursuant to ordinance adopted January 14, 1998 (C.J.P. 59986-59992) to SOUTH SHORE WEST JOINT VENTURE, an Illinois joint venture ("Grantee"), having its principal office c/o LakeShore Development and Construction Company at 555 West Jackson Boulevard, Suite 250, Chicago, Illinois 60661, all interest and title of Grantor in the following described real property ("Property"):

LEGAL DESCRIPTION

Commonly known as _____,
Chicago, Illinois

Permanent Index No.: _____

Further, this quitclaim deed ("Deed") is made and executed upon, and is subject to certain express conditions and covenants hereinafter contained, said conditions and covenants being a part of the consideration for the Property and are to be taken and construed as running with the land, and Grantee hereby binds itself and its successors, assigns, grantees and lessees to these

THIS TRANSFER IS EXEMPT UNDER THE PROVISIONS OF THE REAL ESTATE TRANSFER TAX ACT, 35 ILCS 305/4(B); AND SECTION 3-32-030B7(b) OF THE MUNICIPAL CODE OF CHICAGO.

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covenants and conditions, which covenants and conditions are as follows:

FIRST: Grantee shall devote the Property only to the uses authorized by Grantor and specified in the applicable provisions of: (i) The New Homes For Chicago Program, approved by the City Council of the City of Chicago by ordinance adopted June 7, 1990 ("Program"), as amended, and (ii) that certain agreement known as "Redevelopment Agreement, New Homes For Chicago Program, South Shore West Joint Venture - Phase III" ("Agreement") entered into between Grantor and Grantee on March ____, 1998 and recorded with the Office of the Recorder of Deeds of Cook County, Illinois on ____, 1998 as document #98____. Specifically, in accordance with the terms of the Agreement, Grantee shall construct a single family home ("Single Family Home") or a two-flat building ("Two-flat Building") on the Property to be sold to the initial homebuyer for a price not to exceed the ceiling base price (excluding options or extras) of \$130,000 for a Single Family Home, unless such Single Family Home is a HOME Unit (as such term is defined in the Redevelopment Agreement), then the base price shall not exceed \$110,000, and in the case of a Two-flat Building, for a price not to exceed the ceiling base price (excluding options or extras) of \$180,000; all as further described in subsection 5.1 of the Agreement. In addition, as further described in the Agreement, if the Single Family Home to be constructed by Grantee is a HOME Unit, Grantee shall construct the HOME Unit and otherwise perform its obligations under the Agreement, in accordance with the Cranston-Gonzalez National Affordable Housing Act, 42 U.S.C. Sect. 12701 et seq. (1992) and the regulations promulgated thereto in 24 C.F.R. Part 92, and any amendments thereto, which govern the use of "HOME funds" by Grantee.

SECOND: Grantee shall pay real estate taxes and assessments on the Property or any part thereof when due. Prior to the issuance by Grantor of a Certificate of Compliance (as hereinafter defined), Grantee shall not encumber the Property, except to secure financing solely to obtain the First Mortgage (as such term is defined in the Agreement). Grantee shall not suffer or permit any levy or attachment to be made or any other encumbrance or lien to attach to the Property until Grantor issues a Certificate of Compliance (unless Grantee has taken such appropriate action to cause the Title Company (as such term is described in the Agreement) to insure over any title encumbrances caused by such liens or claims).

THIRD: Grantee shall construct the Single Family Home or Two-flat Building, as the case may be, in accordance with the terms of the Agreement. Grantee shall diligently proceed with the construction of the Single Family Home or Two-flat Building to completion, which construction shall commence within three (3) months from the date of conveyance of the Deed by Grantor to Grantee, and shall be completed by Grantee within the time frame described in the Agreement.

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FOURTH: Until Grantor issues the Certificate, Grantee shall have no right to convey any right, title or interest in the Property without the prior written approval of Grantor; excepting as provided for in subsection 8.2 of the Agreement.

FIFTH: Grantee agrees for itself and any successor in interest not to discriminate based upon race, religion, color, sex, national origin or ancestry, age, handicap, sexual orientation, military status, parental status or source of income in the sale of the Property.

SIXTH: Grantee shall comply with those certain employment obligations described in section 7 of the Agreement.

The covenants and agreements contained in the covenants numbered **FIRST** and **FIFTH** shall remain without any limitation as to time. The covenants and agreements contained in covenants numbered **SECOND**, **THIRD**, **FOURTH** and **SIXTH** shall terminate on the date Grantor issues the Certificate of Compliance as herein provided except that the termination of the covenant numbered **SECOND** shall in no way be construed to release Grantee from its obligation to pay real estate taxes and assessments on the Property or any part thereof.

In the event that subsequent to the conveyance of the Property and prior to delivery of the Certificate of Compliance by Grantor, Grantee defaults in or breaches any of the terms or conditions described in subsection 6.3(b)(2), (4), (8), (9) or (10) of the Agreement or covenants **FIRST** and **THIRD** in the Deed which have not been cured or remedied within the period and in the manner provided for in the Agreement, Grantor may re-enter and take possession of the Property, terminate the estate conveyed by the Deed to Grantee as well as Grantee's right of title and all other rights and interests in and to the Property conveyed by the Deed to Grantee, and revest title in said Property with the City; provided, however, that said revesting of title in the City shall always be limited by, and shall not defeat, render invalid, or limit in any way, the lien of the First Mortgage (as defined in the Agreement) for the protection of the holders of the First Mortgage. The Property shall thereafter be developed in accordance with the terms of the Program and the Agreement, including but not limited to, section 6.3(d) of the Agreement.

Notwithstanding any of the provisions of the Deed or the Agreement, including but not limited to those which are intended to be covenants running with the land, the holder of the First Mortgage or a holder who obtains title to the Property as a result of foreclosure of the First Mortgage shall not be obligated by the provisions of the Deed or the Agreement to construct or complete the construction of the Single Family Home, the HOME Unit, or the Two-flat Building, as the case may be, or guarantee such construction or completion, nor shall any covenant or any other provision in the Deed or the Agreement be construed to so