

Contract Summary Sheet

Contract (PO) Number: 16579

Specification Number: 62465

Name of Contractor: LAWNDALE H & A BOND LP

City Department: PLANNING & DEVELOPMENT

Title of Contract: Rehab: 1136 - 1142 S. Central Park Ave.

Term of Contract: Start Date: 12/31/2007

End Date: 12/31/2023

Dollar Amount of Contract (or maximum compensation if a Term Agreement) (DUR):
\$8,950,000.00

Brief Description of Work: Rehab: 1136 - 1142 S. Central Park Ave.

Procurement Services Contract Area: COMPTROLLER-OTHER

Vendor Number: 50111022

Submission Date:

JAN 14 2008

JAN 25 2008

SECTION 5. This ordinance shall be effective as of the date of its passage and approval.

AUTHORIZATION FOR ISSUANCE, SALE AND DELIVERY OF CITY OF
CHICAGO MULTI-FAMILY HOUSING REVENUE BONDS (LAWNDALE
RESTORATION APARTMENTS PROJECT) SERIES 2007A AND
2007B AND PROVISION OF TAX INCREMENT FINANCING
FOR BENEFIT OF LAWNDALE H&A BOND, L.P. AND
LAWNDALE H&A BOND DEVELOPMENT, L.L.C.
FOR ACQUISITION, CONSTRUCTION,
REHABILITATION AND EQUIPPING
OF AFFORDABLE HOUSING
WITHIN LAWNDALE
COMMUNITY
AREA.

The Committee on Finance submitted the following report:

CHICAGO, September 27, 2007.

To the President and Members of the City Council:

Your Committee on Finance, having had under consideration an ordinance authorizing the issuance of City of Chicago Multi-Family Housing Revenue Bonds, (Lawndale Restoration Apartments Project), Series 2007A and 2007B, and to enter into and execute a redevelopment agreement with Lawndale H&A Bond, L.P. and Lawndale H&A Bond Development, L.L.C., amount of bonds not to exceed: \$19,000,000, having had the same under advisement, begs leave to report and recommend that Your Honorable Body *Pass* the proposed ordinance transmitted herewith.

This recommendation was concurred in by a viva voce vote of the members of the Committee.

Alderman Edward M. Burke abstained from voting pursuant to Rule 14 of the City Council's Rules of Order and Procedure.

Respectfully submitted,

(Signed) EDWARD M. BURKE,
Chairman.

On motion of Alderman Burke, the said proposed ordinance transmitted with the foregoing committee report was *Passed* by yeas and nays as follows:

Yeas -- Aldermen Flores, Fioretti, Dowell, Preckwinkle, Hairston, Lyle, Jackson, Harris, Beale, Pope, Balcer, Cárdenas, Olivo, Foulkes, Thomas, Lane, Rugai, Cochran, Brookins, Muñoz, Zalewski, Dixon, Solis, Ocasio, Burnett, E. Smith, Carothers, Reboyras, Suarez, Waguespack, Mell, Austin, Colón, Banks, Mitts, Allen, Laurino, O'Connor, Doherty, Reilly, Daley, Tunney, Levar, Shiller, Schulter, M. Smith, Moore -- 47.

Nays -- None.

Alderman Carothers moved to reconsider the foregoing vote. The motion was lost.

Alderman Burke invoked Rule 14 of the City Council's Rules of Order and Procedure, disclosing that he had represented parties to this ordinance in previous and unrelated matters.

The following is said ordinance as passed:

WHEREAS, By virtue of Section 6(a) of Article VII of the 1970 Constitution of the State of Illinois, the City of Chicago (the "City") is a home rule unit of local government and, as such, may exercise any power and perform any function pertaining to its government and affairs; and

WHEREAS, As a home rule unit and pursuant to the Constitution, the City is authorized and empowered to issue multi-family housing revenue bonds for the purpose of financing the cost of acquiring, constructing, rehabilitating and equipping an affordable multi-family housing facility for low- and moderate-income families located in the City; and

WHEREAS, By this ordinance, the City Council of the City (the "City Council") has determined that it is necessary and in the best interests of the City to provide financing to Lawndale H&A Bond, L.P., an Illinois limited partnership (the

"Borrower"), the general partner of which is Lawndale H&A Bond Development, L.L.C., an Illinois limited liability company (the "General Partner" and, together with the Borrower, the "Developer"), the members of which are Holsten Real Estate Development Corporation, an Illinois corporation, and ACORN Housing Corporation of Illinois, an Illinois not-for-profit corporation, and the limited partners of which are to be selected, to pay or reimburse a portion of the costs of acquiring, constructing, rehabilitating and equipping of low-income residential facilities consisting of ten (10) buildings containing an aggregate of approximately One Hundred Seventy (170) residential dwelling units and related common facilities located in the City generally at 4118 West 15th Street, 1136 -- 1142 South Central Park Avenue/3601 -- 3609 West Grenshaw Street, 1259 South Central Park Avenue, 3122 West Douglas Boulevard, 3206 West Douglas Boulevard, 3219 -- 3229 West Douglas Boulevard, 3234 West Douglas Boulevard, 3239 West Douglas Boulevard, 1501 South Kedzie Avenue and 3900 West Wilcox Street (collectively, the "Developments"), and to pay a portion of the costs of issuance and other costs in connection therewith; and

WHEREAS, By this ordinance, the City Council has determined that it is necessary and in the best interests of the City to borrow money for the purposes set forth above and in evidence of its limited, special obligation to repay that borrowing, to issue (i) one or more series of tax-exempt revenue bonds to be designated Multi-Family Housing Revenue Bonds (Lawndale Restoration Apartments Project), Series 2007A (the "Series 2007A Bonds") and (ii) one or more series of tax-exempt revenue bonds to be designated Multi-Family Housing Revenue Bonds (Lawndale Restoration Apartments Project), Series 2007B (the "Series 2007B Bonds" and together with the Series 2007A Bonds, the "Bonds"); and

WHEREAS, The principal and interest on the Bonds will be secured by, among other things, a mortgage on the Developments and certain other related collateral and by certain capital contributions to be made to the Borrower by its investor member(s) in connection with the allocation to the Borrower of federal low-income housing tax credits; and

WHEREAS, The Bonds and the obligation to pay interest thereon do not now and shall never constitute an indebtedness of or an obligation of the City, the State of Illinois or any political subdivision thereof, within the purview of any Constitutional limitation or statutory provision, or a charge against the general credit or taxing powers of any of them. No owner of the Bonds shall have the right to compel the taxing power of the City, the State of Illinois or any political subdivision thereof to pay any principal installment of, premium, if any, or interest on the Bonds.

WHEREAS, In connection with the issuance of the Bonds, the City Council has determined by this ordinance that it is necessary and in the best interests of the City to enter into (i) a Trust Indenture to provide for the financing of the Developments (the "Indenture") between the City and a trustee (the "Trustee") to be selected by an Authorized Officer (as defined below), providing for the security for and terms and conditions of the Bonds to be issued thereunder, (ii) a Loan

Agreement (the "Loan Agreement") among the City, the Borrower and the Trustee providing for the loan of the proceeds of the Bonds to the Borrower and the use of such proceeds, (iii) one or more bond placement agreements among the City, the Borrower and one or more placement agents and/or one or more sale agreements among the City, the Borrower and one or more purchasers of the Bonds (in each case, a "Bond Purchase Agreement") providing for the sale of the Bonds and the preparation and circulation, if necessary, of one or more private placement memoranda for the Bonds or, alternatively, another type of disclosure document prepared in connection with the offer and sale of such Bonds (in either case, a "Private Placement Memorandum"), (iv) one or more Tax Regulatory Agreements (each, a "Tax Agreement" and collectively, the "Tax Agreements") among the City, the Trustee and the Borrower, and (v) one or more Land-Use Restriction Agreements among the City, the Borrower and the Trustee (each, a "Land-Use Restriction Agreement" and collectively, the "Land-Use Restriction Agreements"); and

WHEREAS, The City has established the Community Development Commission ("Commission") to, among other things, designate redevelopment areas and approve redevelopment plans, and recommend the sale of parcels located in redevelopment areas, subject to the approval of the City Council; and

WHEREAS, Pursuant to an ordinance adopted by the City Council on May 17, 2000, and published at pages 30775 through 30925 in the *Journal of the Proceedings of the City Council of the City of Chicago* (the "*Journal*") of such date, a certain redevelopment plan and project (the "Redevelopment Plan") for the Midwest Redevelopment Project Area (the "Redevelopment Area") was approved pursuant to the Illinois Tax Increment Allocation Redevelopment Act, as amended (65 ILCS 5/11-74.4-1, et seq.) (the "Act"); and

WHEREAS, Pursuant to an ordinance adopted by the City Council on May 17, 2000, and published at pages 30926 through 30939 in the *Journal* of such date, the Redevelopment Area was designated as a redevelopment project area pursuant to the Act; and

WHEREAS, Pursuant to an ordinance (the "T.I.F. Ordinance") adopted by the City Council on May 17, 2000, and published at pages 30940 through 30953 in the *Journal* of such date, tax increment allocation financing was adopted pursuant to the Act as a means of financing certain redevelopment project costs (as defined in the Act) in the Redevelopment Area incurred pursuant to the Redevelopment Plan; and

WHEREAS, Each of the low-income residential facilities comprising the Developments (other than the facilities located at 4118 West 15th Street and 3900 West Wilcox Street, consisting of approximately twenty-seven (27) units are located in the Redevelopment Area (such facilities referred to as the "T.I.F. Development"); and

WHEREAS, By Resolution Number 07-CDC-20, adopted on March 13, 2007 (the "C.D.C. Resolution"), the Commission has designated that the Developer be designated as developer for the T.I.F. Development and that the Department of Planning and Development ("D.P.D.") and the Department of Housing ("D.O.H.") be authorized to negotiate, execute and deliver on behalf of the City a redevelopment agreement with the Developer for the T.I.F. Development (the "Redevelopment Agreement"), substantially in the form attached hereto as Exhibit B; and

WHEREAS The T.I.F. Development is necessary for the redevelopment of the Redevelopment Area; and

WHEREAS, The Borrower will be obligated to undertake the T.I.F. Development in accordance with the terms and conditions of the Redevelopment Agreement, with such T.I.F. Development to be financed in part by certain pledged incremental taxes deposited from time to time in the Special Tax Allocation Fund for the Area (as defined in the T.I.F. Ordinance; herein defined as the "Fund") pursuant to Section 5/11-74.4-8(b) of the Act ("Incremental Taxes"); now, therefore,

Be It Ordained by the City Council of the City of Chicago, as follows:

SECTION 1. Incorporation Of Recitals. The recitals contained in the preambles to this ordinance are hereby incorporated into this ordinance by this reference. All capitalized terms used in this ordinance, unless otherwise defined herein, shall have the meanings ascribed thereto in the Indenture.

SECTION 2. Findings And Determinations. The City Council hereby finds and determines that the delegations of authority that are contained in this ordinance, including the authority to make the specific determinations described herein, are necessary and desirable because the City Council cannot itself as advantageously, expeditiously or conveniently exercise such authority and make such specific determinations. Thus, authority is granted to each Authorized Officer to determine to sell the Series 2007A Bonds and the Series 2007B Bonds on such terms as and to the extent such officer determines that such sale or sales is desirable and in the best financial interest of the City. Any such designation and determination by an Authorized Officer shall be signed in writing by such Authorized Officer and filed with the City Clerk and shall remain in full force and effect for all purposes of this ordinance unless and until revoked, such revocation to be signed in writing by an Authorized Officer and filed with the City Clerk.

SECTION 3. Authorization Of Bonds. The issuance of (i) the Series 2007A Bonds in an aggregate principal amount of not to exceed Seven Million Dollars (\$7,000,000) and (ii) the Series 2007B Bonds in an aggregate principal amount of not to exceed Twelve Million Dollars (\$12,000,000) is hereby authorized. The aggregate principal amount of the Bonds to be issued shall be as set forth in the Notification of Sale referred to below.

The Bonds shall contain a provision that they are issued under authority of this ordinance. The Series 2007A Bonds shall not mature later than forty (40) years after the date of issuance thereof. The Series 2007B Bonds shall not mature later than seven (7) years after the date of issuance thereof. The Bonds shall bear interest at a rate or rates not to exceed eighteen percent (18%), payable on the interest payment dates as set forth in the Indenture and in the Notification of Sale. The Bonds shall be dated, shall be subject to redemption prior to maturity, shall be payable in such places and in such manner and shall have such other details and provisions as prescribed by the Indenture, the form of the Bonds therein and the Notification of Sale.

The Series 2007B Bonds shall bear interest (computed from time to time at such rates and on such basis as shall be determined by reference to an established market index as shall be identified in the Indenture) payable on such dates as shall be determined by such Authorized Officer at the time of sale of such Series 2007B Bonds and specified in the indenture.

The provisions for execution, signatures, authentication, payment and prepayment, with respect to the Bonds shall be as set forth in the Indenture and the form of the Bonds therein.

Each of (i) the Mayor of the City (the "Mayor"), (ii) the Chief Financial Officer of the City (as defined below) or (iii) any other officer designated in writing by the Mayor (the Mayor, the Chief Financial Officer or any such other officer being referred to as an "Authorized Officer") is hereby authorized to execute and deliver the Indenture on behalf of the City, in substantially the form attached hereto as Exhibit C, as determined in the notification of sale, and made a part hereof and hereby approved with such changes therein as shall be approved by the Authorized Officer executing the same, with such execution to constitute conclusive evidence of such officer's approval and the City Council's approval of any changes or revisions from the form of the Indenture attached to this ordinance.

As used herein, the term "Chief Financial Officer" shall mean the Chief Financial Officer of the City appointed by the Mayor, or, if there is no such officer then holding said office, the City Comptroller.

Each Authorized Officer is hereby authorized to act as an authorized issuer representative (each an "Authorized Issuer Representative") of the City for the purposes provided in the Indenture.

An Authorized Officer is hereby authorized to execute and deliver the loan agreement on behalf of the City, in substantially the form attached hereto as Exhibit D, and made a part hereof and hereby approved with such changes therein as shall be approved by the Authorized Officer executing the same, with such execution to constitute conclusive evidence of such Authorized Officer's approval and the City Council's approval of any changes or revisions from the form of the loan agreement attached to this ordinance.

An Authorized Officer is hereby authorized to execute and deliver the land-use restriction agreements on behalf of the City, each land-use restriction agreement to be in substantially the form attached hereto as Exhibit E and made a part hereof and hereby approved with such changes therein as shall be approved by the Authorized Officer executing the same, with such execution to constitute conclusive evidence of such officer's approval of any changes or revisions from the form of land-use restriction agreement attached to this ordinance.

An Authorized Officer is hereby authorized to execute and deliver one or more tax agreements on behalf of the City, in substantially the form of tax agreements used in previous issuances of tax-exempt bonds pursuant to programs similar to the Bonds, with appropriate revisions to reflect the terms and provisions of the Bonds and the applicable provisions of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder, and with such other revisions in text as the Authorized Officer executing the same shall determine are necessary or desirable in connection with the exclusion from gross income for federal income tax purposes of interest on the Bonds. The execution of a tax agreement by the Authorized Officer shall be deemed conclusive evidence of the approval of the City Council to the terms provided in the tax agreement.

SECTION 4. Security For The Bonds. The Bonds shall be limited obligations of the City, payable solely from and/or secured by (i) mortgages on the Developments and related collateral, (ii) certain capital contributions to be made to the Borrower by its investor limited partner(s) in connection with the allocation to the Borrower of federal low-income housing tax credits, payments made under the redevelopment agreement and certain other funds pledged under the Indenture, (iii) all right, title and interest of the City (other than certain reserved rights of the City, as described in the loan agreement) in the loan agreement, (iv) guarantees from certain of the principals of the Borrower and (v) the proceeds of the Bonds and income from the temporary investment thereof, as provided in the indenture. In order to secure the payment of the principal of, premium, if any, and interest on the Bonds, such rights, proceeds and investment income are hereby pledged to the extent and for the purposes as provided in the indenture and are hereby appropriated for the purposes set forth in the indenture. Nothing contained in this ordinance shall limit or restrict the subordination of the pledge of such rights, proceeds and investment income as set forth in the indenture to the payment of any other obligations of the City enjoying a lien or claim on such rights, proceeds and investment income as of the date of issuance of the Bonds, all as shall be determined by the Authorized Officer at the time of the sale of the Bonds. The Indenture shall set forth such covenants with respect to the application of such rights, proceeds and investment income as shall be deemed necessary by the Authorized Officer in connection with the sale of the issued thereunder.

SECTION 5. Sale And Delivery Of Bonds. The Bonds shall be sold and delivered upon the direction of one or more placement agents (the "Placement Agent") to one or more investors, each to be selected by an Authorized Officer,

subject to the terms and conditions of the related bond purchase agreement. An Authorized Officer is authorized to execute and deliver on behalf of the City, with the concurrence of the Chairman of the Committee on Finance of the City Council, one or more bond purchase agreements in substantially the form of bond placement agreements and/or bond purchase agreements used in previous sales of bonds pursuant to programs similar to the Bonds, with appropriate revisions to reflect the terms and provisions of the Bonds and the fact that the Bonds may be sold to certain institutional investors, and with such other revisions in text as the Authorized Officer shall determine are necessary or desirable in connection with the sale of the Bonds. The execution of each bond purchase agreement by the Authorized Officer shall be deemed conclusive evidence of the approval of the City Council to the terms provided in the bond purchase agreement. The distribution of a private placement memorandum to prospective purchasers of the Bonds and the use thereof by the Placement Agent in connection with the offering and sale of the Bonds are hereby authorized, provided that the City shall not be responsible for the content of a private placement memorandum except as specifically provided in each bond purchase agreement executed by the Authorized Officer, and provided further that, if the Bonds are sold directly to institutional investors, the City may forego the use of a private placement memorandum, but only if such institutional investors execute and deliver to the City "sophisticated investor" letters satisfactory to the Authorized Officer. The aggregate compensation paid to the Placement Agent and/or one or more purchasers of the bonds in connection with the sale of the Bonds shall not exceed three percent (3%) of their aggregate principal amount. In connection with the offer and delivery of the Bonds, the Authorized Officer, and such other officers of the City as may be necessary, are authorized to execute and deliver such instruments and documents as may be necessary to implement the transaction and to effect the issuance and delivery of the Bonds. Any limitation on the amount of Bonds issued pursuant to this ordinance as set forth herein shall be exclusive of any original issue discount or premium.

SECTION 6. Notification Of Sale. Subsequent to the sale of any Bonds, the Authorized Officer shall file in the Office of the City Clerk a notification of sale for such Bonds directed to the City Council setting forth (i) the aggregate original principal amount of, maturity schedule, redemption provisions for and nature of the Bonds sold, (ii) the extent of any tender rights to be granted to the holder of the Bonds, (iii) the identity of the Trustee, (iv) the interest rates on the Bonds or, in the case of Series 2007B Bonds, a description of the method of determining the interest rate applicable to such Series 2007B Bonds from time to time, (v) the identity of any Placement Agents and/or institutional investors who purchase the Bonds directly from the City or through the Placement Agent, (vi) the compensation paid to the Placement Agent or the institutional purchasers in connection with such sale, and (vii) any other matter authorized by this ordinance to be determined by an Authorized Officer at the time of the sale of any Bonds. There shall be attached to such notification the final form of the indenture and the loan agreement.

SECTION 7. Use Of Proceeds. The proceeds from the sale of the Bonds shall be deposited as provided in the indenture and used for the purposes set forth in the second paragraph of the recitals of this ordinance.

SECTION 8. Proxies. Each Authorized Officer may designate another to act as their respective proxy and to affix their respective signatures to each Bond, whether in temporary or definitive form, and to any other instrument, certificate or document required to be signed by such Authorized Officer pursuant to this ordinance or an indenture. In each case, each shall send to the City Council written notice of the person so designated by each, such notice stating the name of the person so selected and identifying the instruments, certificates and documents which such person shall be authorized to sign as proxy for the Mayor and the Authorized Officer, respectively. A written signature of the Mayor or the Authorized Officer, respectively, executed by the person so designated underneath, shall be attached to each notice. Each notice, with signatures attached, shall be recorded in the *Journal of the Proceedings of the City Council of the City of Chicago* and filed with the City Clerk. When the signature of the Mayor is placed on an instrument, certificate or document at the direction of the Mayor in the specified manner, the same, in all respects, shall be as binding on the City as if signed by the Mayor in person. When the signature of the Authorized Officer is so affixed to an instrument, certificate or document at the direction of the Authorized Officer in the specified manner, the same, in all respects, shall be as binding on the City as if signed by the Authorized Officer in person.

SECTION 9. Volume Cap. The Bonds are obligations taken into account under Section 146 of the Internal Revenue Code of 1986, as amended, in the allocation of the City's volume cap.

SECTION 10. Redevelopment Agreement. The Commissioner of D.P.D. (the "D.P.D. Commissioner") and a designee of the Commissioner of D.P.D. (collectively, the "D.P.D. Authorized Officer"), are each hereby authorized, with the approval of the City's Corporation Counsel as to form and legality, to negotiate, execute and deliver the redevelopment agreement and such other supporting documents as may be necessary to carry out and comply with the provisions of the redevelopment agreement, with such changes, deletions and insertions as shall be approved by the persons executing the redevelopment agreement.

SECTION 11. Incremental Taxes. The City Council hereby finds that the City is authorized to pay Eight Million Nine Hundred Fifty Thousand Dollars (\$8,950,000) from Incremental Taxes deposited in the General Account of the Fund (the "Excess Incremental Taxes") as the City Funds (as defined in the redevelopment agreement) to finance a portion of the eligible costs included within the Project. The City is authorized to pay from Excess Incremental Taxes an amount up to Eight Million Nine Hundred Fifty Thousand Dollars (\$8,950,000) as the City Funds as set forth in the redevelopment agreement. The City Funds are hereby appropriated for the purposes set forth in this Section 11.

SECTION 12. Additional Authorization. Each Authorized Officer, the City Treasurer, the Commissioner of D.O.H. and a designee of the Commissioner of D.O.H., each D.P.D. Authorized Officer, the City Clerk and the Deputy City Clerk are each hereby authorized to execute and deliver such other documents and agreements, including, without limitation, any documents necessary to evidence the receipt or assignment of any collateral for the Bonds from the Borrower, and perform such other acts as may be necessary or desirable in connection with the Bonds, including, but not limited to, the exercise following the delivery date of the Bonds of any power or authority delegated to such official under this ordinance with respect to the Bonds upon original issuance, but subject to any limitations on or restrictions of such power or authority as herein set forth.

SECTION 13. Developer Designation. The Developer is hereby designated as the developer for the Project pursuant to Section 5/11-74.4-4 of the Act.

SECTION 14. Separability. If any provision of this ordinance shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such provision shall not affect any of the remaining provisions of this ordinance.

SECTION 15. Fee Waivers, Et Cetera. The City shall waive those certain fees, if applicable, imposed by the City with respect to the Developments and as more fully described in Exhibit A attached hereto. The Developments shall be deemed to qualify as "Affordable Housing" for purposes of Chapter 16-18 of the Municipal Code of Chicago (the "Municipal Code"). Section 2-44-090 of the Municipal Code shall not apply to the Developments.

SECTION 16. Administrative Fee. D.O.H. is hereby authorized to charge an administrative fee or fees in connection with the issuance of the Bonds, which shall be collected under such terms and conditions as determined by the Commissioner of D.O.H. and which shall be in an amount as determined by the Commissioner of D.O.H. but not to exceed the maximum amount permitted under Section 148 of the Code to avoid characterization of the bonds as "arbitrage bonds" as defined in such Section 148. Such administrative fee or fees shall be used by D.O.H. for administrative expenses and other housing activities.

SECTION 17. Inconsistent Provisions. All ordinances, resolutions, motions or orders in conflict with this ordinance are hereby repealed to the extent of such conflict.

SECTION 18. No Recourse. No recourse shall be had for the payment of the principal of, premium, if any, or interest on any of the Bonds or for any claim based thereon or upon any obligation, covenant or agreement contained in this ordinance, the indenture, the loan agreement, the bond purchase agreements, the land-use restriction agreements, the redevelopment agreement, or the tax agreements against any past, present or future officer, member or employee of the City, or any officer, employee, director or trustee of any successor, as such, either directly or through

the City, or any such successor, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such member, officer, employee, director or trustee as such is hereby expressly waived and released as a condition of and consideration for the execution of the Indenture, the loan agreement, the bond purchase agreements, the land-use restriction agreements, the redevelopment agreement, and the tax agreements and the issuance of the Bonds.

SECTION 19. No Impairment. To the extent that any ordinance, resolution, rule, order or provision of the Municipal Code, or part thereof, is in conflict with the provisions of this ordinance, the provisions of this ordinance shall be controlling. If any section, paragraph, clause or provision of this ordinance shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the other provisions of this ordinance. No provision of the Municipal Code or violation of any provision of the Municipal Code shall be deemed to render voidable at the option of the City any document, instrument or agreement authorized hereunder or to impair the validity of this ordinance or the instruments authorized by this ordinance or to impair the rights of the owners of the Bonds to receive payment of the principal of or interest on the Bonds or to impair the security for the Bonds; provided further that the foregoing shall not be deemed to affect the availability of any other remedy or penalty for any violation of any provision of the Municipal Code.

SECTION 20. Effective Date. This ordinance shall be in full force and effect immediately upon its passage and approval.

Exhibits "A", "B", "C", "D" and "E" referred to in this ordinance reads as follows:

Exhibit "A".
(To Ordinance)

Fee Waivers.

Department Of Construction And Permits.

Waiver of Plan Review, Permit and Inspection Fees:

A. Building Permit:

Zoning.

Construction/Architectural/Structural.

Internal Plumbing.

H.V.A.C.

Water for Construction.

Smoke Abatement.

B. Electrical Permit:

Service and Wiring.

C. Elevator Permit (if applicable).

D. Wrecking Permit (if applicable).

E. Fencing Permit (if applicable).

F. Fees for the review of building plans for compliance with accessibility codes by the Mayor's Office for People with Disabilities imposed by Section 13-32-310(2) of the Municipal Code of Chicago.

Department Of Water Management.

Tap Fees.

Cut and Seal Fees.

(Fees to purchase B-boxes and remote readouts are not waived.)

Permit (connection) and Inspection Fees.

Sealing Permit Fees.

Department Of Transportation.

Street Opening Fees.

Driveway Permit Fees.

Use of Public Way Fees.

Exhibit "B".
(To Ordinance)

*Lawndale Restoration Apartments
Redevelopment Agreement.*

This Lawndale Restoration Apartments Redevelopment Agreement (this "Agreement") is made as of this first (1st) day of _____ 20____, by and between the City of Chicago, an Illinois municipal corporation (the "City"), through its Department of Planning and Development ("D.P.D."), Lawndale H&A Bond, L.P., an Illinois limited partnership ("H&A"), and Lawndale H&A Bond Development, L.L.C., an Illinois limited liability company ("Lawndale H&A Bond Development" and collectively with H&A, the "Developer").

Recitals.

A. Constitutional Authority. As a home rule unit of government under Section 6(a), Article VII of the 1970 Constitution of the State of Illinois (the "State"), the City has the power to regulate for the protection of the public health, safety, morals and welfare of its inhabitants, and pursuant thereto, has the power to encourage private development in order to enhance the local tax base, create employment opportunities and to enter into contractual agreements with private parties in order to achieve these goals.

B. Statutory Authority. The City is authorized under the provisions of the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1, et seq., as amended from time to time (the "Act"), to finance projects that eradicate blighted conditions and conservation area factors through the use of tax increment allocation financing for redevelopment projects.

C. City Council Authority. To induce redevelopment pursuant to the Act, the City Council of the City (the "City Council") adopted the following ordinances on May 17, 2000: (1) "Approval of Midwest Tax Increment Redevelopment Plan for Redevelopment Project Area"; (2) "Designation of Midwest Redevelopment Area as Tax Increment Financing District"; and (3) "Adoption of Tax Increment Allocation Financing for Midwest Redevelopment Project Area" (the "T.I.F. Adoption Ordinance"), (collectively referred to herein as the "T.I.F. Ordinances"). The redevelopment project area referred to above (the "Redevelopment Area") is legally described in (Sub)Exhibit A hereto.

D. The Project. The Developer intends to commence and complete rehabilitation of one hundred forty-three (143) affordable multi-family rental units (the "Facility") with respect to certain property owned by H&A located within the Redevelopment Area located in the City generally at 1136 -- 1142 South Central Park Avenue/3601 -- 3609 West Grenshaw Street, 1259 South Central Park Avenue, 3122 West Douglas Boulevard, 3206 West Douglas Boulevard, 3219 -- 3229 West Douglas Boulevard, 3234 West Douglas Boulevard, 3239 West Douglas Boulevard and 1501 South Kedzie Avenue and legally described on (Sub)Exhibit B hereto (the "Property"), within the time frames set forth in Section 3.01 hereof. The Facility and related improvements (including but not limited to those T.I.F.-Funded Improvements as defined below and set forth on (Sub)Exhibit C) are collectively referred to herein as the "Project". The completion of the Project would not reasonably be anticipated without the financing contemplated in this Agreement.

E. Redevelopment Plan. The Project is located in the Redevelopment Area and will be carried out in accordance with this Agreement and the City of Chicago Midwest Tax Increment Financing Redevelopment Plan (the "Redevelopment Plan") attached hereto as (Sub)Exhibit D.

F. City Financing. The City agrees to use, in the amounts set forth in Section 4.03(iii) hereof, Available Incremental Taxes (as defined below), to pay for or reimburse the Developer for the costs of T.I.F.-Funded Improvements pursuant to the terms and conditions of this Agreement. The City, as of the Closing Date, shall allocate and appropriate the amounts set forth in Section 4.03(iii) for payment of the Redevelopment Project Costs of the Project.

In addition, the City may, in its discretion, issue tax increment allocation bonds ("T.I.F. Bonds") secured by Available Incremental Taxes (as defined below) pursuant to a T.I.F. bond ordinance (the "T.I.F. Bond Ordinance") at a later date as described in Section 4.03(d) hereof, the proceeds of which (the "T.I.F. Bond Proceeds") may be used to pay for the costs of the T.I.F.-Funded Improvements not previously paid for from Incremental Taxes, or in order to reimburse the City for the costs of T.I.F.-Funded Improvements.

G. Prior T.I.F. Financing. Pursuant to a bond ordinance adopted by the City Council on December 13, 2006 the City issued Three Hundred Fifty-six Million Five Thousand Dollars (\$356,005,000) in aggregate principal amount of General Obligation Bonds Series 2007 A-K (Modern Schools Across Chicago Project), for which ad valorem taxes levied for repayment will be abated with, along with incremental taxes from various other redevelopment project areas, Incremental Taxes (the "Modern Schools Bonds").

Pursuant to a note ordinance adopted by the City Council on October 31, 2001, the City issued its Tax Increment Allocation Revenue Note (Midwest Redevelopment Project) Taxable Series 2002, dated March 5, 2002, in the amount of Four Million Nine Hundred Thousand Dollars (\$4,900,000) to Harris Bank, secured by the pledge of certain Incremental Taxes for the payment of redevelopment project costs in connection with the Small Business Improvement Fund and the Neighborhood Improvement Program (the "Harris Bank Note").

Pursuant to an ordinance adopted by the City Council on June 24, 2004, the City entered into a redevelopment agreement with Liberty Square Limited., dated as of June 1, 2004, whereby the City pledged certain Incremental Taxes for the payment of redevelopment project costs in connection with the Liberty Square Redevelopment Project in an amount not to exceed One Million Nine Hundred Thousand Dollars (\$1,900,000) from the incremental taxes generated by the parcels occupying the Liberty Square Redevelopment Project (the "Liberty Square Obligation").

Pursuant to an ordinance adopted by the City Council on June 13, 2007, the City entered into a redevelopment agreement with RPA Limited Partnership, dated as of July 1, 2007, whereby the City pledged certain Incremental Taxes for the payment of redevelopment project costs in connection with the Renaissance Place Apartments Redevelopment Project in an amount not to exceed Two Million Dollars (\$2,000,000) (the "Renaissance Place Apartments Obligation").

Pursuant to a note ordinance adopted by the City Council on April 6, 2005, the City entered into a redevelopment agreement with New West Kedzie, L.L.C., dated April 11, 2006, whereby the City issued its Tax Incremental Allocation Revenue Note (Midwest Redevelopment Project), Series 2006, dated April 12, 2006, in the amount of One Million Seven Hundred Fifty Thousand Dollars (\$1,750,000), secured by the pledge of certain Incremental Taxes (the "New West Kedzie Note"), and pledged certain Incremental Taxes in an amount not to exceed One Million Seven Hundred Fifty Thousand Dollars (\$1,750,000) and for the payment of redevelopment project costs, all in connection with the New West Kedzie, L.L.C. Redevelopment Agreement (the "New West Kedzie Pledge" and, together with the New West Kedzie Note, the "West Kedzie Obligations"). The Modern Schools Bonds, the Harris Bank Note, the Liberty Square Obligation, the Renaissance Place Apartments Obligation and the West Kedzie Obligations are known collectively as the "Prior T.I.F. Financings".

The Developer acknowledges that the Prior T.I.F. Financings are prior liens on the Midwest T.I.F. Fund and that the Developer has no claim on any monies except for monies which are Available Incremental Taxes.

Now, Therefore, In consideration of the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

Section 1.

Recitals.

The foregoing recitals are hereby incorporated into this Agreement by reference.

Section 2.

Definitions.

For purposes of this Agreement, in addition to the terms defined in the foregoing recitals, the following terms shall have the meanings set forth below:

“Act” shall have the meaning set forth in the recitals hereof.

“Affiliate” shall mean any person or entity directly or indirectly controlling, controlled by or under common control with the Developer.

“Available Incremental Taxes” shall mean the Incremental Taxes then on deposit in the Midwest T.I.F. Fund.

“Bond(s)” shall have the meaning set forth for such term in Section 8.05 hereof.

“Bond Ordinance” shall mean the City ordinance authorizing the issuance of Bonds.

“Certificate” shall mean the Certificate of Completion described in Section 7.01 hereof.

"Change Order" shall mean any amendment or modification to the Scope Drawings, Plans and Specifications or the Project Budget as described in Section 3.03, Section 3.04 and Section 3.05, respectively.

"City Council" shall have the meaning set forth in the recitals hereof.

"City Funds" shall mean the funds described in Section 4.03(b) hereof.

"Closing Date" shall mean the date of execution and delivery of this Agreement by all parties hereto, which shall be deemed to be the date appearing in the first paragraph of this Agreement.

"Construction Contract" shall mean that certain contract, substantially in the form attached hereto as (Sub)Exhibit E, to be entered into between the Developer and the General Contractor providing for construction of the Project.

"Corporation Counsel" shall mean the City's Office of Corporation Counsel.

"Employer(s)" shall have the meaning set forth in Section 10 hereof.

"Environmental Laws" shall mean any and all federal, state or local statutes, laws, regulations, ordinances, codes, rules, orders, licenses, judgments, decrees or requirements relating to public health and safety and the environment now or hereafter in force, as amended and hereafter amended, including but not limited to (i) the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. Section 9601, et seq.); (ii) any so-called "Superfund" or "Superlien" law; (iii) the Hazardous Materials Transportation Act (49 U.S.C. Section 1802, et seq.); (iv) the Resource Conservation and Recovery Act (42 U.S.C. Section 6902, et seq.); (v) the Clean Air Act (42 U.S.C. Section 7401, et seq.); (vi) the Clean Water Act (33 U.S.C. Section 1251, et seq.); (vii) the Toxic Substances Control Act (15 U.S.C. Section 2601, et seq.); (viii) the Federal Insecticide, Fungicide and Rodenticide Act (7 U.S.C. Section 136, et seq.); (ix) the Illinois Environmental Protection Act (415 ILCS 5/1, et seq.); and (x) the Municipal Code of Chicago, including but not limited to the Municipal Code of Chicago, Sections 7-28-390, 7-28-440, 11-4-1410, 11-4-1420, 11-4-1450, 11-4-1500, 11-4-1530, 11-4-155 or 11-4-1560.

"Equity" shall mean funds of the Developer (other than funds derived from Lender Financing) irrevocably available for the Project, in the amount set forth in Section 4.01 hereof, which amount may be increased pursuant to Section 4.06 (Cost Overruns) or Section 4.03(b).

"Escrow" shall mean the construction escrow established pursuant to the Escrow Agreement.

"Escrow Agreement" shall mean, with respect to each construction phase undertaken, the construction escrow agreement to be entered into by the Title Company (or an affiliate of the Title Company), the General Contractor, the Developer, the Developer's lender(s) and the City, substantially in the form of (Sub)Exhibit L attached hereto, which shall govern the funding of the Equity, the Lender Financing, and the City Funds.

"Event of Default" shall have the meaning set forth in Section 15 hereof.

"Facility" shall have the meaning set forth in the recitals hereof.

"Financial Statements" shall mean complete audited financial statements of the Developer prepared by a certified public accountant in accordance with generally accepted accounting principles and practices consistently applied throughout the appropriate periods.

"General Contractor" shall mean the general contractor(s) hired by the Developer pursuant to Section 6.01.

"Hazardous Materials" shall mean any toxic substance, hazardous substance, hazardous material, hazardous chemical or hazardous, toxic or dangerous waste defined or qualifying as such in (or for the purposes of) any Environmental Law, or any pollutant or contaminant, and shall include, but not be limited to, petroleum (including crude oil), any radioactive material or by-product material, polychlorinated biphenyls and asbestos in any form or condition.

"Incremental Taxes" shall mean such ad valorem taxes which, pursuant to the T.I.F. Adoption Ordinance and Section 5/11-74.4-8(b) of the Act, are allocated to and when collected are paid to the Treasurer of the City of Chicago for deposit by the Treasurer into the Midwest T.I.F. Fund established to pay Redevelopment Project Costs and obligations incurred in the payment thereof.

"Lender" shall mean any provider of Lender Financing.

"Lender Financing" shall mean funds borrowed by either one of the Developer from any lender to fund costs of, and available to pay for, the Project, in the amount set forth in Section 4.01 hereof.

"M.B.E.(s)" shall mean a business identified in the *Directory of Certified Minority Business Enterprises* published by the City's Department of Procurement Services, or otherwise certified by the City's Department of Procurement Services as a minority-owned business enterprise, related to the Procurement Program or the Construction Program, as applicable.

"M.B.E./W.B.E. Budget" shall mean the budget as described in Section 10.03.

"Midwest T.I.F. Fund" shall mean the special tax allocation fund created by the City in connection with the Redevelopment Area into which the Incremental Taxes will be deposited.

"Municipal Code" shall mean the Municipal Code of the City of Chicago.

"Non-Governmental Charges" shall mean all non-governmental charges, liens, claims or encumbrances relating to the Developer, the Property or the Project.

"Permitted Liens" shall mean those liens and encumbrances against the Property and/or the Project set forth on (Sub)Exhibit F hereto.

"Plans and Specifications" shall mean final construction documents containing a site plan and working drawings and specifications for the Project, as submitted to the City as the basis for obtaining building permits for the Project.

"Prior Expenditure(s)" shall have the meaning set forth in Section 4.05(a) hereof.

"Project" shall have the meaning set forth in the recitals hereof.

"Project Budget" shall mean the budget attached hereto as (Sub)Exhibit G, showing the total cost of the Project by line item, furnished by the Developer to D.P.D., in accordance with Section 3.03 hereof.

"Property" shall have the meaning set forth in the recitals hereof.

"Redevelopment Area" shall have the meaning set forth in the recitals hereof.

"Redevelopment Plan" shall have the meaning set forth in the recitals hereof.

"Redevelopment Project Costs" shall mean redevelopment project costs as defined in Section 5/11-74.4-3(q) of the Act that are included in the budget set forth in the Redevelopment Plan or otherwise referenced in the Redevelopment Plan.

"Requisition Form" shall mean the document, in the form attached hereto as (Sub)Exhibit H, to be delivered by the Developer to D.P.D. pursuant to Section 4.03 of this Agreement.

"Scope Drawings" shall mean preliminary construction documents containing a site plan and preliminary drawings and specifications for the Project.

“Survey” shall mean a Class A plat of survey in the most recently revised form of ALTA/ACSM land title survey of the Property dated within forty-five (45) days prior to the Closing Date, acceptable in form and content to the City and the Title Company, prepared by a surveyor registered in the State of Illinois, certified to the City and the Title Company, and indicating whether the Property is in a flood hazard area as identified by the United States Federal Emergency Management Agency (and updates thereof to reflect improvements to the Property in connection with the construction of the Facility and related improvements as required by the City or Lender).

“Term of the Agreement” shall mean the period of time commencing on the Closing Date and ending on December 31, 2023, the date on which the Redevelopment Area is no longer in effect.

“T.I.F. Adoption Ordinance” shall have the meaning set forth in the recitals hereof.

“T.I.F. Bonds” shall have the meaning set forth in the recitals hereof.

“T.I.F. Bond Ordinance” shall have the meaning set forth in the recitals hereof.

“T.I.F.-Funded Improvements” shall mean those improvements of the Project which (i) qualify as Redevelopment Project Costs, (ii) are eligible costs under the Redevelopment Plan and (iii) the City has agreed to reimburse out of the City Funds, subject to the terms of this Agreement. (Sub)Exhibit C lists the T.I.F.-Funded Improvements for the Project.

“T.I.F. Ordinances” shall have the meaning set forth in the recitals hereof.

“Title Company” shall mean _____.

“Title Policy” shall mean a title insurance policy in the most recently revised ALTA or equivalent form, showing the Developer as the insured, noting the recording of this Agreement as an encumbrance against the Property, and a subordination agreement in favor of the City with respect to previously recorded liens against the Property related to Lender Financing, if any, issued by the Title Company.

“W.A.R.N. Act” shall mean the Worker Adjustment and Retraining Notification Act (29 U.S.C. Section 2101, et seq.).

“W.B.E.(s)” shall mean a business identified in the *Directory of Certified Women Business Enterprises* published by the City’s Department of Procurement Services, or otherwise certified by the City’s Department of Procurement Services as a women-owned business enterprise, related to the Procurement Program or the Construction Program, as applicable.

Section 3.

The Project.

3.01 The Project.

With respect to the Facility, the Developer shall, pursuant to the Plans and Specifications and subject to the provisions of Section 18.17 hereof: (i) commence rehabilitation no later than _____, 2007; and (ii) complete rehabilitation no later than _____, 20__.

3.02 Scope Drawings And Plans And Specifications.

The Developer has delivered the Scope Drawings and Plans and Specifications to the City's Department of Housing ("D.O.H.") and D.O.H. has approved same. After such initial approval, subsequent proposed changes to the Scope Drawings or Plans and Specifications shall be submitted to D.O.H. as a Change Order pursuant to Section 3.04 hereof. The Scope Drawings and Plans and Specifications shall at all times conform to the Redevelopment Plan as in effect on the date of this Agreement and all applicable federal, state and local laws, ordinances and regulations. The Developer shall submit all necessary documents to the City's Building Department, Department of Transportation and such other City departments or governmental authorities as may be necessary to acquire building permits and other required approvals for the Project.

3.03 Project Budget.

The Developer has furnished to D.O.H., and D.O.H. has approved, a Project Budget showing total costs for the Project in an amount not less than Twenty-Eight Million Seven Hundred Ninety-three Thousand Twenty-two Dollars and no/100 Dollars (\$28,793,022.00). The Developer hereby certifies to the City that (a) the Lender Financing and Equity described in Section 4.02 hereof shall be sufficient to complete the Project; and (b) the Project Budget is true, correct and complete in all material respects. The Developer shall promptly deliver to D.O.H. certified copies of any Change Orders with respect to the Project Budget for approval pursuant to Section 3.04 hereof.

3.04 Change Orders.

All Change Orders (and documentation substantiating the need and identifying the source of funding therefor) relating to material changes to the Project must be

submitted by the Developer to D.O.H. for D.O.H.'s prior written approval. The Developer shall not authorize or permit the performance of any work relating to any Change Order or the furnishing of materials in connection therewith prior to the receipt by the Developer of D.O.H.'s written approval. The Construction Contract, and each contract between the General Contractor and any subcontractor, shall contain a provision to this effect. An approved Change Order shall not be deemed to imply any obligation on the part of the City to increase the amount of City Funds which the City has pledged pursuant to this Agreement or provide any other additional assistance to the Developer.

3.05 D.O.H. Approval.

Any approval granted by D.O.H. of the Scope Drawings, Plans and Specifications and the Change Orders is for the purposes of this Agreement only and does not affect or constitute any approval required by any other City department or pursuant to any City ordinance, code, regulation or any other governmental approval, nor does any approval by D.O.H. pursuant to this Agreement constitute approval of the quality, structural soundness or safety of the Property or the Project.

3.06 Other Approvals.

Any D.O.H. approval under this Agreement shall have no effect upon, nor shall it operate as a waiver of, the Developer's obligations to comply with the provisions of Section 5.03 (Other Governmental Approvals) hereof. The Developer shall not commence construction of the Project until the Developer has obtained all necessary permits and approvals (including but not limited to D.O.H.'s approval of the Scope Drawings and Plans and Specifications) and proof of the General Contractor's and each subcontractor's bonding as required hereunder.

3.07 Progress Reports And Survey Updates.

The Developer shall provide D.O.H. with written monthly progress reports detailing the status of the Project, including a revised completion date, if necessary (with any change in completion date being considered a Change Order, requiring D.O.H.'s written approval pursuant to Section 3.04). The Developer shall provide three (3) copies of an updated Survey to D.O.H. upon the request of D.O.H. or any Lender, reflecting improvements made to the Property.

3.08 Inspecting Agent Or Architect.

An independent agent or architect (other than the Developer's architect) approved by D.O.H. shall be selected to act as the inspecting agent or architect, at the

Developer's expense, for the Project. The inspecting agent or architect shall perform periodic inspections with respect to the Project, providing certifications with respect thereto to D.O.H., prior to requests for disbursement for costs related to the Project. With the written consent of D.O.H., the inspecting architect may be the inspecting architect engaged by any Lender, provided that said architect is an independent architect licensed by the State of Illinois, or an inspecting agent of D.O.H.

3.09 Barricades.

Prior to commencing any construction requiring barricades, the Developer shall install a construction barricade of a type and appearance satisfactory to the City and constructed in compliance with all applicable federal, state or City laws, ordinances and regulations. D.O.H. retains the right to approve the maintenance, appearance, color scheme, painting, nature, type, content and design of all barricades.

3.10 Signs And Public Relations.

The Developer shall erect a sign of size and style approved by the City in a conspicuous location on the Property during the Project, indicating that financing has been provided by the City. The City reserves the right to include the name, photograph, artistic rendering of the Project and other pertinent information regarding the Developer, the Property and the Project in the City's promotional literature and communications.

3.11 Utility Connections.

The Developer may connect all on-site water, sanitary, storm and sewer lines constructed on the Property to City utility lines existing on or near the perimeter of the Property, provided the Developer first complies with all City requirements governing such connections, including the payment of customary fees and costs related thereto.

3.12 Permit Fees.

In connection with the Project and subject to waivers authorized by City Council, the Developer shall be obligated to pay only those building, permit, engineering, tap on and inspection fees that are assessed on a uniform basis throughout the City of Chicago and are of general applicability to other property within the City of Chicago.

*Section 4.**Financing.*

4.01 Total Project Cost And Sources Of Funds.

The cost of the Project is estimated to be Twenty-eight Million Seven Hundred Ninety-three Thousand Twenty-two Dollars (\$28,793,022), to be applied in the manner set forth in the Project Budget. Such costs shall be funded from the following sources:

Tax Exempt Bonds	\$6,200,000
T.I.F.	8,950,000
F.H.L.B. A.H.P.	1,185,000
Equity (subject to Sections 4.03(b) and 4.06)	12,458,022
ESTIMATED TOTAL:	\$28,793,022

4.02 [Reserved]

4.03 City Funds.

(a) Uses Of City Funds. City Funds may only be used to pay directly or to reimburse the Lawndale H&A Bond Development for costs of T.I.F.-Funded Improvements that constitute Redevelopment Project Costs. (Sub)Exhibit C sets forth, by line item, the T.I.F.-Funded Improvements for the Project, and the maximum amount of costs that may be reimbursed from City Funds for each line item therein (subject to Sections 4.03(b) and 4.07(d)), contingent upon receipt by the City of documentation satisfactory in form and substance to D.O.H. evidencing such cost and its eligibility as a Redevelopment Project Cost.

(b) Payment Of City Funds.

- i. Subject to the terms and conditions of this Agreement, including but not limited to this Section 4.03 and Section 5 hereof, the City hereby agrees to provide City funds (the "City Funds") from Incremental Taxes to reimburse Lawndale H&A Bond Development for the costs of the T.I.F.-Funded Improvements in the amounts determined under Section 4.03(b)(iii).

- ii. The City's financial commitment to provide Available Incremental Taxes for such purposes (the "City Funds") shall be as follows:
 - a. Four Million Dollars (\$4,000,000) shall be placed in Escrow from Available Incremental Taxes on the Closing Date;
 - b. Two Million Five Hundred Thousand Dollars (\$2,500,000) shall be placed in Escrow from Available Incremental Taxes on or about March 1, 2008;
 - c. One Million Four Hundred Fifty Thousand Dollars (\$1,450,000) shall be placed in Escrow from Available Incremental Taxes on or about March 1, 2009; and
 - d. One Million Dollars (\$1,000,000) shall be placed in Escrow from Available Incremental Taxes on or about March 1, 2010.

To the extent Available Incremental Taxes are determined to be insufficient to meet the payment schedule set forth in (a) through (d) above, the City shall make such deposit(s) as such Available Incremental Taxes become available.

- iii. Subject to the terms and conditions of this Agreement, payment shall be made to Lawndale H&A Bond Development (each an "Installment") in accordance with the terms of the Escrow Agreement and upon Lawndale H&A Bond Development's submission of a draw request (the "Requisition Form") in accordance with Section 4.04. Such Installments shall be in the amounts set forth in Section 4.03(c); provided, however, that the total amount of City Funds expended for T.I.F.-Funded Improvements shall be an amount not to exceed Eight Million Nine Hundred Fifty Thousand and no/100 Dollars (\$8,950,000.00).
- iv. City Funds derived from Incremental Taxes and available to pay such costs and allocated for such purposes as of the Closing Date shall be paid in accordance with the terms of this Agreement and the Escrow Agreement only so long as no Event of Default or condition for which the giving of notice or the passage of time, or both, would constitute an Event of Default exists under this Agreement or the Escrow Agreement.

The Developer acknowledges and agrees that the City's obligation to pay any City Funds is contingent upon the conditions set forth in parts (i), (ii), (iii) and (iv) above, as well the Developer's satisfaction of all other applicable terms and conditions of

this Agreement, including, without limitation, compliance with the covenants in Section 8.20. In the event that such conditions are not fulfilled, the amount of Equity to be contributed by the Developer pursuant to Section 4.01 hereof shall increase proportionately.

(c) Payment Amount. The Installments to be paid pursuant to a draw request in accordance with the Escrow Agreement and upon submission of a Requisition Form shall be as follows (subject to Section 8.20):

Installment	Payment Trigger	Payment Amount
One	Developer completion of 42 units in completed buildings on the Property	\$2,500,000
Two	Developer completion of 38 additional units in completed buildings on the Property	\$2,500,000
Three	Certificate of Completion issued pursuant to Section 7.01 herein	\$2,950,000
Four	On any date after March 1, 2010, installment four occupancy covenant is met and occupancy report approval pursuant to (a) Section 8.20 herein and (b) the Escrow Agreement	\$1,000,000

4.04 Construction Escrow.

The City, the Developer and Lender shall enter into an Escrow Agreement. All disbursements of Project funds (except for Prior Expenditures) shall be made through the funding of draw requests with respect thereto pursuant to the Escrow Agreement and this Agreement. In case of any conflict between the terms of this Agreement and the Escrow Agreement with respect to the payment of City Funds hereunder, the terms of this Agreement shall control. The City must receive copies of any draw requests and related documents submitted to the Title Company for disbursements under the Escrow Agreement.

4.05 Treatment Of Prior Expenditures And Subsequent Disbursements.

(a) Only those expenditures made by Lawndale H&A Bond Development with respect to the Project prior to the Closing Date, evidenced by documentation satisfactory to D.P.D. and approved by D.P.D. as satisfying costs covered in the Project Budget, shall be considered previously contributed Equity or Lender Financing hereunder (the "Prior Expenditures"). D.P.D. shall have the right, in its sole discretion, to disallow any such expenditure as a Prior Expenditure. (Sub)Exhibit I hereto sets forth the prior expenditures approved by D.P.D. as of the date hereof as Prior Expenditures. Prior Expenditures made for items other than T.I.F.-Funded Improvements shall not be reimbursed to Lawndale H&A Bond Development, but shall reduce the amount of Equity and/or Lender Financing required to be Contributed by the Developer pursuant to Section 4.01 hereof.

(b) Disbursements for expenditures related to T.I.F.-Funded Improvements may be allocated to and charged against the appropriate line only, with transfers of costs and expenses from one line item to another, without the prior written consent of D.P.D., being prohibited, subject to the terms of Section 3.04. D.P.D. shall not unreasonably withhold its consent to such transfers so long as the Corporation Counsel has advised D.P.D. that an expenditure qualifies as an eligible cost under the Act.

4.06 Cost Overruns.

If the aggregate cost of the T.I.F.-Funded Improvements exceeds City Funds available pursuant to Section 4.03 hereof, or if the cost of completing the Project exceeds the Project Budget, the Developer shall be solely responsible for such excess cost, and shall hold the City harmless from any and all costs and expenses of completing the T.I.F.-Funded Improvements in excess of City Funds and of completing the Project.

4.07 Preconditions Of Disbursement.

As a condition to the disbursement of City Funds hereunder, Lawndale H&A Bond Development shall submit, at the time of each submission of the Requisition Form in accordance with Section 4.04, documentation regarding the applicable expenditures to D.P.D., which shall be satisfactory to D.P.D. in its sole discretion. Delivery by Lawndale H&A Bond Development to D.P.D. of any request for disbursement of City Funds hereunder shall, in addition to the items therein expressly set forth, constitute a certification to the City, as of the date of such request for disbursement, that:

(a) the actual amount paid to the General Contractor and/or subcontractors who have performed work on the Project, and/or their payees is equal to or greater than the total amount of the disbursement request;

(b) all amounts shown as previous payments on the current Requisition Form have been paid to the parties entitled to such payment;

(c) the Developer has approved all work and materials for the current Requisition Form, and such work and materials conform to the Plans and Specifications;

(d) the representations and warranties contained in this Agreement are true and correct and the Developer is in compliance with all covenants contained herein;

(e) the Developer has received no notice and has no knowledge of any liens or claim of lien either filed or threatened against the Property except for the Permitted Liens and/or liens bonded by the Developer or insured by the Title Company; and

(f) no Event of Default or condition or event which, with the "giving of notice or passage of time or both, would constitute an Event of Default exists or has occurred.

The City shall have the right, in its discretion, to require the Developer to submit further documentation as the City may require in order to verify that the matters certified to above are true and correct, and any disbursement by the City shall be subject to the City's review and approval of such documentation and its satisfaction that such certifications are true and correct; provided, however, that nothing in this sentence shall be deemed to prevent the City from relying on such certifications by the Developer. In addition, the Developer shall have satisfied all other preconditions of disbursement of City Funds for each disbursement; including but not limited to requirements set forth in the Bond Ordinance, the T.I.F. Bond Ordinance, if any, the Bonds, the T.I.F. Bonds, if any, the T.I.F. Ordinances, this Agreement and/or the Escrow Agreement.

4.08 Conditional Payment Of City Funds.

The City Funds being provided hereunder are being provided to Lawndale H&A Bond Development on a conditional basis, subject to the Developer's compliance with the provisions of this Agreement. The City Funds are subject to being reimbursed if the Property, or any portion thereof, ceases to be utilized as affordable rental housing during the Term of the Agreement. Furthermore, until the time of payment of Installment Four, it shall be in D.P.D.'s sole discretion to make any payment pursuant to this Agreement upon and after the occurrence of any action described in Section 8.01(i) for which the Developer did not receive the prior written consent of the City. The payment of City Funds is subject to being terminated and/or reimbursed as provided in Section 15.

Section 5.

Conditions Precedent.

The following conditions have been complied with to the City's satisfaction on or prior to the Closing Date:

5.01 Project Budget.

The Developer has submitted to D.O.H., and D.O.H. has approved, a Project Budget in accordance with the provisions of Section 3.03 hereof.

5.02 Scope Drawings And Plans And Specifications.

The Developer has submitted to D.O.H., and D.O.H. has approved, the Scope Drawings and Plans and Specifications in accordance with the provisions of Section 3.02 hereof.

5.03 Other Governmental Approvals.

The Developer has secured all other necessary approvals and permits required by any state, federal or local statute, ordinance or regulation and has submitted evidence thereof to D.P.D.. Such approvals shall include, without limitation, all building permits necessary for the Project.

5.04 Financing.

The Developer has furnished proof reasonably acceptable to the City that the Developer has Equity and Lender Financing in the amounts set forth in Section 4.01 hereof to complete the Project and satisfy its obligations under this Agreement. If a portion of such funds consists of Lender Financing, the Developer has furnished proof as of the Closing Date that the proceeds thereof are available to be drawn upon by the Developer as needed and are sufficient (along with other sources set forth in Section 4.01) to complete the Project. The Developer has delivered to the City a copy of the Escrow Agreement. Any liens against the Property in existence at the Closing Date have been subordinated to certain encumbrances of the City set forth herein pursuant to a Subordination Agreement, in a form acceptable to the City, executed on or prior to the Closing Date, which is to be recorded, at the expense of the Developer, with the Office of the Recorder of Deeds of Cook County.

5.05 Acquisition And Title.

On the Closing Date, the Developer has furnished the City with a copy of the Title Policy for the Property, certified by the Title Company, showing the H&A as the named insured. The Title Policy is dated as of the Closing Date and contains only those title exceptions listed as Permitted Liens on (Sub)Exhibit F hereto and evidences the recording of this Agreement pursuant to the provisions of Section 8.17 hereof. The Title Policy also contains such endorsements as shall be required by Corporation Counsel, including but not limited to an owner's comprehensive endorsement and satisfactory endorsements regarding zoning, contiguity (as applicable), location, access and survey. The Developer has provided to D.P.D., on or prior to the Closing Date, documentation related to the purchase of the Property and certified copies of all easements and encumbrances of record with respect to the Property not addressed, to D.P.D.'s satisfaction, by the Title Policy and any endorsements thereto.

5.06 Evidence Of Clean Title.

The Developer, at its own expense, has provided the City with searches under (a) the Developer's name, (b) Holsten Real Estate Development Corporation and ACORN Housing Corporation of Illinois (collectively, the "Related Entities") as follows:

Secretary of State	UCC search
Secretary of State	Federal tax search
Cook County Recorder	UCC search
Cook County Recorder	Fixtures search
Cook County Recorder	Federal tax search
Cook County Recorder	State tax search
Cook County Recorder	Memoranda of judgments search
United States District Court bankruptcy)	Pending suits and judgments (including
Clerk of Circuit Court, Cook County	Pending suits and judgments

showing no liens against the Developer, the Property, the Related Entities or any fixtures now or hereafter affixed thereto, except for the Permitted Liens and/or liens bonded by the Developer or insured by the Title Company.

5.07 Surveys.

The Developer has furnished the City with three (3) copies of the Survey.

5.08 Insurance.

The Developer, at its own expense, has insured the Property in accordance with Section 12 hereof, and has delivered certificates required pursuant to Section 12 hereof evidencing the required coverages to D.P.D.

5.09 Opinion Of The Developer's Counsel.

On the Closing Date, the Developer has furnished the City with an opinion of counsel, substantially in the form attached hereto as (Sub)Exhibit J, with such changes as required by or acceptable to Corporation Counsel.

5.10 Evidence Of Prior Expenditures.

The Developer has provided evidence satisfactory to D.P.D. in its sole discretion of the Prior Expenditures in accordance with the provisions of Section 4.05 hereof.

5.11 Financial Statements.

The Developer has provided Financial Statements to D.P.D. for its most recently completed fiscal year, and audited or unaudited interim financial statements for the period after the end of the most recently completed fiscal year.

5.12 Documentation.

The Developer has provided documentation to D.P.D., satisfactory in form and substance to D.P.D., with respect to current employment matters.

5.13 Environmental.

The Developer has provided D.P.D. with copies of that certain phase I environmental audit completed with respect to the Property and any phase II

environmental audit with respect to the Property required by the City. The Developer has provided the City with a letter from the environmental engineer(s) who completed such audit(s), authorizing the City to rely on such audits.

5.14 Organizational Documents; Economic Disclosure Statement.

The Developer has provided a copy of its Articles of Incorporation or Certificate of Limited Partnership containing the original certification of the Secretary of State of its state of organization; certificates of good standing from the Secretary of State of its state of organization and all other states in which the Developer is qualified to do business; a secretary's certificate in such form and substance as the Corporation Counsel may require; bylaws of the corporation or Limited Partnership Agreement; and such other organizational documentation as the City has requested. The Developer has provided to the City an Economic Disclosure Statement, in the City's then current form, dated as of the Closing Date.

5.15 Litigation.

The Developer has provided to Corporation Counsel and D.P.D., a description of all pending or threatened litigation or administrative proceedings involving the Developer, specifying, in each case, the amount of each claim, an estimate of probable liability, the amount of any reserves taken in connection therewith and whether (and to what extent) such potential liability is covered by insurance.

Section 6.

Agreements With Contractors.

6.01 Bid Requirement For General Contractor And Subcontractors.

The City has approved the Developer's selection of _____ an Illinois _____ as the General Contractor. The Developer shall submit copies of the Construction Contract to D.P.D. in accordance with Section 6.02 below. Photocopies of all subcontracts entered or to be entered into in connection with the T.I.F.-Funded Improvements shall be provided to D.P.D. within five (5) business days of the execution thereof. The Developer shall ensure that the General Contractor shall not (and shall cause the General Contractor to ensure that the subcontractors shall not) begin work on the Project until the Plans and Specifications have been approved by D.P.D. and all requisite permits have been obtained.

6.02 Construction Contract.

Prior to the execution thereof, the Developer shall deliver to D.P.D. a copy of the proposed Construction Contract with the General Contractor selected to handle the Project in accordance with Section 6.01 above, for D.P.D.'s prior written approval, which shall be granted or denied within ten (10) business days after delivery thereof. Within ten (10) business days after execution of such contract by the Developer, the General Contractor and any other parties thereto, the Developer shall deliver to D.P.D. and Corporation Counsel a certified copy of such contract together with any modifications, amendments or supplements thereto.

6.03 Performance And Payment Bonds.

Prior to the commencement of any portion of the Project which includes work on the public way, the Developer shall require that the General Contractor be bonded for its payment by sureties having an AA rating or better using a bond in a form acceptable to D.P.D. or a letter of credit. The City shall be named as obligee or co-obligee on any such bonds.

6.04 Employment Opportunity.

The Developer shall contractually obligate and cause the General Contractor and each subcontractor to agree to the provisions of Section 10 hereof.

6.05 Other Provisions.

In addition to the requirements of this Section 6, the Construction Contract and each contract with any subcontractor shall contain provisions required pursuant to Section 3.04 (Change Orders), Section 8.07 (Employment Profile), Section 8.08 (Prevailing Wage), Section 10.01(e) (Employment Opportunity), Section 10.02 (City Resident Employment Requirement), Section 10.03 (M.B.E./W.B.E. Requirements, as applicable), Section 12 (Insurance) and Section 14.01 (Books and Records) hereof. Photocopies of all contracts or subcontracts entered or to be entered into in connection with the T.I.F.-Funded Improvements shall be provided to D.P.D. within five (5) business days of the execution thereof.

Section 7.

Completion Of Construction Or Rehabilitation.

7.01 Certificate Of Completion.

- (a) Upon (i) completion of the rehabilitation of the Project in accordance with the
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terms of this Agreement as evidenced by the submission to D.P.D. of a Certificate of Occupancy for the Facility, (ii) the C.O.C. Occupancy Covenant is met and the Occupancy Report approved in accordance with Section 8.20, and (iii) upon Developer's written request, D.P.D. shall issue to the Developer a Certificate in recordable form certifying that the Developer has fulfilled its obligation to complete the Project in accordance with the terms of this Agreement.

(b) D.P.D. shall respond to the Developer's written request for a Certificate within forty-five (45) days by issuing either a Certificate or a written statement detailing the ways in which the Project does not conform to this Agreement or has not been satisfactorily completed, and the measures which must be taken by the Developer in order to obtain the Certificate. The Developer may resubmit a written request for a Certificate upon completion of such measures.

(c) Developer acknowledges that the City will not issue a Certificate until the following conditions have been met:

(i) the Project, including all of the T.I.F.-Funded Improvements, has been substantially completed; and

(ii) Developer has provided D.P.D. with evidence acceptable to D.P.D. showing that Developer has completed the Project in compliance with building permit requirements, including, without limitation, receipt of one or more certificates of occupancy for the Project; and

(iii) the City's monitoring unit has determined in writing that the Developer is in complete compliance with all requirements of Section 8.08 (Prevailing Wage) and Section 10 (Developer's Employment Obligations).

(d) Developer acknowledges that the City will not issue a Certificate if there exists an Event of Default under Section 15.01 which has not been cured pursuant to Section 15.03 or Section 15.04.

7.02 Effect Of Issuance Of Certificate; Continuing Obligations.

The Certificate relates only to the rehabilitation of the Project, and upon its issuance, the City will certify that the terms of the Agreement specifically related to the Developer's obligation to complete such activities have been satisfied. After the issuance of a Certificate, however, all executory terms and conditions of this Agreement and all representations and covenants contained herein will continue to remain in full force and effect throughout the Term of the Agreement as to the parties described in the following paragraph, and the issuance of the Certificate shall not be construed as a waiver by the City of any of its rights and remedies pursuant to such executory terms.

Those covenants specifically described at Sections 8.02, 8.18, 8.19 and 8.20 as covenants that run with the land are the only covenants in this Agreement intended to be binding upon any transferee of the Property (including an assignee as described in the following sentence) throughout the Term of the Agreement notwithstanding the issuance of a Certificate; provided, that upon the issuance of a Certificate, the covenants set forth in Section 8.02 shall be deemed to have been fulfilled; provided further, that upon the payment of Installment Four, the covenants set forth in Section 8.20 shall be deemed to have been fulfilled. The other executory terms of this Agreement that remain after the issuance of a Certificate shall be binding only upon the Developer or a permitted assignee of the Developer who, pursuant to Section 18.15 of this Agreement, has contracted to take an assignment of the Developer's rights under this Agreement and assume the Developer's liabilities hereunder.

7.03 Failure To Complete.

If the Developer fails to complete the Project in accordance with the terms of this Agreement, then the City has, but shall not be limited to, any of the following rights and remedies:

- (a) the right to terminate this Agreement and cease all disbursement of City Funds not yet disbursed pursuant hereto;
- (b) the right (but not the obligation) to complete those T.I.F.-Funded Improvements that are public improvements and to pay for the costs of such T.I.F.-Funded Improvements (including interest costs) out of City Funds or other City monies. In the event that the aggregate cost of completing such T.I.F.-Funded Improvements exceeds the amount of City Funds available pursuant to Section 4.01, the Developer shall reimburse the City for all reasonable costs and expenses incurred by the City in completing such T.I.F.-Funded Improvements in excess of the available City Funds; and
- (c) the right to seek reimbursement of the City Funds from the Developer, provided that the City is entitled to rely on an opinion of counsel that such reimbursement will not jeopardize the tax-exempt status of the T.I.F. Bonds, if any.

7.04 Notice Of Expiration Of Term Of Agreement.

Upon the expiration of the Term of the Agreement, D.P.D. shall provide the Developer, at the Developer's written request, with a written notice in recordable form stating that the Term of the Agreement has expired.

Section 8.

Covenants/Representations/Warranties Of The Developer.

8.01 General.

The Developer represents, warrants and covenants, as of the date of this Agreement and as of the date of each disbursement of City Funds hereunder, that:

- (a) H&A is an Illinois limited partnership and Lawndale H&A Bond Development is an Illinois limited liability company, each duly organized, validly existing, qualified to do business in Illinois, and each licensed to do business in any other state where, due to the nature of its activities or properties, such qualification or license is required;
- (b) each of H&A and Lawndale H&A Bond Development has the right, power and authority to enter into, execute, deliver and perform this Agreement;
- (c) the execution, delivery and performance by the Developer of this Agreement has been duly authorized by all necessary action, and does not and will not violate (as applicable) its Articles of Incorporation, bylaws or partnership agreement as amended and supplemented, any applicable provision of law, or constitute a breach of, default under or require any consent under any agreement, instrument or document to which the Developer is now a party or by which the Developer is now or may become bound;
- (d) unless otherwise permitted or not prohibited pursuant to or under the terms of this Agreement, the H&A shall acquire and shall maintain good, indefeasible and merchantable fee simple title to the Property (and all improvements thereon) free and clear of all liens (except for the Permitted Liens and/or liens bonded by the Developer or insured by the Title Company, Lender Financing as disclosed in the Project Budget and non-governmental charges that the Developer is contesting in good faith pursuant to Section 8.15 hereof);
- (e) the Developer is now and for the Term of the Agreement shall remain solvent and able to pay its debts as they mature;
- (f) there are no actions or proceedings by or before any court, governmental commission, board, bureau or any other administrative agency pending, threatened or affecting the Developer which would impair its ability to perform under this Agreement;
- (g) the Developer has and shall maintain all government permits, certificates and consents (including, without limitation, appropriate environmental approvals) necessary to conduct its business and to construct, complete and operate the Project;

(h) the Developer is not in default with respect to any indenture, loan agreement, mortgage, deed, note or any other agreement or instrument related to the borrowing of money to which the Developer is a party or by which the Developer is bound;

(i) the Financial Statements are, and when hereafter required to be submitted will be, complete, correct in all material respects and accurately present the assets, liabilities, results of operations and financial condition of the Developer, and there has been no material adverse change in the assets, liabilities, results of operations or financial condition of the Developer since the date of the Developer's most recent Financial Statements;

(j) until the time of payment of Installment Four, the Developer shall not do any of the following without the prior written consent of D.P.D., which consent shall be in D.P.D.'s sole discretion: (1) be a party to any merger, liquidation or consolidation; (2) sell (including, without limitation, any sale and leaseback), transfer, convey, lease (except the lease of the Facility to tenants in accordance with Section 8.19 herein) or otherwise dispose of all or substantially all of its assets or any portion of the Property (including but not limited to any fixtures or equipment now or hereafter attached thereto); (3) enter into any transaction outside the ordinary course of the Developer's business; (4) assume, guarantee, endorse, or otherwise become liable in connection with the obligations of any other person or entity; or (5) enter into any transaction that would cause a material and detrimental change to the Developer's financial condition;

(k) the Developer has not incurred, and, prior to the time of payment of Installment Four, shall not, without the prior written consent of the Commissioner of D.P.D., allow the existence of any liens against the Property (or improvements thereon) other than the Permitted Liens and/or liens bonded by the Developer or insured by the Title Company; or incur any indebtedness, secured or to be secured by the Property (or improvements thereon) or any fixtures now or hereafter attached thereto, except Lender Financing disclosed in the Project Budget;

(l) has not made or caused to be made, directly or indirectly, any payment, gratuity or offer of employment in connection with the Agreement or any contract paid from the City treasury or pursuant to city ordinance, for services to any City agency ("City Contract") as an inducement for the City to enter into the Agreement or any City Contract with the Developer in violation of Chapter 2-156-120 of the Municipal Code of the City;

(m) neither the Developer nor any affiliate of the Developer is listed on any of the following lists maintained by the Office of Foreign Assets Control of the United States Department of the Treasury, the Bureau of Industry and Security of the United States Department of Commerce or their successors, or on any other list of persons or entities with which the City may not do business under any

applicable law, rule, regulation, order or judgment: the Specially Designated Nationals List, the Denied Persons List, the Unverified List, the Entity List and the Debarred List. For purposes of this subparagraph (m) only, the term "affiliate", when used to indicate a relationship with a specified person or entity, means a person or entity that, directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with such specified person or entity, and a person or entity shall be deemed to be controlled by another person or entity, if controlled in any manner whatsoever that results in control in fact by that other person or entity (or that other person or entity and any persons or entities with whom that other person or entity is acting jointly or in concert), whether directly or indirectly and whether through share ownership, a trust, a contract or otherwise; and

(n) Developer agrees that Developer, any person or entity who directly or indirectly has an ownership or beneficial interest in Developer of more than seven and five-tenths percent (7.5%) ("Owners"), spouses and domestic partners of such Owners, Developer's contractors (i.e., any person or entity in direct contractual privity with Developer regarding the subject matter of this Agreement) ("Contractors"), any person or entity who directly or indirectly has an ownership or beneficial interest in any Contractor of more than seven and five-tenths percent (7.5%) ("Subowners") and spouses and domestic partners of such Subowners (Developer and all the other preceding classes of persons and entities are together, the "Identified Parties"), shall not make a contribution of any amount to the Mayor of the City of Chicago (the "Mayor") or to his political fund-raising committee (i) after execution of this Agreement by Developer, (ii) while this Agreement or any Other Contract (as defined below) is executory, (iii) during the term of this Agreement or any Other Contract between Developer and the City, or (iv) during any period while an extension of this Agreement or any Other Contract is being sought or negotiated.

Developer represents and warrants that from the later of (i) February 10, 2005, or (ii) the date the City approached the Developer or the date the Developer approached the City, as applicable, regarding the formulation of this Agreement, no Identified Parties have made a contribution of any amount to the Mayor or to his political fund-raising committee.

Developer agrees that it shall not: (a) coerce, compel or intimidate its employees to make a contribution of any amount to the Mayor or to the Mayor's political fund-raising committee; (b) reimburse its employees for a contribution of any amount made to the Mayor or to the Mayor's political fund-raising committee; or (c) bundle or solicit others to bundle contributions to the Mayor or to his political fund-raising committee.

Developer agrees that the Identified Parties must not engage in any conduct whatsoever designed to intentionally violate this provision or Mayoral Executive Order Number 05-1 or to entice, direct or solicit others to intentionally violate this provision or Mayoral Executive Order Number 05-1.

Developer agrees that a violation of, noncompliance with, misrepresentation with respect to, or breach of any covenant or warranty under this provision or violation of Mayoral Executive Order Number 05-1 constitutes a breach and default under this Agreement, and under any Other Contract for which no opportunity to cure will be granted unless the City, in its sole discretion, elects to grant such an opportunity to cure. Such breach and default entitles the City to all remedies (including without limitation termination for default) under this Agreement, under any Other Contract, at law and in equity. This provision amends any Other Contract and supersedes any inconsistent provision contained therein.

If Developer intentionally violates this provision or Mayoral Executive Order Number 05-1 prior to the closing of this Agreement, the City may elect to decline to close the transaction contemplated by this Agreement.

For purposes of this provision:

"Bundle" means to collect contributions from more than one source which are then delivered by one person to the Mayor or to his political fund-raising committee.

"Other Contract" means any other agreement with the City of Chicago to which Developer is a party that is (i) formed under the authority of Chapter 2-92 of the Municipal Code of Chicago; (ii) entered into for the purchase or lease of real or personal property; or (iii) for materials, supplies, equipment or services which are approved or authorized by the City Council of the City of Chicago.

"Contribution" means a "political contribution" as defined in Chapter 2-156 of the Municipal Code of Chicago, as amended.

Individuals are "Domestic Partners" if they satisfy the following criteria:

- (A) they are each other's sole domestic partner, responsible for each other's common welfare; and
- (B) neither party is married; and
- (C) the partners are not related by blood closer than would bar marriage in the State of Illinois; and
- (D) each partner is at least eighteen (18) years of age, and the partners are the same sex, and the partners reside at the same residence; and

(E) two (2) of the following four (4) conditions exist for the partners:

1. The partners have been residing together for at least twelve (12) months.
2. The partners have common or joint ownership of a residence.
3. The partners have at least two (2) of the following arrangements:
 - a. joint ownership of a motor vehicle;
 - b. a joint credit account;
 - c. a joint checking account;
 - d. a lease for a residence identifying both domestic partners as tenants.
4. Each partner identifies the other partner as a primary beneficiary in a will.

“Political fund-raising committee” means a “political fund-raising committee” as defined in Chapter 2-156 of the Municipal Code of Chicago, as amended.

8.02 Covenant To Redevelop.

Upon D.P.D.'s approval of the Project Budget, the Scope Drawings and Plans and Specifications as provided in Sections 3.02 and 3.03 hereof, and the Developer's receipt of all required building permits and governmental approvals, the Developer shall redevelop the Property in accordance with this Agreement and all exhibits attached hereto, the T.I.F. Ordinances, the Scope Drawings, Plans and Specifications, Project Budget and all amendments thereto, and all federal, state and local laws, ordinances, rules, regulations, executive orders and codes applicable to the Project, the Property and/or the Developer. The covenants set forth in this section shall run with the land and be binding upon any transferee, but shall be deemed satisfied upon issuance by the City of a Certificate with respect thereto.

8.03 Redevelopment Plan.

The Developer represents that the Project is and shall be in compliance with all of the terms of the Redevelopment Plan.

8.04 Use Of City Funds.

City Funds disbursed to the Developer shall be used by the Developer solely to pay for (or to reimburse the Developer for its payment for) the T.I.F.-Funded Improvements as provided in this Agreement.

8.05 Other Bonds.

The Developer shall, at the request of the City, agree to any reasonable amendments to this Agreement that are necessary or desirable in order for the City to issue (in its sole discretion) any bonds in connection with the Redevelopment Area, the proceeds of which may be used to reimburse the City for expenditures made in connection with, or provide a source of funds for the payment for, the T.I.F.-Funded Improvements (the "Bonds"); provided, however, that any such amendments shall not have a material adverse effect on the Developer or the Project. The Developer shall, at the Developer's expense, cooperate and provide reasonable assistance in connection with the marketing of any such Bonds, including but not limited to providing written descriptions of the Project, making representations, providing information regarding its financial condition and assisting the City in preparing an offering statement with respect thereto.

8.06 Employment Opportunity; Progress Reports.

The Developer covenants and agrees to abide by, and contractually obligate and use reasonable efforts to cause the General Contractor and each subcontractor to abide by the terms set forth in Section 10 hereof. The Developer shall deliver to the City written progress reports detailing compliance with the requirements of Sections 8.08, 10.02 and 10.03 of this Agreement. Such reports shall be delivered to the City monthly. If any such reports indicate a shortfall in compliance, the Developer shall also deliver a plan to D.O.H. which shall outline, to D.O.H.'s satisfaction, the manner in which the Developer shall correct any shortfall.

8.07 Employment Profile.

The Developer shall submit, and contractually obligate and cause the General Contractor or any subcontractor to submit, to D.P.D., from time to time, statements of its employment profile upon D.P.D.'s request.

8.08 Prevailing Wage.

The Developer covenants and agrees to pay, and to contractually obligate and cause the General Contractor and each subcontractor to pay, the prevailing wage

rate as ascertained by the Illinois Department of Labor (the "Department"), to all Project employees. All such contracts shall list the specified rates to be paid to all laborers, workers and mechanics for each craft or type of worker or mechanic employed pursuant to such contract. If the Department revises such prevailing wage rates, the revised rates shall apply to all such contracts. Upon the City's request, the Developer shall provide the City with copies of all such contracts entered into by the Developer or the General Contractor to evidence compliance with this Section 8.08.

8.09 Arms-Length Transactions.

Unless the City has given its prior written consent with respect thereto, no Affiliate of the Developer may receive any portion of City Funds, directly or indirectly, in payment for work done, services provided or materials supplied in connection with any T.I.F.-Funded Improvement. The Developer shall provide information with respect to any entity to receive City Funds directly or indirectly (whether through payment to the Affiliate by the Developer and reimbursement to the Developer for such costs using City Funds, or otherwise), upon D.P.D.'s request, prior to any such disbursement.

8.10 Conflict Of Interest.

Pursuant to Section 5/11-74.4-4(n) of the Act, the Developer represents, warrants and covenants that, to the best of its knowledge, no member, official, or employee of the City, or of any commission or committee exercising authority over the Project, the Redevelopment Area or the Redevelopment Plan, or any Consultant hired by the City with respect thereto, owns or controls, has owned or controlled or will own or control any interest, and no such person shall represent any person, as agent or otherwise, who owns or controls, has owned or controlled, or will own or control any interest, direct or indirect, in the Developer's business, the Property or any other property in the Redevelopment Area.

8.11 Disclosure Of Interest.

The Developer's counsel has no direct or indirect financial ownership interest in the Developer, the Property or any other aspect of the Project.

8.12 Financial Statements.

The Developer shall obtain and provide to D.P.D. Financial Statements for the Developer's fiscal year ended December 31, 2006 and for each year thereafter within ninety (90) days after the end of such fiscal year for the Term of the Agreement. In

addition, the Developer shall submit unaudited financial statements as soon as reasonably practical following the close of each fiscal year and for such other periods as D.P.D. may request.

8.13 Insurance.

The Developer, at its own expense, shall comply with all provisions of Section 12 hereof.

8.14 Non-Governmental Charges.

(a) Payment Of Non-Governmental Charges. Except for the Permitted Liens and/or liens bonded by the Developer or insured by the Title Company, the Developer agrees to pay or cause to be paid when due any Non-Governmental Charge assessed or imposed upon the Project, the Property or any fixtures that are or may become attached thereto, which creates, may create, or appears to create a lien upon all or any portion of the Property or Project; provided however, that if such Non-Governmental Charge may be paid in installments, the Developer may pay the same together with any accrued interest thereon in installments as they become due and before any fine, penalty, interest, or cost may be added thereto for nonpayment. The Developer shall furnish to D.P.D., within thirty (30) days of D.P.D.'s request, official receipts from the appropriate entity, or other proof satisfactory to D.P.D., evidencing payment of the Non-Governmental Charge in question.

(b) Right To Contest. The Developer has the right, before any delinquency occurs:

(i) to contest or object in good faith to the amount or validity of any Non-Governmental Charge by appropriate legal proceedings properly and diligently instituted and prosecuted, in such manner as shall stay the collection of the contested Non-Governmental Charge, prevent the imposition of a lien or remove such lien, or prevent the sale or forfeiture of the Property (so long as no such contest or objection shall be deemed or construed to relieve, modify or extend the Developer's covenants to pay any such Non-Governmental Charge at the time and in the manner provided in this Section 8.14); or

(ii) at D.P.D.'s sale option, to furnish a good and sufficient bond or other security satisfactory to D.P.D. in such form and amounts as D.P.D. shall require, or a good and sufficient undertaking as may be required or permitted by law to accomplish a stay of any such sale or forfeiture of the Property or any portion thereof or any fixtures that are or may be attached thereto, during the pendency of such contest, adequate to pay fully any such contested Non-Governmental Charge and all interest and penalties upon the adverse determination of such contest.

8.15 Developer's Liabilities.

The Developer shall not enter into any transaction that would materially and adversely affect its ability to perform its obligations hereunder or to repay any material liabilities or perform any material obligations of the Developer to any other person or entity. The Developer shall immediately notify D.P.D. of any and all events or actions which may materially affect the Developer's ability to carry on its business operations or perform its obligations under this Agreement or any other documents and agreements.

8.16 Compliance With Laws.

To the best of the Developer's knowledge, after diligent inquiry, the Property and the Project are and shall be in compliance with all applicable federal, state and local laws, statutes, ordinances, rules, regulations, executive orders and codes pertaining to or affecting the Project and the Property. Upon the City's request, the Developer shall provide evidence satisfactory to the City of such compliance.

8.17 Recording And Filing.

The Developer shall cause this Agreement, certain exhibits (as specified by Corporation Counsel), all amendments and supplements hereto to be recorded and filed against the Property on the date hereof in the conveyance and real property records of the county in which the Project is located. This Agreement shall be recorded prior to any mortgage made in connection with Lender Financing. The Developer shall pay all fees and charges incurred in connection with any such recording. Upon recording, the Developer shall immediately transmit to the City an executed original of this Agreement showing the date and recording number of record.

8.18 Real Estate Provisions.

(a) Governmental Charges.

(i) Payment Of Governmental Charges. The Developer agrees to pay or cause to be paid when due all Governmental Charges (as defined below) which are assessed or imposed upon the Developer, the Property or the Project, or become due and payable, and which create, may create, a lien upon the Developer or all or any portion of the Property or the Project. "Governmental Charge" shall mean all federal, State, county, the City or other governmental (or any instrumentality, division, agency, body or department thereof) taxes, levies, assessments, charges, liens, claims or encumbrances (except for those assessed by foreign nations, states other than the State of Illinois, counties of the State other than Cook

County, and municipalities other than the City) relating to the Developer, the Property or the Project including but not limited to real estate taxes.

(ii) Right To Contest. The Developer has the right before any delinquency occurs to contest or object in good faith to the amount or validity of any Governmental Charge by appropriate legal proceedings properly and diligently instituted and prosecuted in such manner as shall stay the collection of the contested Governmental Charge and prevent the imposition of a lien or the sale or forfeiture of the Property. No such contest or objection shall be deemed or construed in any way as relieving, modifying or extending the Developer's covenants to pay any such Governmental Charge at the time and in the manner provided in this Agreement unless the Developer has given prior written notice to D.P.D. of the Developer's intent to contest or object to a Governmental Charge and, unless, at D.P.D.'s sole option:

(i) the Developer shall demonstrate to D.P.D.'s satisfaction that legal proceedings instituted by the Developer contesting or objecting to a Governmental Charge shall conclusively operate to prevent or remove a lien against, or the sale or forfeiture of, all or any part of the Property to satisfy such Governmental Charge prior to final determination of such proceedings; and/or

(ii) the Developer shall furnish a good and sufficient bond or other security satisfactory to D.P.D. in such form and amounts as D.P.D. shall require, or a good and sufficient undertaking as may be required or permitted by law to accomplish a stay of any such sale or forfeiture of the Property during the pendency of such contest, adequate to pay fully any such contested Governmental Charge and all interest and penalties upon the adverse determination of such contest.

(b) Developer's Failure To Pay Or Discharge Lien. If the Developer fails to pay any Governmental Charge or to obtain discharge of the same, the Developer shall advise D.P.D. thereof in writing, at which time D.P.D. may, but shall not be obligated to, and without waiving or releasing any obligation or liability of the Developer under this Agreement, in D.P.D.'s sole discretion, make such payment, or any part thereof, or obtain such discharge and take any other action with respect thereto which D.P.D. deems advisable. All Sums so paid by D.P.D., if any, and any expenses, if any, including reasonable attorneys' fees, court costs, expenses and other charges relating thereto, shall be promptly disbursed to D.P.D. by the Developer. Notwithstanding anything contained herein to the contrary, this paragraph shall not be construed to obligate the City to pay any such Governmental Charge. Additionally, if the Developer fails to pay any Governmental Charge, the City, in its sole discretion, may require the Developer to submit to the City audited Financial Statements at the Developer's own expense.

(c) Real Estate Taxes.

(i) Acknowledgment Of Real Estate Taxes. The Developer agrees that for the purpose of this Agreement, the minimum assessed value of the Property ("Minimum Assessed Value") is shown on (Sub)Exhibit K attached hereto and incorporated herein by reference.

(ii) Real Estate Tax Exemption. With respect to the Property or the Project, neither the Developer nor any agent, representative, lessee, tenant, assignee, transferee or successor in interest to the Developer shall, during the Term of this Agreement, seek or authorize any exemption (as such term is used and defined in the Illinois Constitution, Article IX, Section 6 (1970)) for any year that the Redevelopment Plan is in effect; provided, however, nothing contained in this provision shall preclude Developer from applying for and receiving any reduction in the amount of real estate taxes payable for the Project or the Property, subject to the provisions of clause (iii) below.

(iii) No Reduction In Real Estate Taxes. Neither the Developer nor any agent, representative, lessee, tenant, assignee, transferee or successor in interest to the Developer shall, during the Term of this Agreement, directly or indirectly, initiate, seek or apply for proceedings in order to lower the assessed value of all or any portion of the Property or the Project below the amount of the Minimum Assessed Value as shown in (Sub)Exhibit K; provided, however, the Developer is permitted to apply for a Class 9 designation from Cook County even if such designation with respect to the Property would result in a Minimum Assessed Value below that is shown in (Sub)Exhibit K.

(iv) No Objections. Neither the Developer nor any agent, representative, lessee, tenant, assignee, transferee or successor in interest to the Developer, shall object to or in any way seek to interfere with, on procedural or any other grounds, the filing of any Underassessment Complaint or subsequent proceedings related thereto with the Cook County Assessor or with the Cook County Board of Appeals, by either the City or any taxpayer. The term "Underassessment Complaint" as used in this Agreement shall mean any complaint seeking to increase the assessed value of the Property up to (but not above) the Minimum Assessed Value as shown in (Sub)Exhibit K.

(v) Covenants Running With The Land. The parties agree that the restrictions contained in this Section 8.18(c) are covenants running with the land and this Agreement shall be recorded by the Developer as a memorandum thereof, at the Developer's expense, with the Cook County Recorder of Deeds on the Closing Date. These restrictions shall be binding upon the Developer and its agents, representatives, lessees, successors, assigns and transferees from and after the date hereof; provided however, that the covenants shall be released when the Redevelopment Area is no longer in effect. The Developer agrees that any sale (including, without limitation, any sale and leaseback), lease, conveyance, or

transfer of title to all or any portion of the Property or Redevelopment Area from and after the date hereof shall be made explicitly subject to such covenants and restrictions. Notwithstanding anything contained in this Section 8.18(c) to the contrary, the City, in its sole discretion and by its sole action, without the joinder or concurrence of the Developer, its successors or assigns, may waive and terminate the Developer's covenants and agreements set forth in this Section 8.18(c).

8.19 Affordable Housing Covenant.

The Developer agrees and covenants to the City that, prior to any foreclosure of the Property by a Lender, the provisions of that certain Regulatory Agreement executed by the Developer and D.O.H. as of the date hereof shall govern the terms of the Developer's obligation to provide affordable housing. Following foreclosure, if any, and from the date of such foreclosure through the Term of the Agreement, the following provisions shall govern the terms of the obligation to provide affordable housing under this Agreement:

(a) the Facility shall be operated and maintained solely as residential rental housing;

(b) all of the units in the Facility shall be available for occupancy to and be occupied solely by one or more persons qualifying as Low-Income Families (as defined below) upon initial occupancy;

(c) all of the units in the Facility have monthly rents, payable by the respective tenant, not in excess of thirty percent (30%) of the maximum allowable income for a Low-Income Family (with the applicable Family size for such units determined in accordance with the rules specified in Section 42(g)(2) of the Internal Revenue Code of 1986, as amended); provided, however, that for any unit occupied by a Family (as defined below) that no longer qualifies as a Low-Income Family due to an increase in such Family's income since the date of its initial occupancy of such unit, the maximum monthly rent for such unit shall not exceed thirty percent (30%) of such Family's monthly income;

(d) as used in this Section 8.19, the following terms have the following meanings:

(i) "Family" shall mean one or more individuals, whether or not related by blood or manage; and

(ii) "Low-Income Families" shall mean Families whose annual income does not exceed sixty percent (60%) of the Chicago-area median income, adjusted for Family size, as such annual income and Chicago-area median income are determined from time to time by the United States Department of Housing and Urban Development, and thereafter such income limits shall apply to this definition,

(e) the covenants set forth in this Section 8.19 shall run with the land and be binding upon any transferee;

(f) the City and the Developer may enter into a separate agreement to implement the provisions of this Section 8.19.

8.20 Occupancy; Permitted Uses.

Developer shall cause the lease of at least (a) fifty percent (50%) of the Facility on or before the date of request for and at the date issuance of the Certificate of Completion (the "C.O.C. Occupancy Covenant") and (b) eighty percent (80%) of the Facility at the date of request for, and at the time of payment of, Installment Four (the "Installment Four Occupancy Covenant"). At the times the C.O.C. Occupancy Covenant and Installment Four Occupancy Covenant are met, the Developer shall deliver a compliance report to the satisfaction of the City, which shall include a list of tenants and the corresponding executed [leases/memorandums of lease], along with such other information as the City shall request (the "Occupancy Report"). Developer shall cause the Property to be used in accordance with Section 8.19 hereof and the Redevelopment Plan. The covenants contained in this Section 8.20 shall run with the land and be binding upon any transferee.

8.21 Survival Of Covenants.

All warranties, representations, covenants and agreements of the Developer contained in this Section 8 and elsewhere in this Agreement shall be true, accurate and complete at the time of the Developer's execution of this Agreement, and shall survive the execution, delivery and acceptance hereof by the parties hereto and (except as provided in Section 7 hereof upon the issuance of a Certificate) shall be in effect throughout the Term of the Agreement.

Section 9.

Covenants/Representations/Warranties Of City.

9.01 General Covenants.

The City represents that it has the authority as a home rule unit of local government to execute and deliver this Agreement and to perform its obligations hereunder.

9.02 Survival Of Covenants.

All warranties, representations and covenants of the City contained in this Section 9 or elsewhere in this Agreement shall be true, accurate and complete at the time of the City's execution of this Agreement, and shall survive the execution, delivery and acceptance hereof by the parties hereto and be in effect throughout the Term of the Agreement.

Section 10.

Developer's Employment Obligations.

10.01 Employment Opportunity.

The Developer, on behalf of itself and its successors and assigns, hereby agrees, and shall contractually obligate its or their various contractors, subcontractors or any Affiliate of the Developer operating on the Property (collectively, with the 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 or occupation of the Property:

(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, 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 nondiscriminatory 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 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) To the greatest extent feasible, each Employer is required to present opportunities for training and employment of low- and moderate-income residents of the City and preferably of the Redevelopment Area; and to provide that contracts for work in connection with the construction of the Project be awarded to business concerns that are located in, or owned in substantial part by persons residing in, the City and preferably in the Redevelopment Area.

(c) 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 City's 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.

(d) Each Employer, 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.

(e) Each Employer shall include the foregoing provisions of subparagraphs (a) through (d) 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.

(f) Failure to comply with the employment obligations described in this Section 10.01 shall be a basis for the City to pursue remedies under the provisions of Section 15.02 hereof.

10.02 City Resident Construction Worker Employment Requirement.

The Developer agrees for itself and its successors and assigns, and shall contractually obligate its General Contractor and shall cause the General Contractor to contractually obligate its subcontractors, as applicable, to agree, that during the construction of the Project they shall comply with the minimum percentage of total worker hours performed by actual residents of the City as specified in Section 2-92-330 of the Municipal Code of Chicago (at least fifty percent (50%) of the total worker hours worked by persons on the site of the Project shall be performed by actual residents of the City); provided, however, that in addition to complying with this percentage, the Developer, its General Contractor and each subcontractor shall be required to make good faith efforts to utilize qualified residents of the City in both unskilled and skilled labor positions.

The Developer 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 Chief Procurement Officer of the City.

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

The Developer, the General Contractor and each subcontractor shall provide for the maintenance of adequate employee residency records to show that actual Chicago residents are employed on the Project. Each Employer shall maintain copies of personal documents supportive of every Chicago employee's actual record of residence.

Weekly certified payroll reports (United States Department of Labor Form WH-347 or equivalent) shall be submitted to the Commissioner of D.P.D. 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 Employer hired the employee should be written in after the employee's name.

The Developer, the General Contractor and each subcontractor shall provide full access to their employment records to the Chief Procurement Officer, the Commissioner of D.P.D., the Superintendent of the Chicago Police Department, the Inspector General or any duly authorized representative of any of them. The Developer, the General Contractor and each subcontractor 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.

At the direction of D.P.D., affidavits and other supporting documentation will be required of the Developer, the General Contractor and each subcontractor to verify or clarify an employee's actual address when doubt or lack of clarity has arisen.

Good faith efforts on the part of the Developer, the General Contractor and each subcontractor 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 Chief Procurement Officer) shall not suffice to replace the actual, verified achievement of the requirements of this section concerning the worker hours performed by actual Chicago residents.

When work at the Project is completed, in the event that the City has determined that the Developer has 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

dégree stipulated in this section. Therefore, in such a case of noncompliance, it is agreed that one-twentieth of one percent (0.0005) of the aggregate hard construction costs set forth in the Project Budget (the product of 0.0005 multiplied by such aggregate hard construction costs) (as the same shall be evidenced by approved contract value for the actual contracts) shall be surrendered by the Developer 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 the Developer, the General Contractor and/or the subcontractors to prosecution. Any retainage to cover contract performance that may become due to the Developer pursuant to Section 2-92-250 of the Municipal Code of Chicago may be withheld by the City pending the Chief Procurement Officer's determination as to whether the Developer must surrender damages as provided in this paragraph.

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 or related documents.

The Developer shall cause or require the provisions of this Section 10.02 to be included in all construction contracts and subcontracts related to the Project.

10.03 M.B.E./W.B.E. Commitment.

The Developer agrees for itself and its successors and assigns, and, if necessary to meet the requirements set forth herein, shall contractually obligate the General Contractor to agree that during the Project:

(a) Consistent with the findings which support, as applicable, (i) the Minority-Owned and Women-Owned Business Enterprise Procurement Program, Section 2-92-420, et seq., Municipal Code of Chicago (the "Procurement Program"), and (ii) the Minority- and Women-Owned Business Enterprise Construction Program, Section 2-92-650, et seq., Municipal Code of Chicago (the "Construction Program", and collectively with the Procurement Program the "M.B.E./W.B.E. Program"), and in reliance upon the provisions of the M.B.E./W.B.E. Program to the extent contained in, and as qualified by, the provisions of this Section 10.03, during the course of the Project, at least the following percentages of the costs of construction as set forth in the construction contract approved by D.O.H. (the "M.B.E./W.B.E. Budget") shall be expended for contract participation by M.B.E.s and by W.B.E.s:

- (1) At least twenty-four percent (24%) by M.B.E.s.
- (2) At least four (4) percent (4%) by W.B.E.s.

(b) For purposes of this Section 10.03 only, the Developer (and any party to whom a contract is let by the Developer in connection with the Project) shall be deemed a "contractor" and this Agreement (and any contract let by the Developer in connection with the Project) shall be deemed a "contract" or a "construction contract" as such terms are defined in Sections 2-92-420 and 2-92-670, Municipal Code of Chicago, as applicable.

(c) Consistent with Sections 2-92-440 and 2-92-720, Municipal Code of Chicago, the Developer's M.B.E./W.B.E. commitment may be achieved in part by the Developer's status as an M.B.E. or W.B.E. (but only to the extent of any actual work performed on the Project by the Developer) or by a joint venture with one or more M.B.E.s or W.B.E.s (but only to the extent of the lesser of (i) the M.B.E. or W.B.E. participation in such joint venture or (ii) the amount of any actual work performed on the Project by the M.B.E. or W.B.E.), by the Developer utilizing a M.B.E. or a W.B.E. as the General Contractor (but only to the extent of any actual work performed on the Project by the General Contractor), by subcontracting or causing the General Contractor to subcontract a portion of the Project to one or more M.B.E.s or W.B.E.s, or by the purchase of materials or services used in the Project from one or more M.B.E.s or W.B.E.s, or by any combination of the foregoing. Those entities which constitute both a M.B.E. and a W.B.E. shall not be credited more than once with regard to the Developer's M.B.E./W.B.E. commitment as described in this Section 10.03. In accordance with Section 2-92-730, Municipal Code of Chicago, the Developer shall not substitute any M.B.E. or W.B.E. General Contractor or subcontractor without the prior written approval of D.P.D.

(d) The Developer shall deliver quarterly reports to the City's monitoring staff during the Project describing its efforts to achieve compliance with this M.B.E./W.B.E. commitment. Such reports shall include, inter alia, the name and business address of each M.B.E. and W.B.E. solicited by the Developer or the General Contractor to work on the Project, and the responses received from such solicitation, the name and business address of each M.B.E. or W.B.E. 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 City's monitoring staff in determining the Developer's compliance with this M.B.E./W.B.E. commitment. The Developer shall maintain records of all relevant data with respect to the utilization of M.B.E.s and W.B.E.s in connection with the Project for at least five (5) years after completion of the Project, and the City's monitoring staff shall have access to all such records maintained by the Developer, on (5) five Business Days notice, to allow the City to review the Developer's compliance with its commitment to M.B.E./W.B.E. participation and the status of any M.B.E. or W.B.E. performing any portion of the Project.

(e) Upon the disqualification of any M.B.E. or W.B.E. General Contractor or subcontractor, if such status was misrepresented by the disqualified party, the Developer shall be obligated to discharge or cause to be discharged the disqualified General Contractor or subcontractor and, if possible, identify and engage a qualified M.B.E. or W.B.E. as a replacement. For purposes of this subsection (e), the disqualification procedures are further described in Sections 2-92-540 and 2-92-730, Municipal Code of Chicago, as applicable.

(f) Any reduction or waiver of the Developer's M.B.E./W.B.E. commitment as described in this Section 10.03 shall be undertaken in accordance with Sections 2-92-450 and 2-92-730, Municipal Code of Chicago, as applicable.

(g) Prior to the commencement of the Project, the Developer shall be required to meet with the City's monitoring staff with regard to the Developer's compliance with its obligations under this Section 10.03. The General Contractor and all major subcontractors shall be required to attend this pre-construction meeting. During said meeting, the Developer shall demonstrate to the City's monitoring staff its plan to achieve its obligations under this Section 10.03, the sufficiency of which shall be approved by the City's monitoring staff. During the Project, the Developer shall submit the documentation required by this Section 10.03 to the City's monitoring staff, including the following: (i) subcontractor's activity report; (ii) contractor's certification concerning labor standards and prevailing wage requirements; (iii) contractor letter of understanding; (iv) monthly utilization report; (v) authorization for payroll agent; (vi) certified payroll; (vii) evidence that M.B.E./W.B.E. contractor associations have been informed of the Project via written notice and hearings; and (viii) evidence of compliance with job creation/job retention requirements. Failure to submit such documentation on a timely basis, or a determination by the City's monitoring staff, upon analysis of the documentation, that the Developer is not complying with its obligations under this Section 10.03, shall, upon the delivery of written notice to the Developer, be deemed an Event of Default. Upon the occurrence of any such Event of Default, in addition to any other remedies provided in this Agreement, the City may: (1) issue a written demand to the Developer to halt the Project, (2) withhold any further payment of any City Funds to the Developer or the General Contractor, or (3) seek any other remedies against the Developer available at law or in equity.

Section 11.

Environmental Matters.

The Developer hereby represents and warrants to the City that the Developer has conducted environmental studies sufficient to conclude that the Project may be

constructed, completed and operated in accordance with all Environmental Laws and this Agreement and all exhibits attached hereto, and any applicable provisions contained in the Scope Drawings, Plans and Specifications and all amendments thereto, the Bond Ordinance and the Redevelopment Plan.

Without limiting any other provisions hereof, the Developer agrees to indemnify, defend and hold the City harmless from and against any and all losses, liabilities, damages, injuries, costs, expenses or claims of any kind whatsoever including, without limitation, any losses, liabilities, damages, injuries, costs, expenses or claims asserted or arising under any Environmental Laws incurred, suffered by or asserted against the City as a direct or indirect result of any of the following, regardless of whether or not caused by, or within the control of the Developer: (i) the presence of any Hazardous Material on or under, or the escape, seepage, leakage, spillage, emission, discharge or release of any Hazardous Material from (A) all or any portion of the Property or (B) any other real property in which the Developer, or any person directly or indirectly controlling, controlled by or under common control with the Developer, holds any estate or interest whatsoever (including, without limitation, any property owned by a land trust in which the beneficial interest is owned, in whole or in part, by the Developer), or (ii) any liens against the Property permitted or imposed by any Environmental Laws, or any actual or asserted liability or obligation of the City or the Developer or any of its Affiliates under any Environmental Laws relating to the Property.

Section 12.

Insurance.

The Developer must provide and maintain, at Developer's own expense, or cause to be provided and maintained during the term of this Agreement, the insurance coverage and requirements specified below, insuring all operations related to the Agreement.

(a) Prior To Execution And Delivery Of This Agreement.

(i) Workers' Compensation And Employer's Liability.

Workers' Compensation Insurance, as prescribed by applicable law covering all employees who are to provide work under this Agreement and Employer's Liability coverage with limits of not less than One Hundred Thousand Dollars (\$100,000) each accident, illness or disease.

(ii) Commercial General Liability (Primary And Umbrella).

Commercial General Liability Insurance or equivalent with limits of not less than One Million Dollars (\$1,000,000) per occurrence for bodily injury, personal injury and property damage liability. Coverages must include the following: all premises and operations, products/completed operations independent contractors, separation of insureds, defense and contractual liability (with no limitation endorsement). The City of Chicago is to be named as an additional insured on a primary, noncontributory basis for any liability arising directly or indirectly from the work.

(iii) All Risk Property.

All Risk Property Insurance at replacement value of the property to protect against loss of, damage to, or destruction of the building/facility. The City is to be named as an additional insured and loss payee/mortgagee, if applicable.

(b) Construction.

Prior to the construction of any portion of the Project, Developer will cause its architects, contractors, subcontractors, project managers and other parties constructing the Project to procure and maintain the following kinds and amounts of insurance:

(i) Workers' Compensation And Employer's Liability.

Workers' Compensation Insurance, as prescribed by applicable law covering all employees who are to provide work under this Agreement and Employer's Liability coverage with limits of not less than Five Hundred Thousand Dollars (\$500,000) each accident, illness or disease.

(ii) Commercial General Liability (Primary And Umbrella).

Commercial General Liability Insurance or equivalent with limits of not less than Two Million Dollars (\$2,000,000) per occurrence for bodily injury, personal injury and property damage liability. Coverages must include the following: all premises and operations, products/completed operations (for a minimum of two (2) years following project completion), explosion, collapse, underground, separation of insureds, defense and contractual liability (with no limitation endorsement). The City of Chicago is to be named as an additional insured on a primary, noncontributory basis for any liability arising directly or indirectly from the work.

(iii) Automobile Liability (Primary And Umbrella).

When any motor vehicles (owned, non-owned and hired) are used in connection with work to be performed, the Automobile Liability Insurance with limits of not less than Two Million Dollars (\$2,000,000) per occurrence for bodily injury and property damage. The City of Chicago is to be named as an additional insured on a primary, noncontributory basis.

(iv) Railroad Protective Liability.

When any work is to be done adjacent to or on railroad or transit property, Developer must provide or cause to be provided with respect to the operations that Contractors perform, Railroad Protective Liability Insurance in the name of railroad or transit entity. The policy must have limits of not less than Two Million Dollars (\$2,000,000) per occurrence, and Six Million Dollars (\$6,000,000) in the aggregate for losses arising out of injuries to or death of all persons, and for damage to or destruction of property, including the loss of use thereof.

(v) All Risk/Builders Risk.

When Developer undertakes any construction, including improvements, betterments, and/or repairs, the Developer must provide or cause to be provided All Risk Builders Risk Insurance at replacement cost for materials, supplies, equipment, machinery and fixtures that are or will be part of the project. The City of Chicago is to be named as an additional insured and loss payee/mortgagee, if applicable.

(vi) Professional Liability.

When any architects, engineers, construction managers or other professional consultants perform work in connection with this Agreement, Professional Liability Insurance covering acts, errors, or omissions must be maintained with limits of not less than One Million Dollars (\$1,000,000). Coverage must include contractual liability. When policies are renewed or replaced, the policy retroactive date must coincide with, or precede, start of work on the Contract. A claims-made policy which is not renewed or replaced must have an extended reporting period of two (2) years.

(vii) Valuable Papers.

When any plans, designs, drawings, specifications and documents are produced or used under this Agreement, Valuable Papers Insurance must be maintained in an amount to insure against any loss whatsoever, and must have limits sufficient to pay for the re-creation and reconstruction of such records.

(viii) Contractors Pollution Liability.

When any remediation work is performed which may cause a pollution exposure, the Developer must cause remediation contractor to provide Contractor Pollution Liability covering bodily injury, property damage and other losses caused by pollution conditions that arise from the contract scope of work with limits of not less than One Million Dollars (\$1,000,000) per occurrence. Coverage must include completed operations, contractual liability, defense, excavation, environmental cleanup, remediation and disposal. When policies are renewed or replaced, the policy retroactive date must coincide with or precede, start of work on the Agreement. A claims-made policy which is not renewed or replaced must have an extended reporting period of two (2) years. The City of Chicago is to be named as an additional insured.

(c) Post Construction.

- (i) All Risk Property Insurance at replacement value of the property to protect against loss of, damage to, or destruction of the building/facility. The City is to be named as an additional insured and loss payee/mortgagee if applicable.

(d) Other Requirements.

The Developer must furnish the City of Chicago, Department of Planning and Development, Development Support Services, City Hall, Room 1000, 121 North LaSalle Street 60602, original Certificates of Insurance, or such similar evidence, to be in force on the date of this Agreement, and Renewal Certificates of Insurance, or such similar evidence, if the coverages have an expiration or renewal date occurring during the term of this Agreement. The Developer must submit evidence of insurance on the City of Chicago Insurance Certificate Form (copy attached) or equivalent prior to closing. The receipt of any certificate does not constitute agreement by the City that the insurance requirements in the Agreement have been fully met or that the insurance policies indicated on the certificate are in compliance with all Agreement requirements. The failure of the

City to obtain certificates or other insurance evidence from Developer is not a waiver by the City of any requirements for the Developer to obtain and maintain the specified coverages. The Developer shall advise all insurers of the Agreement provisions regarding insurance. Nonconforming insurance does not relieve Developer of the obligation to provide insurance as specified herein. Nonfulfillment of the insurance conditions may constitute a violation of the Agreement, and the City retains the right to stop work and/or terminate agreement until proper evidence of insurance is provided.

The insurance must provide for sixty (60) days prior written notice to be given to the City in the event coverage is substantially changed, canceled, or non-renewed.

Any deductibles or self-insured retentions on referenced insurance coverages must be borne by Developer and Contractors.

The Developer hereby waives and agrees to require their insurers to waive their rights of subrogation against the City of Chicago, its employees, elected officials, agents or representatives.

The coverages and limits furnished by Developer in no way limit the Developer's liabilities and responsibilities specified within the Agreement or by law.

Any insurance or self-insurance programs maintained by the City of Chicago do not contribute with insurance provided by the Developer under the Agreement.

The required insurance to be carried is not limited by any limitations expressed in the indemnification language in this Agreement or any limitation placed on the indemnity in this Agreement given as a matter of law.

If Developer is a joint venture or limited liability company, the insurance policies must name the joint venture or limited liability company as a named insured.

The Developer must require Contractor and subcontractors to provide the insurance required herein, or Developer may provide the coverages for Contractor and subcontractors. All Contractors and subcontractors are subject to the same insurance requirements of Developer unless otherwise specified in this Agreement.

If Developer, any Contractor or subcontractor desires additional coverages, the party desiring the additional coverages is responsible for the acquisition and cost

The City of Chicago Risk Management Department maintains the right to modify, delete, alter or change these requirements.

Section 13.

Indemnification.

13.01 General Indemnity.

Developer agrees to indemnify, pay, defend and hold the City, and its elected and appointed officials, employees, agents and affiliates (individually an "Indemnitee", and collectively the "Indemnites") harmless from and against, any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, costs, expenses and disbursements of any kind or nature whatsoever (and including without limitation, the reasonable fees and disbursements of counsel for such Indemnites in connection with any investigative, administrative or judicial proceeding commenced or threatened, whether or not such indemnities shall be designated a party thereto), that may be imposed on, suffered, incurred by or asserted against the Indemnities in any manner relating or arising out of:

- (i) the Developer's failure to comply with any of the terms, covenants and conditions contained within this Agreement; or
- (ii) the Developer's or any contractor's failure to pay General Contractors, subcontractors or materialmen in connection with the T.I.F.-Funded Improvements or any other Project improvement; or
- (iii) the existence of any material misrepresentation or omission in this Agreement, any offering memorandum or information statement or the Redevelopment Plan or any other document related to this Agreement that is the result of information supplied or omitted by the Developer or any Affiliate of Developer or any agents, employees, contractors or persons acting under the control or at the request of the Developer or any Affiliate of Developer; or
- (iv) the Developer's failure to cure any misrepresentation in this Agreement or any other agreement relating hereto;

provided, however, that Developer shall have no obligation to an Indemnitee arising from the wanton or willful misconduct of that Indemnitee. To the extent that the preceding sentence may be unenforceable because it is violative of any law or public policy, Developer shall contribute the maximum portion that it is permitted to pay and satisfy under the applicable law, to the payment and satisfaction of all indemnified liabilities incurred by the Indemnites or any of them. The provisions of the undertakings and indemnification set out in this Section 13.01 shall survive the termination of this Agreement.

Section 14.

Maintaining Records/Right To Inspect.

14.01 Books And Records.

The Developer shall keep and maintain separate, complete, accurate and detailed books and records necessary to reflect and fully disclose the total actual cost of the Project and the disposition of all funds from whatever source allocated thereto, and to monitor the Project. All such books, records and other documents, including but not limited to the Developer's loan statements, if any, General Contractors' and contractors' sworn statements, general contracts, subcontracts, purchase orders, waivers of lien, paid receipts and invoices, shall be available at the Developer's offices for inspection, copying, audit and examination by an authorized representative of the City, at the Developer's expense. The Developer shall incorporate this right to inspect, copy, audit and examine all books and records into all contracts entered into by the Developer with respect to the Project.

14.02 Inspection Rights.

Upon three (3) business days notice, any authorized representative of the City has access to all portions of the Project and the Property during normal business hours for the Term of the Agreement.

Section 15.

Default And Remedies.

15.01 Events Of Default.

The occurrence of any one or more of the following events, subject to the provisions of Section 15.03, shall constitute an "Event of Default" by the Developer hereunder:

- (a) the failure of the Developer to perform, keep or observe any of the covenants, conditions, promises, agreements or obligations of the Developer under this Agreement or any related agreement;
- (b) the failure of the Developer to perform, keep or observe any of the covenants, conditions, promises, agreements or obligations of the Developer under any other

agreement with any person or entity (after any applicable notice and cure period) if such failure may have a material adverse effect on the Developer's business, property, assets, operations or condition, financial or otherwise;

(c) the making or furnishing by the Developer to the City of any representation, warranty, certificate, schedule, report or other communication within or in connection with this Agreement or any related agreement which is untrue or misleading in any material respect;

(d) except as otherwise permitted hereunder, the creation (whether voluntary or involuntary) of, or any attempt to create, any lien or other encumbrance upon the Property, including any fixtures now or hereafter attached thereto, other than the Permitted Liens and/or liens bonded by the Developer or insured by the Title Company, or the making or any attempt to make any levy, seizure or attachment thereof;

(e) the commencement of any proceedings in bankruptcy by or against the Developer or for the liquidation or reorganization of the Developer, or alleging that the Developer is insolvent or unable to pay its debts as they mature, or for the readjustment or arrangement of the Developer's debts, whether under the United States Bankruptcy Code or under any other state or federal law, now or hereafter existing for the relief of debtors, or the commencement of any analogous statutory or non-statutory proceedings involving the Developer; provided, however, that if such commencement of proceedings is involuntary, such action shall not constitute an Event of Default unless such proceedings are not dismissed within sixty (60) days after the commencement of such proceedings;

(f) the appointment of a receiver or trustee for the Developer, for any substantial part of the Developer's assets or the institution of any proceedings for the dissolution, or the full or partial liquidation, or the merger or consolidation, of the Developer; provided, however, that if such appointment or commencement of proceedings is involuntary, such action shall not constitute an Event of Default unless such appointment is not revoked or such proceedings are not dismissed within sixty (60) days after the commencement thereof;

(g) the entry of any judgment or order against the Developer which remains unsatisfied or undischarged and in effect for sixty (60) days after such entry without a stay of enforcement or execution;

(h) the occurrence of an event of default under the Lender Financing, which default is not cured within any applicable cure period;

(i) the dissolution of the Developer or the death of any natural person who owns a material interest in the Developer;

(j) the institution in any court of a criminal proceeding (other than a misdemeanor) against the Developer or any natural person who owns a material interest in the Developer, which is not dismissed within thirty (30) days, or the indictment of the Developer or any natural person who owns a material interest in the Developer, for any crime (other than a misdemeanor); or

(k) prior to the time of payment of Installment Four, the sale or transfer of a majority of the ownership interests of the Developer without the prior written consent of the City; provided, however, the respective interests of Developer's administrative limited partner and Developer's investor limited partner shall be transferable to any affiliate of [Limited Partner] without the consent of the City.

For purposes of Sections 15.01(i) and 15.01(j) hereof, a person with a material interest in the Developer shall be one owning in excess of ten percent (10%) of H&A's partnership interests.

15.02 Remedies.

Upon the occurrence of an Event of Default, the City may terminate this Agreement and all related agreements, and may suspend disbursement of City Funds. The City may, in any court of competent jurisdiction by any action or proceeding at law or inequity, pursue and secure any available remedy, including but not limited to injunctive relief or the specific performance of the agreements contained herein.

15.03 Curative Period.

In the event the Developer shall fail to perform a monetary covenant which the Developer is required to perform under this Agreement, notwithstanding any other provision of this Agreement to the contrary, an Event of Default shall not be deemed to have occurred unless the Developer has failed to perform such monetary covenant within ten (10) days of its receipt of a written notice from the City specifying that it has failed to perform such monetary covenant. In the event the Developer shall fail to perform a nonmonetary covenant which the Developer is required to perform under this Agreement, notwithstanding any other provision of this Agreement to the contrary, an Event of Default shall not be deemed to have occurred unless the Developer has failed to cure such default within thirty (30) days of its receipt of a written notice from the City specifying the nature of the default; provided, however, with respect to those non-monetary defaults which are not capable of being cured within such thirty (30) day period, the Developer shall not be deemed to have committed an Event of Default under this Agreement if it has commenced to cure the alleged default within such thirty (30) day period and thereafter diligently and continuously prosecutes the cure of such default until the

same has been cured; provided further, notwithstanding anything to the contrary contained herein, the City hereby agrees that any cure of and default made or tendered by one of H&A's limited partners' shall be deemed to be a cure by the Developer and shall be accepted or rejected on the same basis as if made or tendered by Developer.

15.04 Right To Cure By Lender.

In the event that an Event of Default occurs under this Agreement, and if, as a result thereof, the City intends to exercise any right or remedy available to it that could result in termination of this Agreement and all related agreements, or the suspension, cancellation or reduction of the amount of City Funds disbursed hereunder, the City shall prior to exercising such right or remedy, send notice of such intended exercise to the Lender and the Lender shall have the right (but not the obligation) to cure such Event of Default as follows:

(a) if the Event of Default is a monetary default, the Lender may cure such default within thirty (30) days after the later of (i) the expiration of the cure period, if any, granted to the Developer with respect to such monetary default; or (ii) receipt by the Lender of such notice from the City; and

(b) if any Event of Default is of a nonmonetary nature, the Lender shall have the right to cure such default within thirty (30) days after the later of: (i) the expiration of the cure period, if any, granted to the Developer with respect to such non-monetary default; or (ii) receipt by the Lender of such notice from the City; and

(c) Notwithstanding the provisions of Section 15.03(b) hereof, if such nonmonetary default is an Event of Default as set forth in Section 15.01(e), (f), (g), (h), (i) or (j) hereof or Event of Default by the Developer of a nature so as not reasonably being capable of being cured within such thirty (30) day period (each such default being a "Personal Developer Default"), the Lender shall provide written notice to the City within thirty (30) days of receipt of notice of such Personal Developer Default stating that it shall cure such Personal Developer Default by the assignment of all of the Developer's rights and interests in this Agreement to the Lender or any other party agreed to in writing by both the Lender and the City. Upon receipt by the City of such notice from the Lender, the cure period shall be extended for such reasonable period of time as may be necessary to complete such assignment and assumption of Developer's rights hereunder; provided, however, that no payment of City Funds shall occur until such time as such Personal Developer Default is cured.

Section 16.

Mortgaging Of The Project.

All mortgages or deeds of trust in place as of the date hereof with respect to the Property or any portion thereof are listed on (Sub)Exhibit F hereto (including but not limited to mortgages made prior to or on the date hereof in connection with Lender Financing) and are referred to herein as the "Existing Mortgages". Any mortgage or deed of trust that the Developer may hereafter elect to execute and record or permit to be recorded against the Property or any portion thereof is referred to herein as a "New Mortgage". Any New Mortgage that the Developer may hereafter elect to execute and record or permit to be recorded against the Property or any portion thereof with the prior written consent of the City is referred to herein as a "Permitted Mortgage". It is hereby agreed by and between the City and the Developer as follows:

(a) In the event that a mortgagee or any other party shall succeed to the Developer's interest in the Property or any portion thereof pursuant to the exercise of remedies under a New Mortgage (other than a Permitted Mortgage), whether by foreclosure or deed in lieu of foreclosure, and in conjunction therewith accepts an assignment of the Developer's interest hereunder in accordance with Section 18.15 hereof, the City may, but shall not be obligated to, attorn to and recognize such party as the successor in interest to the Developer for all purposes under this Agreement and, unless so recognized by the City as the successor in interest, such party shall be entitled to no rights or benefits under this Agreement, but such party shall be bound by those provisions of this Agreement that are covenants expressly running with the land.

(b) In the event that any mortgagee shall succeed to the Developer's interest in the Property or any portion thereof pursuant to the exercise of remedies under an Existing Mortgage or a Permitted Mortgage, whether by foreclosure or deed in lieu of foreclosure, and in conjunction therewith accepts an assignment of the Developer's interest hereunder in accordance with Section 18.15 hereof, the City hereby agrees to attorn to and recognize such party as the successor in interest to the Developer for all purposes under this Agreement so long as such party accepts all of the obligations and liabilities of the "Developer" hereunder; provided, however, that notwithstanding any other provision of this Agreement to the contrary, it is understood and agreed that if such party accepts an assignment of the Developer's interest under this Agreement, such party has no liability under this Agreement for any Event of Default of the Developer which accrued prior to the time such party succeeded to the interest of the Developer under this Agreement, in which case the Developer shall be solely responsible. However, if such mortgagee under a Permitted Mortgage or an Existing Mortgage does not expressly accept an assignment of the Developer's interest hereunder, such party

shall be entitled to no rights and benefits under this Agreement, and such party shall be bound only by those provisions of this Agreement, if any, which are covenants expressly running with the land.

(c) Prior to the time of payment of Installment Four, no New Mortgage shall be executed with respect to the Property or any portion thereof without the prior written consent of the Commissioner of D.P.D.

Section 17.

Notice.

Unless otherwise specified, any notice, demand or request required hereunder shall be given in writing at the addresses set forth below, by any of the following means: (a) personal service; (b) telecopy or facsimile; (c) overnight courier; or (d) registered or certified mail, return receipt requested.

If To The City:

City of Chicago
Department of Planning and
Development
121 North LaSalle Street, Room 1000
Chicago, Illinois 60602
Attention: Commissioner

with copies to:

City of Chicago
Department of Law
Finance and Economic Development
Division
121 North LaSalle Street, Room 600
Chicago, Illinois 60602

If To The Developer:

Lawndale H&A Bond, L.P.,
in care of Lawndale H&A Bond
Development II L.L.C.
1333 North Kingsbury Street, Suite 305
Chicago, Illinois 60622
Attention: Executive Director

with copies to:

Renee Kessel, Esq.
Neal and Leroy, L.L.C.
203 North LaSalle Street, Suite 2300
Chicago, Illinois 60601

and to:

[Property Manager]

Attention: _____

and to:

[Lender]

Attention: _____

and to:

[Limited Partner]

Attention: _____

Such addresses may be changed by notice to the other parties given in the same manner provided above. Any notice, demand or request sent pursuant to either clause (a) or (b) hereof shall be deemed received upon such personal service or upon dispatch. Any notice, demand or request sent pursuant to clause (c) shall be deemed received on the day immediately following deposit with the overnight courier and any notices, demands or requests sent pursuant to subsection (d) shall be deemed received two (2) business days following deposit in the mail.

Section 18.

Miscellaneous.

18.01 Amendment.

This Agreement and the exhibits attached hereto may not be amended or modified without the prior written consent of the parties hereto; provided, however, that the City, in its sole discretion, may amend, modify or supplement (Sub)Exhibit D hereto without the consent of any party hereto. It is agreed that no material amendment or change to this Agreement shall be made or be effective unless ratified or authorized by an ordinance duly adopted by the City Council. The term "material" for the purpose of this Section 18.01 shall be defined as any deviation from the terms of the Agreement which operates to cancel or otherwise reduce any developmental, construction or job-creating obligations of Developer (including those set forth in Sections 10.02 and 10.03 hereof) by more than five percent (5%) or materially changes the Project site or character of the Project or any activities undertaken by Developer affecting the Project site, the Project, or both, or increases any time agreed for performance by the Developer by more than ninety (90) days.

18.02 Entire Agreement.

This Agreement (including each exhibit attached hereto, which is hereby incorporated herein by reference) constitutes the entire Agreement between the parties hereto and it supersedes all prior agreements, negotiations and discussions between the parties relative to the subject matter hereof.

18.03 Limitation Of Liability.

No member, official or employee of the City shall be personally liable to the Developer or any successor in interest in the event of any default or breach by the City or for any amount which may become due to the Developer from the City or any successor in interest or on any obligation under the terms of this Agreement.

18.04 Further Assurances.

The Developer agrees to take such actions, including the execution and delivery of such documents, instruments, petitions and certifications as may become necessary or appropriate to carry out the terms, provisions and intent of this Agreement.

18.05 Waiver.

Waiver by the City or the Developer with respect to any breach of this Agreement shall not be considered or treated as a waiver of the rights of the respective party with respect to any other default or with respect to any particular default, except to the extent specifically waived by the City or the Developer in writing. No delay or omission on the part of a party in exercising any right shall operate as a waiver of such right or any other right unless pursuant to the specific terms hereof. A waiver by a party of a provision of this Agreement shall not prejudice or constitute a waiver of such party's right otherwise to demand strict compliance with that provision or any other provision of this Agreement. No prior waiver by a party, nor any course of dealing between the parties hereto, shall constitute a waiver of any such parties' rights or of any obligations of any other party hereto as to any future transactions.

18.06 Remedies Cumulative.

The remedies of a party hereunder are cumulative and the exercise of anyone or more of the remedies provided for herein shall not be construed as a waiver of any other remedies of such party unless specifically so provided herein.

18.07 Disclaimer.

Nothing contained in this Agreement nor any act of the City shall be deemed or construed by any of the parties, or by any third person, to create or imply any relationship of third-party beneficiary, principal or agent, limited or general partnership or joint venture, or to create or imply any association or relationship involving the City.

18.08 Headings.

The paragraph and section headings contained herein are for convenience only and are not intended to limit, vary, define or expand the content thereof.

18.09 Counterparts.

This Agreement may be executed in several counterparts, each of which shall be deemed an original and all of which shall constitute one and the same agreement.

18.10 Severability.

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

18.11 Conflict.

In the event of a conflict between any provisions of this Agreement and the provisions of the T.I.F. Ordinances and/or the Bond Ordinance, if any, such ordinance(s) shall prevail and control.

18.12 Governing Law.

This Agreement shall be governed by and construed in accordance with the internal laws of the State of Illinois, without regard to its conflicts of law principles.

18.13 Form Of Documents.

All documents required by this Agreement to be submitted, delivered or furnished to the City shall be in form and content satisfactory to the City.

18.14 Approval.

Wherever this Agreement provides for the approval or consent of the City, D.P.D. or the Commissioner, or any matter is to be to the City's, D.P.D.'s or the Commissioner's satisfaction, unless specifically stated to the contrary, such approval, consent or satisfaction shall be made, given or determined by the City, D.P.D. or the Commissioner in writing and in the reasonable discretion thereof. The Commissioner or other person designated by the Mayor of the City shall act for the City or D.P.D. in making all approvals, consents and determinations of satisfaction, granting the Certificate or otherwise administering this Agreement for the City.

18.15 Assignment.

The Developer may not sell, assign or otherwise transfer its interest in this Agreement in whole or in part without the written consent of the City. Any successor in interest to the Developer under this Agreement shall certify in writing to the City its agreement to abide by all remaining executory terms of this

Agreement, including but not limited to Sections 8.18 (Real Estate Provisions) and 8.21 (Survival of Covenants) hereof, for the Term of the Agreement. The Developer consents to the City's sale, transfer, assignment or other disposal of this Agreement at any time in whole or in part.

18.16 Binding Effect.

This Agreement shall be binding upon the Developer, the City and their respective successors and permitted assigns (as provided herein) and shall inure to the benefit of the Developer, the City and their respective successors and permitted assigns (as provided herein). Except as otherwise provided herein, this Agreement shall not run to the benefit of, or be enforceable by, any person or entity other than a party to this Agreement and its successors and permitted assigns. This Agreement should not be deemed to confer upon third parties any remedy, claim, right of reimbursement or other right.

18.17 Force Majeure.

Neither the City nor the Developer nor any successor in interest to either of them shall be considered in breach of or in default of its obligations under this Agreement in the event of any delay caused by damage or destruction by fire or other casualty, strike, shortage of material, unusually adverse weather conditions such as, by way of illustration and not limitation, severe rain storms or below freezing temperatures of abnormal degree or for an abnormal duration, tornadoes or cyclones, and other events or conditions beyond the reasonable control of the party affected which in fact interferes with the ability of such party to discharge its obligations hereunder. The individual or entity relying on this section with respect to any such delay shall, upon the occurrence of the event causing such delay, immediately give written notice to the other parties to this Agreement. The individual or entity relying on this section with respect to any such delay may rely on this section only to the extent of the actual number of days of delay effected by any such events described above.

18.18 Exhibits.

All of the exhibits attached hereto are incorporated herein by reference.

18.19 Business Economic Support Act.

Pursuant to the Business Economic Support Act (30 ILCS 760/1, et seq.), if the Developer is required to provide notice under the W.A.R.N. Act, the Developer shall, in addition to the notice required under the W.A.R.N. Act, provide at the same time a copy of the W.A.R.N. Act notice to the Governor of the State, the Speaker and Minority Leader of the House of Representatives of the State, the President and

Minority Leader of the Senate of State, and the Mayor of each municipality where the Developer has locations in the State. Failure by the Developer to provide such notice as described above may result in the termination of all or a part of the payment or reimbursement obligations of the City set forth herein.

18.20 Venue And Consent To Jurisdiction.

If there is a lawsuit under this Agreement, each party may hereto agree to submit to the jurisdiction of the courts of Cook County, the State of Illinois and the United States District Court for the Northern District of Illinois.

18.21 Costs And Expenses.

In addition to and not in limitation of the other provisions of this Agreement, Developer agrees to pay upon demand the City's out-of-pocket expenses, including attorney's fees, incurred in connection with the enforcement of the provisions of this Agreement. This includes, subject to any limits under applicable law, attorney's fees and legal expenses, whether or not there is a lawsuit, including attorney's fees for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals and any anticipated post-judgment collection services. Developer also will pay any court costs, in addition to all other sums provided by law.

18.22 Business Relationships.

The Developer acknowledges (A) receipt of a copy of Section 2-156-030(b) of the Municipal Code of Chicago, (B) that Developer has read such provision and understands that pursuant to such Section 2-156-030(b), it is illegal for any elected official of the City, or any person acting at the direction of such official, to contact, either orally or in writing, any other City official or employee with respect to any matter involving any person with whom the elected City official or employee has a "Business Relationship" (as defined in Section 2-156-080 of the Municipal Code of Chicago), or to participate in any discussion in any City Council committee hearing or in any City Council meeting or to vote on any matter involving any person with whom the elected City official or employee has a "Business Relationship" (as defined in Section 2-156-080 of the Municipal Code of Chicago), or to participate in any discussion in any City Council committee hearing or in any City Council meeting or to vote on any matter involving the person with whom an elected official has a Business Relationship, and (C) that a violation of Section 2-156-030(b) by an elected official, or any person acting at the direction of such official, with respect to any transaction contemplated by this Agreement shall be grounds for termination of this Agreement and the transactions contemplated hereby. The Developer hereby represents and warrants that, to the best of its knowledge after due inquiry, no violation of Section 2-156-030(b) has occurred with respect to this Agreement or the transactions contemplated hereby.

In Witness Whereof, The parties hereto have caused this Redevelopment Agreement to be executed on or as of the day and year first above written.

Lawndale H&A Bond, L.P.
an Illinois limited partnership

By: Lawndale H&A Bond Development,
L.L.C. an Illinois limited liability
company, its General Partner

By: Holsten Real Estate Development
Corporation, an Illinois
corporation, a Member

By: _____

Name: _____

Title: _____

By: ACORN Housing Corporation of
Illinois, an Illinois not-for-profit
corporation, a Member

By: _____

Name: _____

Title: _____

City of Chicago

By: _____

Name: _____

Title: _____

State of Illinois)
)SS.
County of Cook)

I, _____, a notary public in and for the said County, in the State aforesaid, do hereby certify that _____, personally known to me to be the _____ of Holsten Real Estate Development Corporation, an Illinois corporation, (the "Corporation") and a member of Lawndale H&A Bond Development, L.L.C., an Illinois limited liability company ("Lawndale H&A Bond Development"), the general partner of Lawndale H&A Bond, L.P., an Illinois limited partnership ("H&A"), and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he/she signed, sealed and delivered said instrument, pursuant to the authority given to him/her by the Board of Directors of the Corporation, as his/her free and voluntary act, as the free and voluntary act of Lawndale H&A Bond Development and as the free and voluntary act of H&A, for the uses and purposes therein set forth.

Given under my hand and official seal this ____ day of _____, _____.

Notary Public

My commission expires: _____.

[Seal]

State of Illinois)
)SS.
County of Cook)

I, _____, a notary public in and for the said County, in the State aforesaid, do hereby certify that _____, personally known to me to be the _____ of ACORN Housing Corporation of Illinois, an Illinois

not-for-profit corporation ("ACORN Housing"), a member of Lawndale H&A Bond Development, L.L.C., an Illinois limited liability company ("Lawndale H&A Bond Development") and the general partner of Lawndale H&A Bond, L.P., an Illinois limited partnership ("H&A"), and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he/she signed, sealed and delivered said instrument, pursuant to the authority given to him/her by the Board of Directors of ACORN Housing, as his/her free and voluntary act, as the free and voluntary act of Lawndale H&A Bond Development and as the free and voluntary act of H&A, for the uses and purposes therein set forth.

Given under my hand and official seal this ____ day of _____, _____.

Notary Public

My commission expires: _____.

[Seal]

State of Illinois)
)SS.
County of Cook)

I, _____, a notary public in and for the said County, in the State aforesaid, do hereby certify that _____, personally known to me to be the _____ of the Department of Planning and Development of the City of Chicago (the "City"), and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he/she signed, sealed and delivered said instrument pursuant to the authority given to him/her by the City, as his/her free and voluntary act and as the free and voluntary act of the City, for the uses and purposes therein set forth.

Given under my hand and official seal this ____ day of _____, _____.

Notary Public

My commission expires:_____.

[City of Chicago Insurance Certificate Form referred to in this
Lawndale Restoration Apartment Redevelopment
Agreement unavailable at time of printing.]

[(Sub)Exhibits "A", "D", "E", "I" and "L" referred to in this
Lawndale Restoration Apartments Redevelopment
Agreement unavailable at time of printing.]

(Sub)Exhibits "B", "C", "F", "G", "H", "J" and "K" referred to in this Lawndale
Restoration Apartments Redevelopment Agreement read as follows:

(Sub)Exhibit "B".
(To Lawndale Restoration Apartments
Redevelopment Agreement)

Property Legal Description.

[Subject To Final Title Commitment And Survey]

Parcel A:

Lot 3 and the east half of Lot 4 in Shaw, Kerrigan and Salomon's Subdivision of
Block 6 in Circuit Court Partition of the east half of the northeast quarter and that
part of the east half of the southeast quarter lying north of the centerline of Ogden
Avenue in Section 23, Township 39 North, Range 13 East of the Third Principal
Meridian, in Cook County, Illinois.

Common Address:

3239 West Douglas Boulevard
Chicago, Illinois.

Permanent Tax Number:

16-23-220-006-0000.

Parcel B:

Lot 14 in Block 2 in Prescott's Douglas Park Addition to Chicago, being a subdivision of Block 2 in Circuit Court Partition of the east half of the northeast quarter and that part of the east half of the southeast quarter lying north of the centerline of Ogden Avenue in Section 23, Township 39 North, Range 13 East of the Third Principal Meridian, in Cook County, Illinois.

Common Address:

3234 West Douglas Boulevard
Chicago, Illinois.

Permanent Tax Number:

16-23-212-034-0000.

Parcel C:

Lots 16, 17, 18 and 19 (except the west 5 feet) in Block 2 of Prescott's Douglas Park Addition to Chicago, being a subdivision of Block 1 in Circuit Court Partition of the east half of the northeast quarter and that part of the east half of the southeast quarter lying north of the centerline of Ogden Avenue in Section 23, Township 39 North, Range 13 East of the Third Principal Meridian, in Cook County, Illinois.

Common Address:

3206 West Douglas Boulevard
Chicago, Illinois.

Permanent Tax Number:

16-23-213-027-0000.

Parcel D:

The west 51 feet of the east 300 feet of Block 1 in Douglas Park Addition to Chicago, a subdivision of the east half of the southeast quarter of Section 23 that lies south of the Southwestern Plank Road; also of Lots 4 and 5 of Circuit Court Partition of the west half of the west half of Section 24, Township 39 North, Range 13 East of the Third Principal Meridian, in Cook County, Illinois.

Common Address:

3122 West Douglas Boulevard
Chicago, Illinois.

Permanent Tax Number:

16-24-103-032-0000.

Parcel E:

Lots 1, 2, 3, 4, 5 and 6 in the subdivision of Lots 1 to 6 in the subdivision of Lots 27 to 36 and vacated alley in Block 3 in Douglas Park Addition to Chicago in the west half of the northwest quarter of Section 24, Township 39 North, Range 13 East of the Third Principal Meridian, in Cook County, Illinois.

Common Address:

1501 South Kedzie Avenue
Chicago, Illinois.

Permanent Tax Number:

16-24-105-001-0000.

Parcel F:

Lots 26, 27, 28 and 29 in Givins and Gilbert's Subdivision of the south 15 acres of the east half of the east half of the southwest quarter of Section 14, Township 39 North, Range 13 East of the Third Principal Meridian, in Cook County, Illinois.

Common Addresses:

1136 -- 1142 South Central Park Avenue; and

3601 -- 3609 West Grenshaw Street,
Chicago, Illinois.

Permanent Tax Numbers:

16-14-328-038-0000; and

16-14-328-039-0000.

Parcel G:

Lot 1 in Rissman's Resubdivision of Lots 25, 26, 27, 28, 29 and the west 21 feet of Lot 30 in Block 3 in D. Goodwin's Subdivision of the northwest quarter of the northeast quarter of Section 23, Township 39 North, Range 13 East of the Third Principal Meridian, in Cook County, Illinois.

Common Address:

1259 South Central Park Avenue
Chicago, Illinois.

Permanent Tax Number:

16-23-202-020-0000.

Parcel H:

Lots 8 through 11 in Sherman and Walter's Subdivision of Block 7 in Circuit Court Partition of the east half of the northeast quarter and that part of the east half of the southeast quarter lying north of the centerline of Ogden Avenue in Section 23, Township 39 North, Range 13 East of the Third Principal Meridian, in Cook County, Illinois.

Common Address:

3219 -- 3229 West Douglas Boulevard
Chicago, Illinois.

Permanent Tax Number:

16-23-221-037-0000.

(Sub)Exhibit "C".
(To Lawndale Restoration Apartments
Redevelopment Agreement)

T.I.F.-Funded Improvements.

Line Item	Cost
Rehabilitation	\$11,770,588
Remediation	1,558,588
TOTAL:	\$13,329,176*

(Sub)Exhibit "F".
(To Lawndale Restoration Apartments
Redevelopment Agreement)

Permitted Liens.

1. Liens or encumbrances against the Property:

Those matters set forth as Schedule B title exceptions in the owner's title insurance policy issued by the Title Company as of the date hereof, but only so long as applicable title endorsements issued in conjunction therewith on the date hereof, if any, continue to remain in full force and effect.

2. Liens or encumbrances against the Developer or the Project, other than liens against the Property, if any:

(To Be Attached)

* The maximum amount of City Funds provided to the Developer shall not exceed Eight Million Nine Hundred Fifty Thousand Dollars (\$8,950,000).

(Sub)Exhibit "G".
(To Lawndale Restoration Apartments
Redevelopment Agreement)

Project Budget.

Land/Acquisition/Carrying Costs	\$ 1,518,744
Residential Construction Costs	14,500,000
Remediation Costs	1,920,000
Architect Design and Inspector	539,827
Appraisal	20,000
Environmental Reports	54,000
Engineering	199,395
Bond Issuance/Underwriting Fees	205,000
Construction Period Insurance and Taxes	400,000
Title and Recording	83,070
Marketing/Leasing	235,000
Accounting	50,000
Predevelopment Interest	262,784
Legal Fees	405,000
Syndication Fees	30,000
Developer Fees	1,600,000
Relocation Expense	398,202
Survey	40,000
Owner's Representative	75,000

9/27/2007

REPORTS OF COMMITTEES

8341

Miscellaneous Fees	\$ 15,000
Insurance Escrow	59,500
Operating Reserve	410,000
Hard Cost Contingency	1,450,000
Supplemental Reserve	1,051,000
Additional Developer Fee	1,425,000
Replacement Reserve	51,000
Lease Up Reserve	300,000
Real Estate Tax Escrow	110,500
Bridge Interest Reserve	<u>1,385,000</u>
TOTAL:	\$28,793,022

(Sub)Exhibit "H".
(To Lawndale Restoration Apartments
Redevelopment Agreement)

Requisition Form.

State of Illinois)
)SS.
County of Cook)

The affiant, _____ of Lawndale H&A Bond, L.P., an Illinois limited partnership ("H&A") and _____ of Lawndale H&A Bond Development, L.L.C. ("Lawndale H&A Bond Development" and, together with H&A, the "Developer"), hereby certify that with respect to that certain Lawndale Restoration Apartments Redevelopment Agreement between the Developer and the City of Chicago dated _____, 20____ (the "Agreement"):

A. Expenditures for the Project, in the total amount of \$ _____, have been made.

B. This paragraph B sets forth and is a true and complete statement of all costs of T.I.F.-Funded Improvements for the Project reimbursed by the City to date:

\$ _____

C. Lawndale H&A Bond Development requests reimbursement for the following cost of T.I.F.-Funded Improvements:

\$ _____

D. None of the costs referenced in paragraph C above have been previously reimbursed by the City.

\$ _____

E. The Developer hereby certifies to the City that, as of the date hereof:

1. Except as described in the attached certificate, the representations and warranties contained in the Redevelopment Agreement are true and correct and the Developer is in compliance with all applicable covenants contained herein.

2. No Event of Default or condition or event which, with the giving of notice or passage of time or both, would constitute an Event of Default, exists or has occurred.

3. The Developer is operating the Property for the same use as described in the Developer's T.I.F. application and/or the Redevelopment Agreement.

4. The financial statements for the Developer's most recently-concluded fiscal year are attached to this Requisition Form.

F. Attached hereto is a copy of the final approval of the Monitoring and Compliance Division of the Department of Housing with respect to M.B.E./W.B.E., City Resident hiring and prevailing wage matters. [Attach With Requisition Form Only For Installment Three]

G. Attached hereto is a copy of the inspecting architect's confirmation of construction completion. [Attach With Requisition Form Only For Installment Three]

All capitalized terms which are not defined herein have the meanings given such terms in the Agreement.

[Developer]

By: _____

Name: _____

Title: _____

Subscribed and Sworn before me this
_____ day of _____, _____.

My commission expires: _____.

Agreed and Accepted:

Name: _____

Title: _____

City of Chicago
Department of Planning and Development

(Sub)Exhibit "J".
 (Lawndale Restoration Apartments
 Redevelopment Agreement)

Opinion Of Developer's Counsel.

[To Be Retyped On The Developer's Counsel's Letterhead]

 City of Chicago
 121 North LaSalle Street
 Chicago, Illinois 60602
 Attention: Corporation Counsel

Ladies and Gentlemen:

We have acted as counsel to _____, an [Illinois] _____ (the "Developer"), in connection with the purchase of certain land and the construction of certain facilities thereon located in the _____ Redevelopment Project Area (the "Project"). In that capacity, we have examined, among other things, the following agreements, instruments and documents of even date herewith, hereinafter referred to as the "Documents":

(a) _____ Redevelopment Agreement (the "Agreement") of even date herewith, executed by the Developer and the City of Chicago (the "City");

[(b) the Escrow Agreement of even date herewith executed by the Developer and the City;]

(c) [insert other documents including but not limited to documents related to purchase and financing of the Property and all lender financing related to the Project]; and

(d) all other agreements, instruments and documents executed in connection with the foregoing.

In addition to the foregoing, we have examined:

(a) the original or certified, conformed or photostatic copies of the Developer's

(i) Articles of Organization, as amended to date, (ii) qualifications to do business and certificates of good standing in all states in which the Developer is qualified to do business, (iii) Bylaws, as amended to date, and (iv) records of all corporate proceedings relating to the Project [revise if the Developer is not a corporation]; and

(b) such other documents, records and legal matters as we have deemed necessary or relevant for purposes of issuing the opinions hereinafter expressed.

In all such examinations, we have assumed the genuineness of all signatures (other than those of the Developer), the authenticity of documents submitted to us as originals and conformity to the originals of all documents submitted to us as certified, conformed or photostatic copies.

Based on the foregoing, it is our opinion that:

1. The Developer is a corporation duly organized, validly existing and in good standing under the laws of its state of [Incorporation] [Organization], has full power and authority to own and lease its properties and to carry on its business as presently conducted, and is in good standing and duly qualified to do business as a foreign [Corporation] [Entity] under the laws of every state in which the conduct of its affairs or the ownership of its assets requires such qualification, except for those states in which its failure to qualify to do business would not have a material adverse effect on it or its business.

2. The Developer has full right, power and authority to execute and deliver the Documents to which it is a party and to perform its obligations thereunder. Such execution, delivery and performance will not conflict with, or result in a breach of, the Developer's [Articles of Incorporation or Bylaws] [describe any formation documents if the Developer is not a corporation] or result in a breach or other violation of any of the terms, conditions or provisions of any law or regulation, order, writ, injunction or decree of any court, government or regulatory authority, or, to the best of our knowledge after diligent inquiry, any of the terms, conditions or provisions of any agreement, instrument or document to which the Developer is a party or by which the Developer or its properties are bound. To the best of our knowledge after diligent inquiry, such execution, delivery and performance will not constitute grounds for acceleration of the maturity of any agreement, indenture, undertaking or other instrument to which the Developer is a party or by which it or any of its property may be bound, or result in the creation or imposition of (or the obligation to create or impose) any lien, charge or encumbrance on, or security interest in, any of its property pursuant to the provisions of any of the foregoing, other than liens or security interests in favor of the Lender (as defined in the Agreement).

3. The execution and delivery of each Document and the performance of the transactions contemplated thereby have been duly authorized and approved by all requisite action on the part of the Developer.

4. Each of the Documents to which the Developer is a party has been duly executed and delivered by a duly authorized officer of the Developer, and each such Document constitutes the legal, valid and binding obligation of the Developer, enforceable in accordance with its terms, except as limited by applicable bankruptcy, reorganization, insolvency or similar laws affecting the enforcement of creditors' rights generally.

5. (Sub)Exhibit A attached hereto (a) identifies each class of capital stock of the Developer, (b) sets forth the number of issued and authorized shares of each such class, and (c) identifies the record owners of shares of each class of capital stock of the Developer and the number of shares held of record by each such holder. To the best of our knowledge after diligent inquiry, except as set forth on (Sub)Exhibit A, there are no warrants, options, rights or commitments of purchase, conversion, call or exchange or other rights or restrictions with respect to any of the capital stock of the Developer. Each outstanding share of the capital stock of the Developer is duly authorized, validly issued, fully paid and nonassessable.

6. To the best of our knowledge after diligent inquiry, no judgments are outstanding against the Developer, nor is there now pending or threatened, any litigation, contested claim or governmental proceeding by or against the Developer or affecting the Developer or its property, or seeking to restrain or enjoin the performance by the Developer of the Agreement or the transactions contemplated by the Agreement, or contesting the validity thereof which would materially affect the ability of the Developer to perform its obligations under the Agreement. To the best of our knowledge after diligent inquiry, the Developer is not in default with respect to any order, writ, injunction or decree of any court, government or regulatory authority or in default in any respect under any law, order, regulation or demand of any governmental agency or instrumentality, a default under which would have a material adverse effect on the Developer or its business.

7. To the best of our knowledge after diligent inquiry, there is no default by the Developer or any other party under any material contract, lease, agreement, instrument or commitment to which the Developer is a party or by which the company or its properties are bound.

8. To the best of our knowledge after diligent inquiry, all of the assets of the Developer are free and clear of mortgages, liens, pledges, security interests and encumbrances except for those specifically set forth in the Documents.

9. The execution, delivery and performance of the Documents by the Developer have not and will not require the consent of any person or the giving of notice to, any exemption by, any registration, declaration or filing with or any taking of any other actions in respect of, any person, including without limitation any court, government or regulatory authority.

10. To the best of our knowledge after diligent inquiry, the Developer owns or possesses or is licensed or otherwise has the right to use all licenses, permits and other governmental approvals and authorizations, operating authorities, certificates of public convenience, goods carriers permits, authorizations and other rights that are necessary for the operation of its business.

11. A federal or state court sitting in the State of Illinois and applying the choice of law provisions of the State of Illinois would enforce the choice of law contained in the Documents and apply the law of the State of Illinois to the transactions evidenced thereby.

We are attorneys admitted to practice in the State of Illinois and we express no opinion as to any laws other than federal laws of the United States of America and the laws of the State of Illinois.

This opinion is issued at the Developer's request for the benefit of the City and its counsel, and may not be disclosed to or relied upon by any other person.

Very truly yours,

By: _____

Name: _____

[(Sub)Exhibit "A" referred to in this Opinion of Developer's
Counsel unavailable at time of printing.]

(Sub)Exhibit "K".
(To Lawndale Restoration Apartments
Redevelopment Agreement)

Minimum Assessed Valuations.

Parcel (Permanent Index Number)	Minimum Assessed Valuations*
16-14-328-039	\$ 75,361
16-23-202-020	197,353
16-23-212-034	145,083
16-23-213-027	292,486
16-23-220-006	108,884
16-23-221-037	296,669
16-24-103-032	13,498
16-24-105-001	309,269

Exhibit "C".
(To Ordinance)

City Of Chicago

And

As Trustee

* Represents the equalized assessed valuation for tax year 1998, which is the equalized assessed valuation of such Parcel on the date of establishment of the Redevelopment Area

Trust Indenture

Dated As Of ___ 1, 2007

Relating To

*\$ _____
City Of Chicago
Multi-Family Housing Revenue Bonds
(Lawndale Restoration Apartments Project),
Series 2007A*

And

*\$ _____
City Of Chicago
Multi-Family Housing Revenue Bonds
(Lawndale Restoration Apartments Project),
Series 2007B.*

This Trust Indenture dated as of _____ 1, 2007 (this "Indenture"), by and between the City of Chicago, a municipality and home rule unit of local government duly organized and validly existing under the Constitution and laws of the State of Illinois (the "Issuer"), and _____, [a state bank organized and existing under and by virtue of the laws of the State of Illinois] and being duly qualified to accept and administer the trusts created hereby, as trustee (the "Trustee"),

Witnesseth.

Whereas, Lawndale H&A Bond, L.P., an Illinois limited partnership (the "Borrower"), has applied to the Issuer for financial assistance for the purpose of providing a portion of the funds with which to pay the cost of the acquisition, construction, rehabilitation and equipping of ten (10) low-income residential buildings containing an aggregate of approximately one hundred seventy (170) residential dwelling units [and related common facilities and on-site parking] located generally at 4118 West 15th Street, 1134 --1142 South Central Park Avenue, 1259 South Central Park Avenue, 3122 West Douglas Boulevard, 3206 West Douglas Boulevard, 3219 -- 3229 West Douglas Boulevard, 3234 West Douglas Boulevard, 3239 West Douglas Boulevard, 1501 South Kedzie Avenue and 3900 West Wilcox Street, all in Chicago, Illinois (collectively, the "Project"); and

Whereas, Pursuant to Article VII, Section 6 of the 1970 Constitution of the State of Illinois, the Issuer is authorized to finance the Project for the Borrower by issuing its bonds and loaning the proceeds thereof to the Borrower, and, to that end, the Issuer has adopted a Bond Ordinance duly authorizing and directing the issuance, sale and delivery of its (i) Multi-Family Housing Revenue Bonds (Lawndale Restoration Apartments Project), Series 2007A in the aggregate principal amount of \$_____ (the "Series 2007A Bonds") and (ii) Multi-Family Housing Revenue Bonds (Lawndale Restoration Apartments Project), Series 2007B (the "Series 2007B Bonds" and collectively with the Series 2007A Bonds, the "Bonds") for the purpose of providing funding necessary for the acquisition, rehabilitation and equipping of the Project; and

Whereas, Pursuant to a Loan Agreement dated as of even date herewith (the "Loan Agreement") among the Issuer, the Trustee and the Borrower, the Issuer has agreed to issue the Series 2007A Bonds and lend the proceeds thereof to the Borrower (the "Series 2007A Loan") and to issue the Series 2007B Bonds and lend the proceeds thereof to the Borrower (the "Series 2007B Loan" and collectively with the Series 2007A Loan, the "Loans") and the Borrower has agreed to (i) apply the proceeds of the Loans to pay a portion of the costs of acquisition, construction, rehabilitation and equipping of the Project, (ii) make payments sufficient to pay the principal of and interest on the Bonds when due (whether at maturity, by redemption, acceleration or otherwise), and (iii) observe the other covenants and agreements and make the other payments set forth therein; and

Whereas, The Borrower has delivered to the Trustee, on behalf of the Issuer, its promissory note dated the date of issuance of the Bonds in an original principal amount equal to the aggregate original principal amount of the Series 2007A Bonds (as amended, modified or supplemented from time to time, the "Series 2007A Note") evidencing its obligation to repay the Series 2007A Loan and its promissory note dated the date of issuance of the Bonds in an original principal amount equal to the aggregate original principal amount of the Series 2007B Bonds (as amended, modified or supplemented from time to time, the "Series 2007B Note" and collectively with the Series 2007A Note, the "Notes") evidencing its obligation to repay the Series 2007B Loan; and

Whereas, To secure its obligations under the Loan Agreement and the Notes, the Borrower has executed (i) a First Mortgage with Assignment of Rents, Security Agreement and Fixture Filing (as amended, modified or supplemented from time to time, the "Mortgage"), (ii) a Conditional Assignment of Project Documents (as amended, modified or supplemented from time to time, the "Assignment of Project Documents"), (iii) an Investor Equity Assignment and Security Agreement (as amended, modified or supplemented from time to time, the "Partnership Assignment") and (iv) an Assignment of Housing Assistance Payments Agreement (as amended, modified or supplemented from time to time, the "H.A.P. Contract Assignment"), each dated as of even date herewith, for the benefit of the (Issuer/Trustee"), as secured party:

Now, Therefore, In consideration of the premises and the mutual promises, representations and agreements herein contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, the parties hereto agree as follows:

Granting Clauses.

The Issuer, in consideration of the premises, the acceptance by the Trustee of the trusts hereby created, the purchase and acceptance of the Bonds by the Owners thereof, and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and in order to secure the payment of the principal of and interest on the Bonds according to their tenor and effect, and to secure the performance and observance by the Issuer of all the covenants, agreements and conditions herein and in the Bonds contained, does hereby transfer, pledge and assign, without recourse, to the Trustee and its successors and assigns in trust forever, and does hereby grant a security interest unto the Trustee and its successors in trust and its assigns, in and to all and singular the property described in paragraphs (a), (b) and (c) below (said property being herein referred to as the "Trust Estate"), to wit:

(a) all right, title and interest of the Issuer in and to the Notes, the Mortgage, the Assignment of Project Documents, the Partnership Assignment, the H.A.P. Contract Assignment, the Guaranty of Payment and Completion and the other Loan Documents (as that term is defined below), and all monies from time to time paid by the Borrower pursuant to the terms of the Loan Documents and all right, title and interest of the Issuer (including, but not limited to, the right to enforce any of the terms thereof) under and pursuant to and subject to the provisions of the Loan Agreement (but excluding the Issuer's Reserved Rights including, but not limited to the rights of the Issuer (a) to receive payment of expenses and attorneys' fees thereunder, (b) for indemnification under Section 5.10 of the Loan Agreement, (c) to receive notices and other documents under the Loan Agreement, (d) to inspect the Improvements and the books and records of the Borrower under Sections 5.2, 5.3 and 5.16 of the Loan Agreement; and (e) to participate in proceedings in the event of an Event of Default under Section 6.01 hereof; and

(b) all other monies and securities from time to time held by the Trustee under the terms of this Indenture, excluding amounts required to be rebated to the United States Treasury under Section 148(f) of the Code, whether or not held in the Rebate Fund; and

(c) any and all property (real, personal or mixed) of every kind and nature from time to time hereafter, by delivery or by writing of any kind, pledged, assigned or transferred as and for additional security hereunder to the Trustee, which the Trustee is hereby authorized to receive at any and all times and to hold and apply the same subject to the terms of this Indenture.

To Have And To Hold, all and singular, the Trust Estate with all rights and privileges hereby transferred, pledged, assigned and/or granted or agreed or intended so to be, to the Trustee and its successors and assigns in trust forever;

In Trust Nevertheless, upon the terms and conditions herein set forth for the equal and proportionate benefit, security and protection of all present and future Owners of the Bonds Outstanding, without preference, priority or distinction as to participation in the lien, benefit and protection of this Indenture of one Bond over or from the others, except as herein otherwise expressly provided;

Provided, Nevertheless, and these presents are upon the express condition, that if the Issuer or its successors or assigns shall well and truly pay or cause to be paid the principal of such Bonds with interest, according to the provisions set forth in the Bonds, or shall provide for the payment or redemption of such Bonds by depositing or causing to be deposited with the Trustee the entire amount of funds or securities requisite for payment or redemption thereof when and as authorized by the provisions of Article IX (it being understood that any payment with respect to the principal of or interest on Bonds made by the Borrower shall not be deemed payment or provision for the payment of the principal of or interest on Bonds, except Bonds purchased and canceled by the Trustee, all such uncanceled Bonds to remain Outstanding and the principal of and interest thereon payable to the Owners thereof), and shall also pay or cause to be paid all other sums payable hereunder by the Issuer, then these presents and the estate and rights hereby granted shall cease, terminate and become void, and thereupon the Trustee, on payment of its lawful charges and disbursements then unpaid, on demand of the Issuer and upon the payment by the Issuer of the cost and expenses thereof, shall duly execute, acknowledge and deliver to the Issuer such instruments of satisfaction or release as may be necessary or proper to discharge this Indenture of record, and if necessary shall grant, reassign and deliver to the Issuer all and singular the property, rights, privileges and interests by it hereby granted, conveyed and assigned, and all substitutes therefor, or any part thereof, not previously disposed of or released as herein provided; otherwise this Indenture shall be and remain in full force;

This Indenture Further Witnesseth, and it is hereby expressly declared, covenanted and agreed by and between the parties hereto, that all Bonds issued and secured hereunder are to be issued, authenticated and delivered and that all the Trust Estate is to be held and applied under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as hereinafter expressed, and the Issuer does hereby agree and covenant with the Trustee, for the benefit of the respective Owners from time to time of the Bonds as follows:

*Article I.**Definitions And Construction.*

Section 1.01 Definitions.

The following capitalized terms, as used in this Indenture, shall have the meanings specified below unless the context otherwise shall require. All other capitalized terms which are defined in the Loan Agreement and not defined herein shall have the respective meanings ascribed to them in the Loan Agreement.

“Accounts” means the accounts established pursuant to Section 5.01 hereof.

[“Additional Interest” means an amount equal to the excess of (i) the amount of interest an Owner (other than an Owner who is a “substantial user” of the Project or a “related person” to a “substantial user”, as defined in Section 147(a) of the Code) would have received during the period of time commencing on the date that the interest on the Bonds, becomes subject to federal income taxation to the earlier of the date of the payment of the Bonds or the date of an Initial Notification of Taxability (excluding from such period any time in which the tax on such interest is uncollectible) at a per annum rate equal to the Taxable Rate, over (ii) the aggregate amount of interest received by an Owner for said period.]

“Advance” means, with respect to the Series 2007A Bonds, either the Initial Advance or the Supplemental Advance.

“Affiliates” or “Affiliate” means, if with respect to an entity, (i) any manager, member, officer or director thereof and any Person who or which is, directly or indirectly, the beneficial owner of more than ten percent (10%) of any class of shares or other equity security, or (ii) any Person which, directly or indirectly, controls or is controlled by or is under common control with such entity. Control (including the correlative meanings of “controlled by” and “under common control with”) means effective power, directly or indirectly, to direct or cause the direction of the management and policies of such Person. With respect to a partnership or venture, “Affiliate” shall include, without limitation, any (i) general partner, (ii) general partner of a general partner, or (iii) partnership with a common general partner, and if any general partner is a corporation or limited liability company, any Person which is an “Affiliate” (as defined above) of such corporation or limited liability company. With respect to a limited liability company, “Affiliate” shall include, without limitation, any member.

“Annual Debt Service” means the assumed annual principal and interest at the Fixed Rate required to fully amortize the outstanding amount of the Series 2007A Bonds during the Permanent Loan Period.

"Assignment of Project Documents" has the meaning set forth for that term in the Recitals above.

"Authorized Denomination" means [One Hundred Thousand Dollars (\$100,000), and any incremental amount of One Thousand Dollars (\$1,000) in excess of One Hundred Thousand Dollars (\$100,000), but not in excess of the aggregate principal amount of Bonds then Outstanding; provided, however, that for purposes of redemption; Authorized Denominations shall mean Five Thousand Dollars (\$5,000) and increments of One Thousand Dollars (\$1,000) in excess thereof.]

"Authorized Representative" means, (i) with respect to the Issuer, means the Mayor of the Issuer, the Chief Financial Officer of the Issuer, the City Comptroller of the Issuer, or any other person or persons designated by the Mayor of the Issuer to act on behalf of the Issuer by a certificate filed with the Trustee containing the specimen signatures of such person or persons and (ii) with respect to the Borrower, any person or persons designated to act on behalf of the Borrower by a certificate filed with the Issuer, the Trustee and the Servicer containing the specimen signatures of such person or persons and signed by an authorized representative of the Borrower and [(iii) with respect to the Servicer, any person or persons designated to act on behalf of the Servicer by a certificate filed with the Borrower, the Issuer and the Trustee, containing the specimen signatures of such person or persons and signed on behalf of the Servicer by its President, Vice President or Secretary]. Each such certificate may designate an alternate or alternates, each of whom shall be entitled to perform all duties and exercise all powers of an Authorized Representative.

"B.M.A. Index Rate" means the seven (7) day high grade market index published weekly and reset on each Reset Date to become effective on Thursday of each week based upon the weekly interest rate resets of tax-exempt variable rate issues included in a data base maintained by the Municipal Market Data which meets specific criteria established by the Bond Market Association. If the B.M.A. Index Rate is no longer published for any particular period, a new comparable index will be selected by the Majority Owner.

"Bond" or "Bonds" has the meaning set forth for that term in the Recitals above.

"Bond Counsel" means the counsel who rendered the opinion as to the tax-exempt status of the interest on the Bonds on the date of the issuance, sale and delivery thereof, or any other attorney or firm of attorneys of nationally recognized standing in the field of municipal finance law whose opinions are generally accepted by purchasers of tax-exempt obligations and who is acceptable to the Issuer, the Trustee and the Servicer.

"Bond Payment Date" means each Interest Payment Date and each date on which principal or redemption price shall be payable on any of the Bonds according to their respective terms.

"Book-Entry Only System" has the meaning set forth for that term in Section 3.12(a) of this Indenture.

"Borrower" has the meaning set forth for that term in the Recitals above.

"Borrower's Tax Certificate" means the Borrower's Tax Regulatory Agreement executed by the Borrower on the Closing Date in which the Borrower certifies various facts relating to the Project which bear on the exclusion of interest on the Bonds from gross income for purposes of federal income taxation.

"Business Day" means any day other than (a) a Saturday or a Sunday, (b) any day on which commercial banks in Chicago, Illinois and banks located in the city in which the Principal Office of the Trustee is located are required or authorized by law or executive order to close, (c) a day in which the New York Stock Exchange is closed, or (d) so long as any Bonds are held in book-entry form, a day on which D.T.C. is closed.

"Capitalized Interest Account" means the account of that name established in the Project Fund pursuant to Section 5.01 of this Indenture.

"Cap Rate" means the rate per annum equal to the lesser of eighteen and zero-hundredths percent (18.00%) per annum or the maximum contract rate of interest permitted from time to time by the laws of the State.

"Closing Date" means the date of issuance of the Bonds.

"Code" means the Internal Revenue Code of 1986, as amended, together with all corresponding and applicable final or temporary regulations and revenue rulings issued or promulgated thereunder.

"Completion" shall mean completion of the Project in accordance with Section 4.5(b) of the Loan Agreement.

"Condemnation Award" means the total condemnation proceeds actually paid by the condemnor as a result of the condemnation of all or any part of the property subject to the Mortgage less the actual costs incurred, including attorneys' fees, in obtaining such award.

"Construction Disbursement Agreement" means the Escrow and Disbursement Agreement dated as of even date herewith, among [the Title Company], as escrow agent, [Staalsen Construction Company], the Borrower, the Issuer, the Trustee, and the Servicer, as the same may be supplemented, amended or modified.

"Conversion" means the determination that the Series 2007A Bonds and the unpaid principal balance of the Loans shall convert to the Permanent Loan Period in accordance with the terms of Section ____ of this Indenture.

"Conversion Date" means the date of commencement of the Permanent Loan Period and the amortization of the Series 2007A Bonds and the unpaid principal balance of the Series 2007A Loan as determined in accordance with the provisions of Section ____ of this Indenture but in no event later than the Outside Stabilization Date.

"Conversion Notice" means the notice from the Servicer to the Borrower and the Issuer establishing the Conversion Date.

"Costs of Issuance" means "issuance costs" with respect to the Bonds within the meaning of Section 147(g) of the Code.

"Costs of Issuance Account" means the account of that name established within the Project Fund pursuant to Section 5.01 of this Indenture.

"Counsel" means an attorney or firm of attorneys acceptable to the Trustee and the Servicer, and may, but need not, be Bond Counsel, counsel to the Issuer, the Servicer or the Borrower.

"Determination of Taxability" means (i) a determination by the Commissioner or any District Director of the Internal Revenue Service, (ii) a private ruling or Technical Advice Memorandum issued by the National Office of the Internal Revenue Service, (iii) a determination by any court of competent jurisdiction, or (iv) receipt by the Trustee, [at the request of the Servicer], of an opinion of Bond Counsel to the effect that the interest on the Bonds is includable in gross income for federal income tax purposes of the Owners thereof or any former Owner thereof, other than an Owner who is a "substantial user" (within the meaning of Section 147(a) of the Code) of the Project or a "related person" (as defined in Section 147(a) of the Code); provided that no such Determination of Taxability under clause (i), (ii) or (iii) shall be deemed to have occurred if (a) the Borrower and the Servicer have been afforded the opportunity to contest such determination, and (b) if the Borrower or the Servicer has elected to contest such determination in good faith and is proceeding with all applicable dispatch to prosecute such contest until the earliest of (A) a final determination from which no appeal may be taken with respect to such determination, (B) abandonment of such appeal by the Borrower or the Servicer, or (C) sixty (60) days, or such longer period of time as may be permitted in writing by Majority Owner [and Servicer], following the Initial Notification of Taxability.

"D.S.C.R." means, for any calculation period, a debt service coverage ratio calculated by determining the ratio of Net Operating Income to the Annual Debt Service.

"D.T.C." means The Depository Trust Company, New York, New York, a New York limited purpose trust company, and its successor and assigns.

"Environmental Indemnity" means the Hazardous Material Guaranty and Indemnification Agreement dated as of even date herewith, from the [Borrower, the General Partner, Peter Holsten, Holsten Real Estate Development and ACORN Housing Corporation of Illinois] for the benefit of the Issuer, the Trustee and the Servicer, as the same may be modified, supplemented or amended from time to time.

"Event of Default" means any of those events defined as Events of Default by Section 6.01 of this Indenture.

"Fixed Rate" has the meaning set forth in Section 3.06(a) hereof.

"Funds" means the funds established pursuant to Section 5.01 hereof.

"Government Obligations" means direct obligations of, or obligations guaranteed by, the United States of America.

"Guarantors" means _____.

"Guaranty of Payment and Completion" means the Guaranty dated as of the date hereof given by the Guarantors in favor of the Trustee, as the same may be amended, supplemented or modified from time to time.

"H.A.P. Contract Assignment" has the meaning set forth for that term in the recitals above.

"Indenture" has the meaning set forth for that term in the recitals above.

"Initial Advance" means the payment of the purchase price for the principal amount of fifty percent (50%) of the Series 2007A Bonds purchased by the Bondholder on the Closing Date pursuant to Section 3.01 of this Indenture.

"Initial Notification of Taxability" means the receipt by Trustee or any Owner of a communication from the Internal Revenue Service or any court of competent jurisdiction to the effect that the exclusion from gross income of interest on Bonds will not continue in effect.

"Insurance and Condemnation Proceeds Account" means the account of that name established within the Project Fund pursuant to Section 5.01 of this Indenture.

"Insurance Proceeds" means the total proceeds of insurance actually paid or payable by an insurance company in respect of the required insurance on the

Project, less the actual costs incurred, including attorneys' fees, in the collection of such proceeds.

"Interest Payment Date" means [the first day of each month commencing with _____ 1, 2007].

"Investment Securities" means anyone or more of the following investments, if and to the extent the same are then legal investments under the applicable laws of the State for monies proposed to be invested therein:

(a) bonds or other obligations of the State or bonds or other obligations, the principal of and interest on which are guaranteed by the full faith and credit of the State;

(b) bonds or other obligations of the United States or of subsidiary corporations of the United States government which are fully guaranteed by the United States;

(c) obligations of agencies of the United States government issued by the Federal Land Bank, the Federal Home Loan Bank, the Federal Intermediate Credit Bank and the Central Bank for Cooperatives;

(d) bonds or other obligations issued by any public housing agency or municipality in the United States, which bonds or obligations are fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States government, or project notes issued by any public housing agency, urban renewal agency, or municipality in the United States and fully secured as to payment of both principal and interest by a requisition, loan, or payment agreement with the United States government;

(e) certificates of deposit of national or state banks which have deposits insured by the Federal Deposit Insurance Corporation and certificates of deposit of federal savings and loan associations and state building and loan associations which have deposits insured by the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation, including the certificates of deposit of any bank, savings and loan association, or building and loan association acting as depository, custodian, or trustee for any such bond proceeds. The portion of such certificates of deposit in excess of the amount insured by the Federal Deposit Insurance Corporation or the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation, if any, shall be secured by deposit, with the Federal Reserve Bank of Chicago, Illinois, or with any national or state bank or federal savings and loan association or state building and loan or savings and loan association, of one or more the following securities in an aggregate principal amount equal at least to the amount of such excess: direct and general obligations of the State or of any county or municipal corporation in the State,

obligations of the United States or subsidiary corporations included in paragraph (b) hereof, obligations of the agencies of the United States government included in paragraph (c) hereof, or bonds, obligations, or project notes of public housing agencies, urban renewal agencies, or municipalities included in paragraph (d) hereof;

(f) interest-bearing time deposits, repurchase agreements, reverse repurchase agreements, rate guarantee agreements, or other similar banking arrangements with a bank or trust company having capital and surplus aggregating at least Fifty Million Dollars (\$50,000,000) or with any government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York having capital aggregating at least Fifty Million Dollars (\$50,000,000) or with any corporation which is subject to registration with the Board of Governors of the Federal Reserve System pursuant to the requirements of the Bank Holding Company Act of 1956 and whose unsecured or uncollateralized long-term debt obligations of which are rated in the two (2) highest letter rating categories of S&P or Moody's or whose unsecured and uncollateralized short-term debt obligations are rated in the two (2) highest letter rating categories of S&P or Moody's at the time of purchase, provided that each such interest-bearing deposit, repurchase agreement, reverse repurchase agreement, guarantee agreement, or other similar banking arrangement shall permit the monies so placed to be available for use at the time provided with respect to the investment or reinvestment of such monies;

(g) any and all other obligations of investment grade and having a nationally recognized market, including, but not limited to, rate guarantee agreements, guaranteed investment contracts, or other similar arrangements offered by any firm, agency, business, governmental unit, bank, insurance company or other entity; provided, that each such obligation shall permit monies so placed to be available for use at the time provided with respect to the investment or reinvestment of such monies;

(h) tax exempt money market funds which at the time of purchase are "qualified regulated investment companies" within the meaning of IRS Notice 87-22, dated September 25, 1987, and which meet the other requirements of IRS Notice 87-22 and any subsequent regulations necessary to exempt investments in such funds from the definition of "investment property" under Section 148 of the Code whose assets are solely invested in obligations rated in either of the two (2) highest rating categories by either Moody's or S&P;

(i) money market funds the assets of which are obligations of or guaranteed by the United States of America and which funds are rated "Am" or "Am G" or its equivalent or higher at the time of purchase by either Moody's or S&P; and

(j) [any other investment approved in writing by the Servicer].

"Issuer" has the meaning set forth for that term in the recitals above.

"Issuer Documents" means, collectively, this Indenture, the Loan Agreement and the Regulatory Agreement.

"Loans" has the meaning set forth for that term in the recitals above.

"Loan Account" means the account of that name established within the Project Fund pursuant to Section 5.01 of this Indenture.

"Loan Agreement" or "Agreement" means the Loan Agreement dated as of even date herewith, among the Issuer, the Trustee and the Borrower, as the same may be supplemented, amended or modified.

"Loan Documents" means, collectively, the [Loan Agreement, the Notes, the Regulatory Agreement, the Construction Disbursement Agreement, the Mortgage, the Assignment of Project Documents, the Partnership Assignment, the General Partner Assignment, the H.A.P. Contract Assignment, the Environmental Indemnity, the Guaranty of Payment and Completion, the Assignment of Permits and Contracts, the Tax Regulatory Agreement and, upon delivery thereof, the Servicing Agreement], together with all other documents or instruments executed by the Borrower which evidence or secure the Borrower's indebtedness under such documents and all other documents and instruments delivered simultaneously herewith or required under the Loan Documents to be delivered during the term of the Loans.

"Majority Owner" means the Person who owns at least fifty-one percent (51%) in aggregate principal amount of Outstanding Bonds, or, if no single Person owns at least fifty-one percent (51%) in aggregate principal amount of Outstanding Bonds, the Person who is designated in writing to exercise the powers of "Majority Owner" hereunder by Persons who collectively own at least fifty-one percent (51%) in aggregate principal amount of Outstanding Bonds.

"Maturity Date" means ____ for the Series 2007A Bonds and ____ for the Series 2007B Bonds.

"Moody's" means Moody's Investors Service, Inc., a Delaware corporation, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Issuer, with the consent of the Servicer.

"Mortgage" has the meaning set forth for that term in the Recitals above.

"Mortgaged Property" has the meaning given such term in the Mortgage.

“Net Operating Income” means the Project’s gross rental income from the operations of the Project, collected for the Three Month Period, excluding any extraordinary items not related to the rental of residential units (unless otherwise approved by the Servicer), and adjusting the income to account for a vacancy factor of the greater of eight percent (8%) or actual vacancy, less Operating Expenses, including Replacement Reserve Fund payments, for the Three Month Period, multiplied by four (4).

“Notes” has the meaning set forth for that term in the recitals above.

“Notice Address” means, with respect to the Issuer, City of Chicago, Department of Housing, 33 North LaSalle Street, Chicago, Illinois 60602, Attention: Commissioner, Department of Housing, with a copy to: City of Chicago, Office of Corporation Counsel, 121 North LaSalle Street, Chicago, Illinois 60602, Attention: Finance and Economic Development Division and City of Chicago, Office of the Chief Financial Officer, City Hall, 33 North LaSalle Street, Chicago, Illinois 60602, Attention: _____; with respect to the Borrower, Lawndale H&A Bond, L.P., in care of Holsten Real Estate Development Corporation, 1333 North Kingsbury Street, Suite 305, Chicago, Illinois 60611, Attention: Peter M. Holsten, President; with a copy to Applegate & Thorne-Thomsen, 322 South Green Street, Suite 400, Chicago, Illinois 60607, Attention: Thomas Thorne-Thomsen; with respect to the Trustee, _____, _____ Chicago, Illinois 60603, Attention: _____, Corporate Trust Department; with respect to the initial [Servicer and Majority Owner]: _____; with respect to any future Servicer or Majority Owner, such address as may be shown in the records of the Trustee.

“Operating Expenses” means, in the aggregate with respect to the Mortgaged Property during any month, (i) all operating costs and expenses incurred by Borrower, calculated on an accrual accounting basis, and due and payable during such period in respect of the Mortgaged Property, including real estate taxes, payments in lieu of taxes, insurance and utilities, (ii) property management fees payable pursuant to any property management agreement and (iii) amounts payable by Borrower under this Agreement provided that Operating Expenses shall not include (a) Annual Debt Service on the Bonds, and (b) depreciation.

“Operating Reserve Fund” means the fund of that name established pursuant to Section 5.01 of this Indenture.

“Ordinance” means the ordinance of the Issuer adopted on _____, 2007, authorizing, among other things, the execution and delivery by the Issuer of the Issuer Documents and the Bonds and the performance of its obligations thereunder.

“Outside Stabilization Date” means _____, 20____.

“Outstanding” means, when used with respect to Bonds, as of any date, all Bonds theretofore authenticated and delivered under this Indenture except:

(k) any Bond canceled or delivered to the registrar for cancellation on or before such date;

(l) specified as not Outstanding in paragraph (c) of Section 4.05 hereof;

(m) any Bond in lieu of or in exchange for which another Bond shall have been authenticated and delivered pursuant to Article II of this Indenture;

(n) any Bond deemed to have been paid as provided in Section 9.02 or Section 9.03 of this Indenture;

(o) any Bond owned or held by or for the account of the Issuer or the Borrower, as provided in Section 10.11 of this Indenture, for the purpose of consent or other action or any calculation of outstanding Bonds provided for in this Indenture; and

(p) any undelivered Bond (except for purposes of receiving the purchase price thereof upon surrender in accordance with this Indenture).

“Owner” or “Owners” or “Bondholders” means the registered owner, or owners, of the Bonds.

“Participant” when used with respect to any Securities Depository means any participant of such Securities Depository.

“Partnership Assignment” has the meaning set forth for that term in the recitals above.

“Permanent Loan Amount” means the principal amount of the Series 2007A Bonds and the unpaid principal balance of the Series 2007 A Loan to be amortized during the Permanent Loan Period, as determined in accordance with the provisions of Section 4.07(b) of this Indenture.

“Permanent Loan Period” means the period commencing on the Conversion Date and ending on the earlier of the repayment in full of the Series 2007A Bonds and the Series 2007A Loan or thirty-five (35) years from the Conversion Date.

“Person” means any natural individual, corporation, partnership, limited liability company, trust, unincorporated association, business or other legal entity and any government or governmental agency or political subdivision thereof.

"Pre-Stabilization Loan Payment" means a payment in full of the Series 2007B Loan and, if required, a prepayment of a portion of the Series 2007A Loan by the Borrower, in an amount which would permit the Project to meet the D.S.C.R. requirements for Stabilization; provided, that if the Pre-Stabilization Loan Payment is used to redeem Series 2007A Bonds pursuant to Section 4.01(h) of the Indenture or to purchase Bonds in lieu of such redemption pursuant to Section 4.04 of the Indenture, such redemption or purchase must be in an amount which would result in the Outstanding Bonds following such redemption or purchase to be in Authorized Denominations.

"Prime Rate" means, on any day, the rate of interest per annum then most recently established by JPMorgan Chase Bank, N.A. as its "prime rate." Any such rate is a general reference rate of interest, may not be related to any other rate, and may not be the lowest or best rate actually charged by such bank to any customer or a favored rate and may not correspond with future increases or decreases in interest rates charged by other lenders or market rates in general, and that such bank may make various business or other loans at rates of interest having no relationship to such rate. Each time the Prime Rate changes, the per annum rate of interest on the Bonds shall change immediately and contemporaneously with such change in the Prime Rate. If JPMorgan Chase Bank N.A. ceases to exist or to establish or publish a prime rate from which the Prime Rate is then determined, the applicable variable rate from which the Prime Rate is determined thereafter shall be instead the prime rate reported in *The Wall Street Journal* (or the average prime rate if a high and a low prime rate are therein reported); and the Prime Rate shall change without notice with each change in such prime rate as of the date such change is reported.

"Principal Office" means, with respect to any party, the office designated as such in, or as designated by the respective party in writing pursuant to, this Indenture.

"Principal Reserve Fund" means the fund of that name established pursuant to Section 5.01 of this Indenture.

"Project" has the meaning set forth for that term in the recitals above.

"Project Fund" means the fund of that name established pursuant to Section 5.01 of this Indenture.

"Qualified Costs of the Project" means the actual costs incurred to acquire, rehabilitate and equip the Project which (i) are incurred not more than sixty (60) days prior to _____, 2006, being the date on which the Issuer first declared its "official intent" (within the meaning of Treasury Regulations Section 1.150-2) with respect to the Project (other than preliminary expenditures with respect to the Project in an amount not exceeding twenty percent (20%) of the aggregate principal amount of the Bonds), (ii) are (A) chargeable to the Project's

capital account or would be so chargeable either with a proper election by the Borrower or but for a proper election by the Borrower to deduct such costs, within the meaning of Treasury Regulation Section 1.103-8(a)(1), and if charged or chargeable to the Project's capital account are or would have been deducted only through an allowance for depreciation or (B) made for the acquisition of land, to the extent allowed in Section 147(c) of the Code and (iii) are made exclusively with respect to "qualified residential rental project" within the meaning of Section 142(d) of the Code; provided, however, that (i) Costs of Issuance shall not be deemed to be Qualified Costs of the Project; (ii) fees, charges or profits payable to the Borrower or a "related person" (within the meaning of Section 147 of the Code) shall not be deemed to be Qualified Costs of the Project; (iii) interest during the rehabilitation of the Project shall be allocated between Qualified Costs of the Project and other costs and expenses of the Project; (iv) interest following the construction of the Project shall not constitute Qualified Costs of the Project; (v) letter of credit fees and municipal bond insurance premiums which represent a transfer of credit risk shall be allocated between Qualified Costs of the Project and other costs and expenses to be paid from the proceeds of the Bonds; and (vi) letter of credit fees and municipal bond insurance premiums which do not represent a transfer of credit risk (including, without limitation, letter of credit fees payable to a "related person" to the Borrower) shall not constitute Qualified Costs of the Project. As used herein, the term "preliminary expenditures" includes architectural, engineering, surveying, soil testing and similar costs that were incurred prior to commencement of acquisition, construction or rehabilitation of the Project, but does not include land acquisition, site preparation or similar costs incident to commencement of construction or rehabilitation of the Project.

"Rebate Analyst" means any Person, chosen by the Borrower and at the expense of the Borrower, qualified and experienced in the calculation of rebate payments under Section 148 of the Code and compliance with the arbitrage rebate regulations promulgated under the Code, which is engaged for the purpose of determining the amount of required deposits to the Rebate Fund, if any, pursuant to the Borrower's Tax Certificate.

"Rebate Fund" means the fund of that name established pursuant to Section 5.01 of this Indenture.

"Record Date" means, with respect to each Bond Payment Date, the close of business on the day preceding such Bond Payment Date, whether or not such day is a Business Day.

"Redemption Election Notice" means a notice from the Majority Owner to the Trustee, Issuer and Borrower of the Interest Payment Date upon which it has elected to have the Bonds redeemed, which such Interest Payment Date shall be at least eighteen (18) years following the Conversion Date and which such Interest Payment Date shall be at least one hundred eighty (180) days following the Trustee's receipt of such notice.

“Regulatory Agreement” means the Land-Use Restriction Agreement with respect to each separate property making up the Project, each dated as of even date herewith, by and among the Issuer, the Trustee and the Borrower, as the same may be amended, modified or supplemented from time to time.

“Replacement Reserve Fund” means the fund of that name established pursuant to Section 5.01 of this Indenture.

“Required Equity Funds” means the equity amounts required to be deposited under the Loan Agreement.

“Requisition” means [a requisition in the applicable form attached to the Loan Agreement, together with all invoices, bills of sale, schedules and other submissions required for the making of an advance from the Loan Account of the Project Fund, except that the initial Requisition shall be in the form of a closing memorandum signed by the Borrower and countersigned by the Servicer].

“Reset Date” means each Wednesday of each week; provided, however; that if any particular Wednesday is not a Business Day, the Reset Date shall be the next succeeding Business Day.

“Revenue Fund” means the fund of that name established pursuant to Section 5.01 of this Indenture.

“S&P” means Standard & Poor’s, a division of The McGraw-Hill Companies, Inc., its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “S&P” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Issuer, with the consent of the Servicer.

“Mortgaged Property” shall have the meaning ascribed to such term in the Mortgage.

“Securities Depository” means any securities depository registered as a clearing agency with the Securities and Exchange Commission pursuant to Section 17 A of the Securities Exchange Act of 1934, as amended, and appointed as a securities depository for the Bonds.

“Series 2007A Bonds” has the meaning set forth for that term in the recitals above

“Series 2007B Bonds” has the meaning set forth for that term in the recitals above.

“Servicer” means the servicer of the Loans appointed pursuant to Section 7.11 hereof. During any time as no servicer has been appointed pursuant to

Section 7.11 hereof, all references herein and in the Loan Documents to the Servicer shall be deemed to refer to the Majority Owner.

"Servicing Agreement" means any servicing agreement entered into among the Majority Owner, the Trustee and the Servicer, as the same may be amended, modified or supplemented from time to time.

"Servicing Fee" means the fees payable to the Servicer under the terms of the Servicing Agreement.

"Stabilization" has the meaning set forth for that term in the Loan Agreement.

"Stabilization Date" means the date of which the Series 2007B Bonds have been fully redeemed and the Project has achieved Stabilization.

"State" means the State of Illinois.

"Supplemental Advance" means the increase in the outstanding principal amount of the Series 2007A Bonds on the Supplemental Advance Date in the amount of \$_____ pursuant to Section 3.01 of this Indenture.

"Supplemental Advance Date" means _____, 2008.

"Supplemental Indenture" means any indenture hereafter duly authorized and entered into between the Issuer and the Trustee in accordance with Article VIII hereof, amending, modifying or supplementing this Indenture.

"Tax and Insurance Fund" means the fund of that name established pursuant to Section 5.01 of this Indenture.

"Three Month Period" means three (3) consecutive full calendar months prior to the Stabilization Date, the last of which is not more than two (2) months before the month in which Stabilization will occur.

"T.I.F. Agreement" means that certain Lawndale Restoration Apartments Project Redevelopment Agreement dated of even date herewith by and among Borrower, the General Partner and the Issuer.

"Title Company" means _____.

"Trust" has the meaning set forth for that term in Section 3.14 of this Indenture.

"Trust Certificates" has the meaning set forth for that term in Section 3.14 of this Indenture.

“Trust Estate” means the trust estate pledged by the Issuer and described in the Granting Clauses of this Indenture.

“Trust Structure” has the meaning set forth for that term In Section 3.14 of this Indenture.

“Trustee” has the meaning set forth for that term in the Recitals above, and includes any successor trustee appointed pursuant to Section 7.08.

“Trustee Fee” means _____.

“Trustee Expenses” means the fees and expenses of the Trustee set forth in Section 7.04 of this Indenture.

“Variable Rate” has the meaning set forth in Section 3.06(b) hereof.

Section 1.02 Construction.

In this Indenture, unless the context otherwise requires:

(a) Articles and sections referred to by number shall mean the corresponding articles and sections of this Indenture.

(b) The terms “hereby”, “hereof”, “hereto”, “herein”, “hereunder” and any similar terms refer to this Indenture, and the term “hereafter” shall mean after, and the term “heretofore” shall mean before, the date of adoption of this Indenture.

(c) Words of the masculine gender shall mean and include correlative words of the female and neuter genders, and words importing the singular number shall mean and include the plural number and vice versa.

(d) Words importing the redemption of a Bond or the calling of a Bond for redemption do not include or connote the payment of such Bond at its stated maturity or the purchase of such Bond.

(e) References in this Indenture to particular sections of the Code or any other legislation shall be deemed to refer also to any successor sections thereto or other redesignation for codification purposes.

(f) The terms “receipt”, “received”, “recovery”, “recovered” and any similar terms, when used in this Indenture with respect to monies or payments due the Issuer, shall be deemed to refer to the passage of physical possession and control of such monies and payments to the Issuer, the Owners of the Bonds or the Trustee on its behalf.

Article II.

Representations And Covenants Of The Issuer.

Section 2.01 Representations By The Issuer.

The Issuer represents and warrants to the Trustee and the Owners of the Bonds that:

(a) The Issuer is a municipality and home rule unit of local government duly organized and validly existing under the Constitution and laws of the State.

(b) The Issuer has power and lawful authority to adopt the Ordinance, to execute and deliver the Issuer Documents, to issue the Bonds and receive the proceeds of the Bonds, to apply the proceeds of the Bonds to make the Loans, to assign the revenues derived and to be derived by the Issuer from the Loans to the Trustee, and to perform and observe the provisions of the Issuer Documents and the Bonds on its part to be performed and observed.

(c) The Issuer has duly authorized the execution and delivery of each of the Issuer Documents, the issuance, execution, sale and delivery of the Bonds, and the performance of the obligations of the Issuer thereunder.

(d) The Issuer makes no representation or warranty, express or implied, that the proceeds of the Bonds will be sufficient to finance the acquisition, rehabilitation and equipping of the Project or that the Project will be adequate or sufficient for the Borrower's intended purposes.

Section 2.02 Covenants Of The Issuer.

The Issuer hereby agrees with the Owners from time to time of the Bonds that, so long as the Bonds remain unpaid:

(a) The Issuer will pay or cause to be paid the principal of and the interest on the Bonds as the same become due, but solely to the extent provided in Section 10.02 hereof.

(b) The Issuer will do, execute, acknowledge, when appropriate, and deliver from time to time at the request of the Owners of the Bonds or the Trustee such further acts, instruments, financing statements and other documents as are necessary or desirable to better assure, transfer, pledge or assign to the Trustee, and grant a security interest unto the Trustee in and to the Trust Estate and the other properties and revenues herein described and otherwise to carry out the intent and purpose of the Issuer Documents and the Bonds.

(c) The Issuer will not use or knowingly permit the use of any proceeds of the Bonds or other funds of the Issuer, directly or indirectly, in any manner, and will not take or permit to be taken any other action or actions, which would result in any of the Bonds being treated as an obligation not described in Section 142(a)(7) of the Code by reason of such Bond not meeting the requirements of Section 142(d) of the Code.

(d) The Issuer will at all times do and perform all acts and things permitted by law and this Indenture which are necessary or desirable in order to assure, and will not knowingly take any action which will adversely affect, the excludability of interest on the Bonds from gross income for federal income tax purposes.

Article III.

Authorization And Issuance Of Bonds.

Section 3.01 Authorization And Advances Of Bonds.

There is hereby authorized, established and created an issue of Bonds of the Issuer to be known and designated as the "City of Chicago Multi-Family Housing Revenue Bonds (Lawndale Restoration Apartments Project), Series 2007A" in the original aggregate principal amount of \$_____ and an issue of Bonds of the Issuer to be known and designated as the "City of Chicago Multi-Family Housing Revenue Bonds (Lawndale Restoration Apartments Project), Series 2007B" in the original aggregate principal amount of \$_____. No additional bonds shall be authorized or issued under this Indenture. The Bonds shall be issued for the purpose of making the Loans by depositing such amounts in the various accounts of the Project Fund established hereunder.

The Series 2007A Bonds shall be issued in the maximum aggregate principal amount of \$_____ ; provided that \$_____ shall be outstanding on the [Closing Date] and the outstanding principal amount of the Series 2007A Bonds shall be increased by the Supplemental Advance on the Supplemental Advance Date. The Supplemental Advance shall be evidenced by an amendment to Appendix A attached to the Series 2007A Bonds to reflect the increase in the outstanding principal amount of the Series 2007A Bonds, which shall be presumptive evidence of the principal amount and interest owing and unpaid on Outstanding Series 2007A Bonds. The failure to record any such amount or any error in recording shall not, however, limit or otherwise affect the obligations of the Issuer to repay the principal amount of the Outstanding Series 2007A Bonds together with

all interest accruing thereon. Notwithstanding anything herein to the contrary, the Trustee shall amend Appendix A to reflect the Supplemental Advance only upon the deposit into the Series 2000A Subaccount of the Loan Account of \$_____.

Section 3.02 Conditions Precedent To Authentication And Delivery Of Bonds.

Prior to the initial authentication and delivery of the Bonds, the Trustee shall have received each of the following:

- (a) each original executed Note, and executed original counterparts of this Indenture, the other Issuer Documents and the Loan Documents;
- (b) [confirmation from the Servicer or its counsel that the conditions to initial purchase of Bonds contained in the Loan Agreement have been satisfied or waived by Servicer];
- (c) a certified copy of the Ordinance;
- (d) evidence of the payment of the purchase price of the Bonds and deposit of the Borrower funds required pursuant to Section 5.01(c) of this Indenture;
- (e) an opinion of Bond Counsel substantially to the effect that the Bonds constitute legal, valid and binding obligations of the Issuer and that under existing statutes, regulations, rulings and court decisions, the interest on the Bonds is excludable from the gross income of the Owners (other than an Owner who is a "substantial user" of the Project or a "related person" to a "substantial user", as defined in Section 147(a) of the Code) for federal income tax purposes; and
- (f) [an original investor letter executed by the initial purchaser(s) of the Bonds, in substantially the applicable form set forth in (Sub)Exhibit B hereto.]

Section 3.03 Registered Bonds.

The Bonds shall be in fully registered form and shall be payable in accordance with the provisions hereof and of the Bonds to the Owner thereof as shown on the records maintained by the Trustee.

Section 3.04 Loss, Theft, Destruction Or Mutilation Of Bonds.

In the event a Bond is mutilated, lost, stolen or destroyed, the Issuer may execute and the Trustee may authenticate and deliver a new Bond bearing a notation indicating the principal amount outstanding, in exchange for the mutilated Bond, or in substitution for a Bond so destroyed, lost or stolen. In every case of exchange

or substitution, the applicant shall furnish to the Issuer and the Trustee (i) such security or indemnity as may be required by them to save them harmless from all risks, however remote, and (ii) evidence to their satisfaction of the mutilation, destruction, loss or theft of a Bond and of the ownership thereof. Upon the issuance of a Bond upon such exchange or substitution, the Trustee may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses, including counsel fees, of the Issuer and the Trustee. In case a Bond shall become mutilated or be destroyed, lost or stolen, the Trustee may, instead of authenticating a Bond in exchange or substitution therefor, pay or authorize the payment of the same (without surrender thereof except in the case of a mutilated Bond) if the applicant for such payment shall furnish to the Issuer and the Trustee such security or indemnity as they may require to save them harmless and evidence satisfactory to them of the mutilation, destruction, loss or theft of the Bond and of the ownership thereof.

Section 3.05 Terms Of Bonds -- General.

(a) Registration; Denomination. The Bonds shall be issued in Authorized Denominations. Thereafter, the Bonds shall be issuable in any Authorized Denomination required to effect transfers, exchanges or redemptions permitted or required by this Indenture. The Bonds shall be substantially in the form of (Sub)Exhibit A-1 and (Sub)Exhibit A-2 hereto, respectively, with such amendments and changes as the officer executing the same shall deem appropriate.

(b) Date And Maturity. The Bonds shall be dated the Closing Date. The Bonds shall bear interest on the then outstanding principal amount until paid in full, payable for the periods, in the amounts, at the rates, and as provided in Section 3.06 hereof. The Bonds shall mature on the Maturity Date, unless sooner redeemed or accelerated.

(c) Payment. The principal of and interest on the Bonds shall be payable in lawful money of the United States of America by check or draft of the Trustee. Payments of interest and of principal upon redemption pursuant to Section 4.01(f) hereof shall be mailed by first-class mail to the Owners of the Bonds at their addresses appearing on the records of the Trustee; [provided, however, that the payment to the Servicer shall, upon written request of the Servicer, be transmitted by the Trustee by wire transfer or other means requested in writing by the Servicer]. Payment of the principal (other than upon redemption pursuant to Section 4.01(f) hereof) of a Bond shall only be made upon surrender of the Bond at the Principal Office of the Trustee. Notwithstanding anything in this Indenture to the contrary, all payments of principal and interest with respect to Bonds owned by the Majority Owner shall, at the request of the Majority Owner, be made by wire transfer to the Majority Owner without the requirement of surrender of such Bonds under any circumstances.

Section 3.06 Interest On The Bonds.

(a) Series 2007A Bonds. The Series 2007A Bonds shall bear interest at the rate of ___% per annum, computed on the basis of a three hundred sixty (360) day of twelve (12) equal months of thirty (30) days each (the "Fixed Rate"). Interest on the Series 2007A Bonds shall accrue from the Closing Date; provided that interest on the principal amount of Series 2007A Bonds advanced pursuant to the Supplemental Advance shall accrue from the date of the Supplemental Advance.

(b) Series 2007B Bonds. The Series 2007B Bonds shall bear interest at the lesser of (x) the B.M.A. Index Rate, computed for the actual number of days elapsed on the basis of a three hundred sixty (360) day year, and (y) the Cap Rate (the "Variable Rate"). The Variable Rate shall be reset on each Reset Date. Interest on the Series 2007B Bonds shall accrue from the Closing Date.

(c) Usury. Notwithstanding any provision of this Indenture to the contrary, in no event shall the interest contracted for, charged or received in connection with the Bonds (including any other costs or considerations that constitute interest under the laws of the State which are contracted for, charged or received pursuant to this Indenture) exceed the maximum rate of nonusurious interest allowed under the laws of the State as presently in effect and to the extent of any increase allowable by such laws. To the extent permitted by law, interest contracted for, charged or received on the Bonds shall be allocated over the entire term of the Bonds, to the end that interest paid on the Bonds does not exceed the maximum amount permitted to be paid thereon by law. Excess interest, if any, provided for in this Indenture, or otherwise, shall be canceled automatically as of the date of such acceleration or, if theretofore paid, shall be credited as principal paid on the Bonds.

Section 3.07 Payment Of Principal And Interest On The Bonds.

(a) Series 2007A Bonds. Commencing _____ 1, 2007 and continuing on each Interest Payment Date thereafter, interest on the Outstanding principal balance of the Series 2007A Bonds shall be due and payable in arrears; and all accrued and unpaid interest shall be due and payable in full on the Maturity Date, if not paid earlier. On each Bond Payment Date after the Conversion Date, mandatory sinking fund payments determined as provided in Section 4.01(c) shall be due and payable.

(b) Series 2007B Bonds. Commencing _____ 1, 2007 and continuing on each Interest Payment Date thereafter, interest on the Outstanding principal balance of the Series 2007B Bonds shall be due and payable in arrears; and all accrued and unpaid interest shall be due and payable in full on the Maturity Date, if not paid earlier. Subject to Section 4.01, the Outstanding principal amount of the Series 2007B Bonds shall be due and payable on the Maturity Date.

Section 3.08 Execution And Authentication Of Bonds.

(a) The Bonds shall be executed on behalf of the Issuer by the manual or facsimile signature of its Mayor, and its corporate seal (or a facsimile thereof) shall be thereunto affixed, imprinted, engraved or otherwise reproduced, and attested by the manual or facsimile signature of its City Clerk or Deputy City Clerk.

(b) In case any officer of the Issuer whose signature or facsimile signature shall appear on any of the Bonds shall cease to be such officer before the Bonds so signed and sealed shall have been actually delivered, such Bonds may, nevertheless, be delivered as herein provided, and may be issued as if the persons who signed or sealed such Bonds had not ceased to hold such offices or be so employed. Any Bond may be signed and sealed on behalf of the Issuer by such persons as, at the actual time of the execution of such Bond, shall be duly authorized or hold the proper office in or employment by the Issuer, although at the date of the Bonds such persons may not have been so authorized nor have held such office or employment.

(c) No Bond shall be valid or obligatory for any purpose or shall be entitled to any right or benefit under this Indenture unless there shall be endorsed on such Bond a certificate of authentication in the form set forth in such Bond duly executed by the Trustee, by the manual signature of an authorized signatory thereof, and such certificate of the Trustee upon any Bond executed on behalf of the Issuer shall be conclusive evidence that the Bond so authenticated has been duly issued under this Indenture and that the Owner thereof is entitled to the benefits of this Indenture.

(d) The Bonds, together with premium, if any, and interest thereon, are special, limited obligations of the Issuer, payable solely from the Trust Estate. The Bonds are not an indebtedness of the Issuer or a charge against its general credit or the general credit taxing powers of the State, the Issuer, or any other political subdivision thereof, and shall never give rise to any pecuniary liability of the Issuer, and neither the Issuer, the State nor any other political subdivision thereof shall be liable for the payments of principal of and, premium, if any, and interest on the Bonds, and the Bonds are payable from no other source, but are special, limited obligations of the Issuer, payable solely out of the Trust Estate and receipts of the Issuer derived pursuant to the Agreement. No owner of the Bonds has the right to compel any exercise of the taxing power of the State, the Issuer or any other political subdivision thereof to pay the Bonds or the interest or premium, if any, thereon.

No recourse shall be had for the payment of the principal of, premium, if any, or the interest on the Bonds or for any claim based thereon or any obligation, covenant or agreement in this Indenture against any official of the Issuer, or any official, officer, agent, employee or independent contractor of the Issuer or any person executing the Bonds. No covenant, stipulation, promise, agreement or obligation contained in the Bonds, this Indenture or any other document executed in

connection herewith shall be deemed to be the covenant, stipulation, promise, agreement or obligation of any present or future official, officer, agent or employee of the Issuer in his or her individual capacity and neither any official of the Issuer nor any officers executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance of the Bonds.

Section 3.09 Negotiability, Transfer And Registry Of Bonds.

(a) All the Bonds issued under this Indenture shall be negotiable, subject to the provisions for registration and transfer contained in this Indenture and in the Bonds. So long as this Indenture remains in force, the Trustee, as registrar, shall maintain and keep books for the recordation of the taxpayer identification number of each of the Owners of the Bonds and the registration, transfer and exchange of Bonds. Each Bond shall be transferable only upon the books of registration. The Trustee is hereby appointed registrar, to act as agent of the Issuer for the registration and transfer of Bonds and the maintenance of the books of registration. The Issuer may appoint a successor registrar upon notice by mail to the Trustee and the Owners of the Bonds.

(b) Upon a partial redemption of the Bonds, the Issuer shall execute and the Trustee shall authenticate and deliver new certificates representing the unredeemed portion of the Bonds to be so tendered or redeemed in part, in exchange for the certificates representing the Bonds to be so tendered or redeemed in part. Surrender of Bonds for execution, authentication and delivery of new certificates shall not be a precondition to the redemption of Bonds pursuant to Section 4.01(f) hereof. If a Bond shall be transferred in part, such Bond shall be delivered to the registrar, and the Trustee shall, on behalf of the Issuer, deliver two (2) Bonds in replacement therefor, having the same maturity and interest provisions and in the same aggregate principal amount as the Bond so delivered.

(c) Upon surrender of the Bonds at the Principal Office of the Trustee with a written instrument of transfer satisfactory to the Trustee, duly executed by the Owner or his attorney duly authorized in writing, such Bonds may, at the option of the Owner thereof, be exchanged for an equal aggregate principal amount of Bonds in Authorized Denominations.

(d) The Borrower shall bear all costs in connection with any transfer or exchange of Bonds, including the reasonable fees and expenses of the Issuer, Bond Counsel and the Trustee and of any required indemnity for the Issuer and the Trustee; provided that the costs of any tax or other governmental charge imposed upon such transfer or exchange shall be borne by the Owner of the Bond.

(e) Bonds shall be transferred upon presentation and surrender thereof at the Principal Office of the Trustee by the Owner thereof or his attorney duly authorized in writing with due endorsement for transfer or accompanied by a written instrument of transfer in form satisfactory to the Trustee. All Bonds surrendered in any exchanges or transfers shall forthwith be canceled. For every such exchange or transfer of Bonds, there shall be made a charge sufficient to pay any tax or other governmental charge required to be paid with respect to such exchange or transfer, which sum or sums shall be paid by the Owner requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. The Trustee shall not be obligated to (i) authenticate, exchange or transfer any Bond during a period beginning at the opening of business on any Record Date and ending at the close of business on the next succeeding Interest Payment Date, (ii) authenticate, exchange or transfer any Bond during a period beginning at the opening of business fifteen (15) days next preceding any selection of Bonds to be redeemed and ending at the close of business on the date of the first giving of notice of such redemption, or (iii) transfer or exchange any Bonds called or being called for redemption in whole or in part.

(f) The Bonds may be transferred in whole or in part by any Owner as follows:

(1) to the Borrower, any subsidiary of the initial Owner, any Affiliate of the Owner, any entity arising out of any merger or consolidation of the Owner, or a trustee in bankruptcy of the Owner, in any case (except for a transfer to the Borrower) meeting the requirements of (2), (3) or (4) below;

(2) to any "accredited investor" (as defined in Regulation D promulgated under the Securities Act of 1933, as amended) or any "qualified institutional buyer" (as defined in Rule 144A promulgated under the Securities Act of 1933, as amended);

(3) to any bank, savings institution or insurance company (whether acting in a trustee or custodial capacity for any "accredited investor" as defined in clause (2), above, "qualified institutional buyer" or on its own behalf); or

(4) to any trust or custodial arrangement each of the beneficial owners of which is required to be an "accredited investor" or "qualified institutional buyer" (as defined in clause (2), above).

Any transfer of Bonds described in clauses (2), (3) or (4) of this Section 3.09(f) shall be conditioned upon delivery by the proposed transferee to the Trustee of an investor letter in substantially the form set forth in (Sub)Exhibit B hereto and a written indemnity against all liability the Issuer and the Trustee may incur in connection with the transfer of such Bonds.

(g) In addition to any transfer permitted by Section 3.09(f), the Bonds may be transferred, in whole or in part:

(1) to one or more Owners upon receipt by the Issuer, each Owner making such transfer, and the Trustee of (i) any disclosure document which is prepared in connection with such transfer of any Bond, in such form acceptable to the Issuer and accompanied by an opinion of Bond Counsel in a form satisfactory to the Issuer regarding the information contained in such disclosure document, (ii) evidence that each such Bond is rated "A" or better by one of S&P or Moody's, and (iii) an opinion of Bond Counsel to the effect that (A) the exemption of the Bonds or any securities evidenced thereby from the registration requirements of the Securities Act of 1933, as amended, and the exemption of this Indenture from qualification under the Trust Indenture Act of 1939, as amended, will not be impaired as a result of such transfer, and (B) such transfer will not adversely affect the exclusion of interest accrued on the Bonds from gross income of the Owners thereof (other than an Owner who is a "substantial user" of the Project or a "related person" to a "substantial user", as defined in Section 147(a) of the Code) for federal income tax purposes; or

(2) to any trust, custodial or similar arrangement the ownership interests in which are to be distributed through the issuance of (A) securities that are registered under the Securities Act of 1933, as amended, and/or are exempt from the registration requirements of the Securities Act of 1933, as amended, and are rated "A" by one of S&P or Moody's (or an equivalent rating by another nationally recognized rating agency) or better, without respect to modifier, or securities the pass-through payments on which are guaranteed by an insurer or guarantor, the unsecured long-term obligations of which are rated "A" by one of S&P or Moody's (or an equivalent rating by another nationally recognized rating agency) or better, without respect to modifier, or (B) non-investment-grade securities representing a residual interest in such trust, custodial or similar arrangement that may only be transferred in transactions that are exempt from the registration requirements of the Securities Act of 1933, as amended.

Section 3.10 Ownership Of Bonds.

The Issuer, the Trustee and any other Person may treat the registered owner of any Bond as the absolute owner thereof, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal or redemption price of and interest on such Bond and for all other purposes whatsoever, and payment of the principal or redemption price, if any, of and interest on any such Bond shall be made only to, or upon the order of, such registered owner. All such payments to such registered owner shall be valid and effectual to satisfy and discharge the liability of the Issuer upon such Bond to the extent of the sum or sums so paid, and neither the Issuer nor any Trustee shall be affected by any notice to the contrary.

Section 3.11 Payments On Bonds Due On Non-Business Days.

In any case where any Bond Payment Date shall be a day other than a Business Day, then payment of the Bonds need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made on the Bond Payment Date, and no interest shall accrue for the period after such date.

Section 3.12 Registration Of Bonds In The Book-Entry Only System.

The provisions of this section shall apply so long as the Bonds are maintained in book-entry form with The Depository Trust Company or another Securities Depository, any provisions of this Indenture to the contrary notwithstanding.

(a) Payments. The Bonds shall be payable to the Securities Depository, or its nominee, as the registered owner of the Bonds, on each date on which the principal of, interest on, and premium, if any, on the Bonds is due as set forth in this Indenture and in the Bonds. Such payments shall be made to the offices of the Securities Depository specified by the Securities Depository to the Issuer and the Trustee in writing. Without notice to or the consent of the beneficial owners of the Bonds, the Issuer and the Securities Depository may agree in writing to make payments of principal, premium, if any, and interest in a manner different from that set forth herein. If such different manner of payment is agreed upon, the Issuer shall give the Trustee notice thereof, and the Trustee shall make payments with respect to the Bonds in the manner specified in such notice as set forth herein. Neither the Issuer nor the Trustee shall have any obligation with respect to the transfer or crediting of the principal of, interest on, and premium, if any, on the Bonds to Participants or the beneficial owners of the Bonds or their nominees.

(b) Replacement Of The Securities Depository. The Issuer may, and in the case of subparagraph (ii) below shall, discontinue use of a Securities Depository as the depository of the Bonds if (i) the Issuer, in its sole discretion, determines that (A) such Securities Depository is incapable of discharging its duties with respect to the Bonds, or (B) the interest of the beneficial owners of the Bonds might be adversely affected by the continuation of the book-entry system with such Securities Depository as the depository for the Bonds, (ii) the beneficial owners of one hundred percent (100%) of the Bonds Outstanding direct the Issuer to do so, or (iii) such Securities Depository determines not to continue to act as a depository for the Bonds or is no longer permitted to act as such depository. Notice of any determination pursuant to clause (i) shall be given to such Securities Depository at least thirty (30) days prior to any such determination (or such fewer number of days as shall be acceptable to such Securities Depository). The Issuer shall have no obligation to make any investigation to determine the occurrence of any events that would permit the Issuer to make any determination described in this paragraph

(c) Discontinuance Of Book-Entry Or Change Of Securities Depository. If, following a determination or event specified in paragraph (b) above, the Issuer discontinues the maintenance of the Bonds in book-entry form with the then current Securities Depository, the Issuer will issue replacement Bonds to the successor Securities Depository, if any, or, if no replacement Securities Depository is selected for the Bonds, directly to the Participants as shown on the records of the former Securities Depository or, to the extent requested by any Participant or if directed to do so by the beneficial owners of one hundred percent (100%) of the Bonds Outstanding pursuant to subparagraph (b)(ii) above, to the beneficial owners of the Bonds shown on the records of such Participant. Replacement Bonds shall be in fully registered form and in authorized denominations, be payable as to interest on the Interest Payment Dates of the Bonds by check or draft mailed to each registered owner at the address of such owner as it appears on the bond registration books maintained by the Bond Registrar for such purpose at the principal corporate trust office of the Trustee or at the option of any registered owner of not less than One Million Dollars (\$1,000,000) principal amount of Bonds, by wire transfer to any address in the continental United States of America on such Interest Payment Date to such registered owner as of the Regular Record Date relating to such Interest Payment Date, if such registered owner provides the Trustee with written notice of such wire transfer address not later than such Regular Record Date (which notice may provide that it will remain in effect with respect to subsequent Interest Payment Dates unless and until changed or revoked by subsequent notice). Principal and redemption premium, if any, on the replacement Bonds are payable only upon presentation and surrender of such replacement Bond or Bonds at the principal corporate trust office of the Trustee.

(d) Effect Of Book-Entry System. The Securities Depository and its Participants and the beneficial owners of the Bonds, by their acceptance of the Bonds, agree that the Issuer and the Trustee shall not have liability for the failure of such Securities Depository to perform its obligations to the Participants and the beneficial owners of the Bonds, nor shall the Issuer or the Trustee be liable for the failure of any Participant or other nominee of the beneficial owners to perform any obligation of the Participant to a beneficial owner of the Bonds.

Section 3.13 C.U.S.I.P. Numbers.

A C.U.S.I.P. number shall be set forth on each maturity of the Bonds and the Trustee shall use such C.U.S.I.P. numbers in notices of redemption as a convenience to the Owners; provided that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Bonds or as contained in any notice of redemption and that reliance may be placed only on the other identification numbers printed on the Bonds, and any such redemption shall not be affected by any defect in or omission of such numbers. The Issuer shall promptly notify the Trustee of any change in the C.U.S.I.P. numbers.

Section 3.14 [Trust Structure.

Notwithstanding any provisions to the contrary under this Indenture, the Issuer acknowledges that the initial purchaser of the Bonds may place the Bonds into a Custody Agreement or a Trust it or its affiliates has created (the "Trust"). The Bonds held in the Trust will be secured or enhanced with a Letter of Credit from an investment grade financial institution and trust certificates (the "Trust Certificates") or other evidence of ownership in the Trust will be sold to certain investors (the "Trust Structure"). Neither the Issuer nor the Trustee shall have any liability to any Bondholder, or any third party in connection with the Trust, the sale of Trust Certificates or any other matter related to the Trust Structure.]

Article IV.

Redemption Of Bonds.

Section 4.01 Mandatory Redemption.

The Bonds shall be subject to mandatory redemption, and shall be redeemed prior to maturity, as follows:

(a) in whole or in part on the first Interest Payment Date for which adequate notice can be given in accordance with this Indenture after and to the extent that Insurance Proceeds or a Condemnation Award in connection with the Project are deposited in the Insurance and Condemnation Account of the Project Fund and are not to be used to repair or restore the Project (which unused Condemnation Award or Insurance Proceeds shall be applied first to the redemption of Bonds, unless all of the Owners shall have approved a proposed alternative application of such funds and the Trustee and the Servicer shall have received an opinion of Bond Counsel to the effect that such proposed alternative application of such funds will not adversely affect the exclusion from gross income of interest on the Bonds to the Owners (other than an Owner who is a "substantial user" of the Project or a "related person" to a "substantial user", as defined in Section 147(a) of the Code); or

(b) in whole on the first Interest Payment Date for which notice can be given to the Bondholders in accordance with this Indenture following receipt by the Trustee of notice from the Servicer demanding such redemption, following a Determination of Taxability; or

(c) in part on the first day of each calendar month following the Conversion Date by operation of sinking fund payments as set forth in (Sub)Exhibit C to this

Indenture (as it may be amended from time to time in accordance with Section 4.07(b), in the amount set forth opposite such date in (Sub)Exhibit C; or

(d) in whole, following receipt by the Trustee of notice from the Servicer stating that an Event of Default has occurred under the Loan Agreement or the Construction Disbursement Agreement and demanding redemption of the Bonds, on any date selected by the Servicer, specified in a notice in writing delivered to the Borrower at least ten (10) days prior to such date; or

(e) with respect to the Series 2007B Bonds, in part, upon the earlier of (i) disbursement of the Third Installment of the proceeds under the T.I.F. Agreement in accordance with the Construction Disbursement Agreement or (ii), 2009 twenty-six (26) months in the amount of Two Million Nine Hundred Fifty Thousand Dollars (\$2,950,000); or

(f) with respect to the Series 2007B Bonds, in part, upon the earlier of (i) disbursement of the completion installment of the Required Equity Funds in accordance with the Construction Disbursement Agreement or (ii) _____, 2009 twenty-six (26) months in the amount of Seven Million Twenty Thousand Dollars (\$7,020,000); or

(g) with respect to the Series 2007B Bonds, in part, upon disbursement of the qualified occupancy installment of the Required Equity Funds, in accordance with the Construction Disbursement Agreement in the amount of Five Hundred Eighty Thousand Dollars (\$580,000); or

(h) in part, on or before the Conversion Date, in the amount of the Pre-Stabilization Loan Payment, as set forth in the Loan Agreement; or

(i) with respect to the Series 2007A Bonds, in whole, on any Interest Payment Date which is at least eighteen (18) years from the Conversion Date, as selected by the Majority Owner pursuant to a Redemption Election Notice.

Section 4.02 Redemption Price Of Bonds Redeemed Pursuant To Mandatory Redemption.

Any Bonds being redeemed before maturity in accordance with Section 4.01 of this Indenture shall be redeemed at a redemption price equal to the principal amount of the Bonds being redeemed, together with accrued interest to the date of redemption.

Section 4.03 Optional Redemption.

(a) Series 2007A Bonds. The Series 2007A Bonds shall be subject to redemption from the proceeds of an optional prepayment of the Series 2007A Loan by the

Borrower in whole, but not in part, on any Interest Payment Date on and after eighteen (18) years from the Conversion Date, in each case at a redemption price equal to the principal amount thereof, plus accrued interest thereon to the date fixed for redemption.

(b) Series 2007B Bonds. The Series B Bonds are subject to redemption from the proceeds of an optional prepayment of the Series 2007B Loan by the Borrower in whole, but not in part, on any interest payment date on or after the later of six (6) months from the Closing Date, in each case, at a redemption price equal to the principal amount thereof, plus accrued interest thereon to the date fixed for redemption.

Section 4.04 Purchase In Lieu Of Redemption.

At the election of the Borrower upon a redemption in whole of the Bonds, by written notice to the Trustee and the Servicer given not less than five (5) Business Days in advance of such redemption date, the Bonds will be deemed tendered for purchase in lieu of the redemption on such date. The purchase price of Bonds so purchased in lieu of redemption shall be the principal amount thereof together with all accrued and unpaid interest to the date of redemption and shall be payable on the date of redemption thereof. Bonds so purchased in lieu of redemption shall remain Outstanding and shall be registered to or upon the direction of the Borrower.

Section 4.05 Notice Of Redemption.

(a) Notice of redemption shall be given by the Trustee to the Owners and Borrower by facsimile transmission or other similar electronic means of communication, promptly confirmed in writing, not less than forty-five (45) Business Days prior to the date fixed for redemption; provided, however, that no notice of redemption shall be required to be given to the Owners for a redemption pursuant to Section 4.01(c), (e), (f) and (g) of this Indenture during such time as there is a single Owner of all the Bonds. Receipt of such notice of redemption shall not be a condition precedent to such redemption, and failure to so notify any of such registered Owners shall not affect the validity of the proceedings for the redemption of the Bonds

(b) Notice of redemption having been given as provided in subsection (a) of this Section 4.05 and all conditions precedent, if any, specified in such notice having been satisfied, the Bonds or portions thereof so to be redeemed shall become due and payable on the date fixed for redemption at the redemption price specified therein plus any accrued interest to the redemption date, and upon presentation and surrender thereof at the place specified in such notice, such Bonds or portions thereof shall be paid at the redemption price, plus any accrued interest to the redemption date. On and after the redemption date (unless funds for the payment

of the redemption price and accrued interest shall not have been provided to the Trustee), (i) such Bonds shall cease to bear interest and (ii) such Bonds shall no longer be considered as Outstanding under this Indenture.

Section 4.06 Selection Of Bonds To Be Redeemed.

(a) Except as otherwise expressly set forth herein, if less than all of a Series of Bonds are to be redeemed, the particular Bonds or portions of Bonds of such series to be redeemed shall be selected by the Trustee, in such manner as the Trustee in its sole discretion may deem fair and appropriate so that such Bonds are redeemed, as nearly as practicable, from each Owner, if there is more than one Owner, on a pro rata basis according to the principal amount of such Bonds represented by each Bond Outstanding.

(b) In making such selection, the Trustee may treat each Bond to be redeemed as representing that number of Bonds of the lowest Authorized Denomination as is obtained by dividing the principal amount of such Bond by such Authorized Denomination.

Section 4.07 Partial Redemption Of Registered Bonds.

(a) In case part but not all of a Series of Bonds shall be selected for redemption, upon presentation and surrender at the Principal Office of the Trustee of such Bonds by the Owner thereof or his attorney duly authorized in writing (with due endorsement for transfer or accompanied by a written instrument of transfer in form satisfactory to the Trustee), the Issuer shall execute and the Trustee shall authenticate and deliver to or upon the order of such Owner, without charge therefor, for the unredeemed portion of the principal amount of the Bond so surrendered, a Bond or Bonds, at the option of such Owner, of any Authorized Denomination of like tenor, or if less than the minimum Authorized Denomination, an amount necessary to equal the unredeemed portion of the principal amount of the Bond; provided, however, that such surrender of Bonds shall not be required for payment of the redemption price pursuant to Section 4.01(e) or 4.01(f) hereof. For all purposes of this Indenture (including exchange and transfer), the Bond so issued in less than a minimum Authorized Denomination shall be deemed to have been issued in an Authorized Denomination. Bonds so presented and surrendered shall be canceled in accordance with this Indenture.

(b) The Permanent Loan Period shall commence upon the satisfaction of the conditions set forth in this Section 4.07(b). Unless otherwise agreed in writing by the Servicer, the Conversion Date shall be the date selected by the Servicer which is the first day of the first full month which is at least one month after the Servicer's receipt of the Stabilization Certificate from the Borrower. The Conditions to Conversion are (i) the Servicer has issued a Conversion Notice in the form of

(Sub)Exhibit D attached to this Indenture; (ii) in the event the Permanent Loan Amount is less than the outstanding principal balance of the Bonds, the Borrower has paid or caused to be paid to the Trustee the Pre-Stabilization Loan Payment in accordance with the terms of Section 4.01(h) hereof; (iii) if necessary, the Servicer has delivered to the Borrower and the Trustee a revised amortization schedule which reflects the amortization of the Permanent Loan Amount over a period of thirty-five (35) years from the Conversion Date; and (iv) no Event of Default has occurred and is continuing.

Article V.

*Establishment Of Certain Funds And Accounts,
Application Thereof And Security Therefor.*

Section 5.01 Establishment Of Funds And Accounts; Application Of Proceeds Of The Bonds; And Other Amounts.

(a) The following Funds and Accounts are hereby created and established as special trust funds:

(i) the Project Fund, consisting of:

(A) the Loan Account, consisting of a Series 2007A Subaccount and a Series 2007B Subaccount;

(B) the Costs of Issuance Account, consisting of a Series 2007A Subaccount and a Series 2007B Subaccount;

(C) the Insurance and Condemnation Proceeds Account; and

(D) the Capitalized Interest Account, consisting of a Series 2007A Subaccount and a Series 2007B Subaccount;

(ii) the Replacement Reserve Fund;

(iii) the Operating Reserve Fund;

(iv) the Tax and Insurance Fund;

(v) the Revenue Fund, consisting of a Series 2007A Subaccount and a Series 2007B Subaccount;

(vi) the Principal Reserve Fund; and

(vii) the Rebate Fund, consisting of a Series 2007A Subaccount and a Series 2007B Subaccount.

(b) All the Funds and Accounts created by subsection (a) of this Section 5.01 shall be held by the Trustee in trust for application only in accordance with the provisions of this Indenture and the Loan Agreement.

(c) The proceeds from the sale of the Bonds (\$ _____) on the Closing Date shall be applied as follows:

(i) \$ _____, representing a portion of the proceeds of the sale of the Series 2007A Bonds, shall be deposited in the Series 2007A Loan Subaccount of the Project Fund;

(ii) \$ _____, representing a portion of the proceeds of the sale of the Series 2007B Bonds, shall be deposited in the Series 2007B Loan Subaccount of the Project Fund;

(iii) \$ _____, representing a portion of the proceeds of the sale of the Series 2007A Bonds shall be deposited in the Series 2007A Costs of Issuance Account of the Project Fund;

(iv) \$ _____, representing a portion of the proceeds from the sale of the Series 2007B Bonds received shall be deposited in the Series 2007B Costs of Issuance Account of the Project Fund;

(d) Upon the date of the Supplemental Advance, the additional proceeds from the sale of the Series 2007A Bonds shall be deposited in the Series 2007A Loan Subaccount of the Project Fund.

Section 5.02 Project Fund.

(a) Deposit Of Monies. The amounts specified in Section 5.01(c) and (d) shall be deposited in the Loan Account, the Capitalized Interest Account and the Costs of Issuance Account of the Project Fund, as applicable. Additional capitalized interest deposited by the Borrower in connection with any extension of the Completion Date shall be deposited in the applicable Subaccount of the Capitalized Interest Account of the Project Fund. All mandatory sinking fund payments received by the Trustee from the Borrower shall be deposited in the Principal Reserve Fund [Any amounts received by the Trustee from the Borrower in response to demands by the Trustee or the Servicer for deposits of Borrower's funds shall be deposited in accordance

with the written direction of the Servicer _____.] All Condemnation Awards and Insurance Proceeds shall be deposited in the Insurance and Condemnation Proceeds Account of the Project Fund. Any other funds directed by the Issuer, the Servicer or the Borrower to be deposited in the Project fund which are not required to be otherwise deposited or disbursed shall be so deposited by the Trustee upon receipt of funds and such direction.

(b) Use Of Monies.

(i) Loan Account. The Trustee shall make payments from the Loan Account upon the direction of the Servicer in accordance with the Loan Agreement for the purpose of paying the Qualified Costs of the Project to the disbursing account under the Construction Disbursement Agreement.

(ii) Capitalized Interest. [On the last Business Day immediately preceding each Interest Payment Date up to and including the Completion Date, the Trustee shall transfer funds from the applicable Subaccount of the Capitalized Interest Account to the applicable Subaccount of the Revenue Fund to pay interest on the applicable Series of Bonds accruing up to and including the Completion Date without submission of any Requisition. After the Completion Date, amounts held in the Capitalized Interest Account shall be applied to pay Project Costs, transferred to the applicable Subaccount of the Revenue Fund for application to the payment of amounts due in respect to the applicable Series of Bonds, or, as further provided in Section 5.03 hereof, released to the Borrower, in each case upon the written direction of the Servicer to the Trustee (a copy of which shall be provided to the Borrower). Notwithstanding the foregoing, amounts shall not be released to the Borrower until it is confirmed that there are no fees or expenses unpaid then due and owing to the Issuer or the Trustee.]

(iii) Costs Of Issuance Account. Amounts in the Subaccounts of the Costs of Issuance Account shall be disbursed by the Trustee on the Closing Date and thereafter only to pay costs of issuance of the applicable Series of Bonds pursuant to a closing statement signed by the Borrower and the Servicer identifying the amount to be paid and the payee. Amounts remaining in the Costs of Issuance Account (including investment proceeds) after the payment of all costs of issuance, and in any event not later than thirty (30) days following the Closing Date, shall be transferred to the applicable Subaccount of the Loan Account of the Project Fund.

(iv) Insurance And Condemnation Proceeds Account. The Trustee shall make all disbursements from the Insurance and Condemnation Proceeds Account only upon the receipt by the Trustee of the written request of the Borrower accompanied by the written approval of the Servicer and in accordance with the provisions of Section 5.04 hereof.

(v) Acceleration. Upon the occurrence and continuation of an Event of Default hereunder and an acceleration of the Bonds pursuant thereto, all monies and investments in the Project Fund shall be transferred to the Revenue Fund and applied to the payment of the Bonds.

(c) Requisitions. The Trustee may rely fully on the representations of the Borrower contained in any Requisition, [and upon the written approval of the Servicer] set forth on any Requisition, delivered pursuant to the Loan Agreement, this Indenture and the Construction Disbursement Agreement, and shall not be required to make any investigation or inspection of the Project in connection therewith.

Section 5.03 Use Of Monies Following Completion.

Monies (including investment proceeds but net of amounts to be retained to pay Qualified Costs of the Project (i) incurred but not then due and payable or (ii) allocated to construction contingency, marketing or operating expenses after the Completion Date) held in the Loan Account shall be transferred immediately after the [Completion Date/Stabilization Date] to the applicable Subaccount of the Revenue Fund for application to the redemption of Bonds pursuant to Section 4.01(a) of this Indenture.

Section 5.04 Condemnation Awards And Insurance Proceeds.

(a) Monies representing a Condemnation Award or Insurance Proceeds shall be deposited into the Insurance and Condemnation Proceeds Account of the Project Fund, and notice of such deposit thereof shall be given by the Trustee to the Servicer.

(b) To the extent there has been a determination pursuant to the Loan Documents to restore the Project, such Condemnation Award or Insurance Proceeds as have been approved for disbursement by the Servicer shall be disbursed by the Trustee to or for the account of the Borrower, in accordance with terms, conditions and procedures specified by the Servicer, for application by the Borrower for such purposes in accordance with the provisions of the Loan Documents.

(c) In the event there is a determination pursuant to the Loan Documents not to restore the Project, such Condemnation Award or Insurance Proceeds shall be either (i) transferred to the Revenue Fund and applied to the redemption of Bonds in accordance with Section 4.01(c) hereof, or (ii) released to the Borrower if the Borrower obtains an opinion of Bond Counsel that such release will not affect the excludability of the interest on the Bonds from gross income of Owners (other than an Owner who is a "substantial user" of the Project or a "related person" to a

“substantial user”, as defined in Section 147(a) of the Code) for federal income tax purposes, all in accordance with written direction of the Servicer to the Trustee and subject to the provisions of the Loan Documents. Notwithstanding the foregoing, no amounts shall be released to the Borrower until it is confirmed that there are no unpaid fees or expenses then due and owing to the Issuer or the Trustee.

Section 5.05 Replacement Reserve Fund.

There shall be deposited in the Replacement Reserve Fund all monies received for such purpose by the Issuer or the Trustee from the Borrower pursuant to Section 5.12(a) of the Loan Agreement or transferred pursuant to Section 5.08 of this Indenture. Monies in the Replacement Reserve Fund shall be disbursed by the Trustee only upon receipt of a written request therefor executed by the Authorized Representative of the Borrower [and approved by the Servicer] (to the extent required under the Loan Agreement) to be applied to repairs of or replacements in part of the Project, except that upon the occurrence and continuation of an Event of Default hereunder and an acceleration of the Bonds pursuant hereto, all monies and investments in the Replacement Reserve Fund (other than monies held to pay costs required to be paid but not yet payable) shall be transferred to the Revenue Fund and applied to the payment of the Bonds. Upon the payment in full of the Bonds and the fees and expenses of the Issuer, the Majority Owner, the Servicer and the Trustee and upon payment of amounts payable to the United States pursuant to Section 5.09 hereof, any amounts remaining in the Replacement Reserve Fund shall be paid to the Borrower as soon as practicable upon its written request therefor. Notwithstanding the foregoing, no amounts shall be released to the Borrower until it is confirmed that there are no unpaid fees or expenses then due and owing to the Issuer or the Trustee.

Section 5.06 Tax And Insurance Fund.

There shall be deposited in the Tax and Insurance Fund all monies received for such purpose by the Issuer or the Trustee from the Borrower pursuant to Section 5.12(b) of the Loan Agreement or transferred pursuant to Section 5.08 of this Indenture. Monies in the Tax and Insurance Fund shall be applied to payment of real estate taxes and insurance premiums at the direction or upon the approval of the Servicer. Upon the occurrence and continuation of an Event of Default hereunder and an acceleration of the Bonds pursuant hereto, all monies and investment in the Tax and Insurance Fund (other than monies held to pay costs required to be paid but not yet payable) shall be transferred to the Revenue Fund and applied to the payment of the Bonds. Upon the payment in full of the Bonds and the fees and expenses of the Issuer, the Majority Owner, the Servicer and the Trustee, and upon payment of amounts payable to the United States pursuant to Section 5.09 hereof, any amounts remaining in the Tax and Insurance Fund shall be paid to the Borrower as soon as practicable upon its written request therefor.

Notwithstanding the foregoing, no amounts shall be released to the Borrower until it is confirmed that there are no unpaid fees or expenses then due and owing to the Issuer or the Trustee.

Section 5.07 Operating Reserve Fund.

There shall be deposited in the Operating Reserve Fund all monies received for such purpose by the Issuer or the Trustee from the Borrower pursuant to Section 5.12(e) of the Loan Agreement [or transferred pursuant to Section 5.08 of this Indenture]. Monies in the Operating Reserve Fund shall be disbursed by the Trustee only upon receipt of a written request therefor executed by the Authorized Representative of the Borrower and approved by the Servicer to be applied to costs of operation of the Project, except that upon the occurrence and continuation of an Event of Default hereunder and an acceleration of the Bonds pursuant hereto, all monies and investments in the Operating Reserve Fund (other than monies held to pay costs required to be paid but not yet payable) shall be transferred to the Revenue Fund and applied to the payment of the Bonds. Upon the payment in full of the Bonds and the fees and expenses of the Issuer, Majority Owner, the Servicer and the Trustee and upon payment of amounts payable to the United States pursuant to Section 5.09 hereof, any amounts remaining in the Operating Reserve Fund shall be paid to the Borrower as soon as practicable upon its written request therefor. Notwithstanding the foregoing, no amounts shall be released to the Borrower until it is confirmed that there are no unpaid fees or expenses then due and owing to the Issuer or the Trustee.

Section 5.08 Revenue Fund.

(a) The Revenue Fund shall contain a Series 2007A Subaccount and a Series 2007B Subaccount. There shall be deposited in the applicable Subaccount of the Revenue Fund all amounts transferred from the applicable Subaccount of the Project Fund or received from the Borrower pursuant to Section 3.2 of the Loan Agreement with respect to the Loan Documents, including payments of interest and principal and voluntary and involuntary prepayments of the respective Loans and investment earnings on investments held in the Funds and Accounts created by this Indenture (except as otherwise provided in this Section 5.09 and Section 5.11).

(b) Amounts in each Subaccount of the Revenue Fund shall be applied to the following items in the following order of priority:

(i) on each Interest Payment Date, to the payment of interest on the applicable Series of Bonds;

(ii) on each Bond Payment Date, to the payment of the principal of or redemption price (or purchase price in the event of an election of Borrower under

Section 4.04) of, interest on, [and any Additional Interest due with respect to, the applicable Series of Bonds];

(iii) on the first day of each month to the payment of any required deposit in the Tax and Insurance Fund;

(iv) on the first day of each month, to the payment of any required deposit in the Replacement Reserve Fund;

(v) on the first day of each month, to the payment of the fees of the Issuer, the Trustee, the Majority Owner and the Servicer, if any (including any extension fee due and owing under Section 3.2(b) of the Loan Agreement), due and owing under the Loan Documents and this Indenture;

(vi) on the first day of each month, to the payment of any other amounts then due and owing under the Loan Documents; and

(vii) on the first day of each month, to the Borrower or such other party as may be legally entitled thereto.

(c) Upon the payment in full of the Bonds and the fees and expenses of the Issuer and the Trustee and the payment of amounts payable to the United States pursuant to Section 5.09 hereof, any amounts remaining in the Revenue Fund (except amounts held for future payment to the United States pursuant to Section 5.09 hereof) shall be paid to the Borrower.

(d) There shall be deposited in the Principal Reserve Fund all monies received for such purpose by the Trustee from the Borrower pursuant to Section 5.12(c) of the Loan Agreement and Section 4.01(c) of this Indenture. On each Bond Payment Date, monies in the Principal Reserve Fund shall be transferred to the Revenue Fund and applied to the payment of the Bonds.

Section 5.09 Rebate Fund.

(a) The Rebate Fund shall be held and applied as provided in this Section 5.09. All money at any time deposited in the Rebate Fund shall be held by the Trustee in trust for payment, to the extent required under the Code and as calculated by the Rebate Analyst, for payment to the United States Government. None of the Issuer, the Borrower or the Owners shall have any rights in or claim to such monies. All amounts deposited into or on deposit in the Rebate Fund shall be governed by this section and by the Borrower's Tax Certificate.

(b) The Trustee shall make information regarding the Bonds and the investments hereunder available to the Borrower promptly upon written request, shall make

deposits to and disbursements from the Rebate Fund in accordance with the directions received from the Authorized Representative of the Borrower, shall invest monies in the Rebate Fund pursuant to said directions and shall deposit income from such investments pursuant to said directions, and shall make payments to the United States of America in accordance with written directions received from the Borrower.

(c) Notwithstanding any provision of this Indenture to the contrary, the Trustee shall not be liable or responsible for any calculation or determination which may be required in connection with or for the purpose of complying with Section 148 of the Code or any applicable Treasury regulation (the "Arbitrage Rules"), including, without limitation, the calculation of amounts required to be paid to the United States under the provisions of the Arbitrage Rules and the fair market value of any investment made hereunder, it being understood and agreed that the sole obligation of the Trustee with respect to investments of funds hereunder shall be to invest the monies received by the Trustee pursuant to the written instructions of the Authorized Representative of the Borrower given in accordance with Section 5.10 hereof. The Trustee shall have no responsibility for determining whether or not the investments made pursuant to the direction of the Borrower or any of the instructions received by the Trustee under this section comply with the requirements of the Arbitrage Rules and shall have no responsibility for monitoring the obligations of the Borrower or the Issuer for compliance with the provisions of the Indenture with respect to the Arbitrage Rules.

(d) Notwithstanding any provision of this Indenture to the contrary, the obligation to remit payment of the rebate amount to the United States and to comply with all other requirements of this Section 5.09 shall survive the defeasance or payment in full of the Bonds.

(e) Any funds remaining in the Rebate Fund after redemption and payment of all of the Bonds, payment and satisfaction of any Rebate Requirement, or provision made therefor satisfactory to the Trustee, and the payment of any fees or amounts due and owing to the Issuer and the Trustee, shall be withdrawn and remitted to the Borrower.

(f) The Trustee, at the expense of the Borrower, shall obtain and keep such records of the computations made pursuant to this Section 5.09 as are required under Section 148(f) of the Code. The Trustee shall keep and make available to the Borrower such records concerning the investments of the gross proceeds of the Bonds and the investments of earnings from those investments as may be requested by the Borrower in order to enable the Borrower to cause the Rebate Analyst to make the aforesaid computations as are required under Section 148(f) of the Code.

(g) Notwithstanding the foregoing, the computations and payments of rebate amounts referred to in this Section 5.09 need not be made if there shall have been delivered to the Trustee, the Issuer and the Servicer an opinion of Bond Counsel to

the effect that such withdrawal and payment are not necessary in order to establish or maintain the exclusion from gross income of Owners (other than an Owner who is a "substantial user" of the Project or a "related person" to a "substantial user", as defined in Section 147(a) of the Code) of interest on the Bonds. In the event Bond Counsel so opines, the monies on deposit in the Rebate Fund shall be applied to such purpose as the Borrower shall direct provided that (i) the Borrower shall deliver to the Issuer, the Trustee and the Servicer an opinion of Bond Counsel to the effect that such application will not adversely affect the exclusion from gross income of Owners (other than an Owner who is a "substantial user" of the Project or a "related person" to a "substantial user", as defined in Section 147(a) of the Code) of interest on the Bonds for purposes of federal income taxation, and (ii) the Borrower shall have no other amounts due and owing to the Issuer and the Trustee.

Section 5.10 Monies Held In Trust; Investment Of Monies.

(a) All monies from time to time received by the Trustee and held in the Funds and Accounts created hereby (other than the Rebate Fund) shall be held in trust as security for the benefit of the Owners of the Bonds. All such monies, including the monies held in the Rebate Fund, shall be invested as provided in this Indenture.

(b) Any such investments shall be held by or under the control of the Trustee. A sufficient amount of such investments shall be liquidated whenever the cash balance in any Fund or Account is insufficient to pay an approved Requisition when presented. Any monies held as a part of the Funds shall be invested or reinvested, to the extent permitted by law, in Investment Securities at the request of and as directed in writing by an Authorized Representative of the Borrower.

Section 5.11 Investment Earnings.

Earnings on investments held in the Capitalized Interest Account, the Loan Account and the Insurance and Condemnation Proceeds Account shall be retained in the Capitalized Interest Account, the Loan Account and the Insurance and Condemnation Proceeds Account, respectively, for application pursuant to Sections 6.02 and 6.03 hereof. Earnings on all investments held in the Revenue Fund shall be retained in the Revenue Fund for application pursuant to Section 5.08 hereof. Earnings on investments held in the Replacement Reserve Fund, the Operating Reserve Fund, the Tax and Insurance Fund and the Rebate Fund shall be retained therein and applied in the manner prescribed by Sections 5.05, 5.06, 5.07 and 5.09 hereof, respectively.

Section 5.12 Covenants Respecting Arbitrage And Rebate.

The Trustee shall keep and make available to the Borrower such records concerning the investment of the gross proceeds of the Bonds and the investments

of earnings from those investments as may be requested by the Borrower in order to enable the Borrower to fulfill the requirements of Section 148(f) of the Code.

Section 5.13 Records.

The Trustee shall keep and maintain adequate records pertaining to the Funds and Accounts established hereunder, including all deposits to and disbursements from said funds and accounts. The Trustee shall retain in its possession all certifications and other documents presented to it, all such records and all records of principal and interest paid on the Bonds, subject to the inspection of the Borrower, the Issuer, the Trustee and the Owners of the Bonds and their representatives at all reasonable times and upon reasonable prior notice.

Section 5.14 Reports From The Trustee.

The Trustee shall, on or before the tenth (10th) day of each month and annually, file with the Servicer, the Borrower and the Issuer a statement setting forth in respect to the preceding calendar month or year:

- (a) the amount withdrawn or transferred by it and the amount deposited within or on account of each, Fund and Account held by it under the provisions of this Indenture, including the amount of investment income on each Fund and Account;
- (b) the amount on deposit with it at the end of such month to the credit of each Fund and Account;
- (c) a brief description of all obligations held by it as an investment of monies in each such Fund and Account;
- (d) the amount applied to the purchase or redemption of Bonds and a description of the Bonds or portions of Bonds so purchased or redeemed;
- (e) any other information which the Borrower, the Servicer or the Issuer may reasonably request and to which the Trustee has access in the ordinary course of its operations; and
- (f) upon the written request of any Owner or Owners of twenty-five percent (25%) or more in aggregate principal amount of Bonds then Outstanding, the Trustee, at the cost of the Borrower, shall provide a copy of such statement to the Owners of the Bonds. [All records and files pertaining to the Trust Estate shall be open at all reasonable times to the inspection of the Servicer and its agents and representatives upon reasonable prior notice.]

Article VI.

Default Provisions; Remedies.

Section 6.01 Events Of Default.

Each of the following events is hereby declared an "Event of Default" under this Indenture:

(a) the failure to pay any installment of principal or the redemption price of any Bond when and as the same shall become due and payable, whether at maturity or by call for redemption or otherwise;

(b) the failure to pay any installment of interest on any Bond payable hereunder within five (5) calendar days after the Borrower's receipt of notice of the amount due and payable; or

(c) the failure by Issuer to perform or observe any other covenant, agreement or condition on its part contained in this Indenture or in the Bonds, and such failure shall continue for a period of sixty (60) days after written notice thereof to the Issuer and the Borrower by the Trustee or by the Owners of not less than twenty-five percent (25%) in principal amount of the Bonds Outstanding.

(d) default in the timely payment of any fees payable to the Issuer and the continuance thereof for a period of thirty (30) days after written notice to the Trustee, the Borrower and the Servicer has been given by the Issuer, which default shall not be subject to waiver by the Servicer or the Trustee; or

(e) the Trustee shall have received written notice from the Issuer that a default under the Regulatory Agreement has occurred and is continuing past any applicable notice and cure periods.

Section 6.02 Remedies.

(a) Except as otherwise provided in this Article, the Trustee shall take only such actions in respect of an Event of Default as it shall be directed in writing to take by the Servicer; provided, however, that following an Event of Default arising under Section 6.01(d), the Issuer shall have the right to direct in writing that the Trustee declare all Outstanding Bonds to be immediately due and payable pursuant to (i) of the succeeding sentence. Such actions may include the following:

(i) declaration of all Outstanding Bonds to be immediately due and payable, whereupon such Bonds shall become and be immediately due and payable,

anything in the Bonds or in this Indenture to the contrary notwithstanding. In such event, there shall be due and payable on the Bonds an amount equal to the total principal amount of all such Bonds, plus all interest accrued thereon and which will accrue thereon to the date of payment and all unpaid interest on the Bonds on the date of payment;

(ii) implementation of actions for the recovery of the amounts due on the Notes, the Loan Agreement and the other Loan Documents;

(iii) foreclosure or realization upon the collateral held by the Trustee for the obligations of the Borrower under the Loan Documents;

(iv) implementation of such other rights and remedies as may be available under the Loan Documents, the Guaranty or applicable law.

(b) At any time after the principal of the Bonds shall have been so declared to be due and payable and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under this Indenture, the Trustee, if so directed by the Servicer (or in the case of an Event of Default arising under Section 6.01(d), the Issuer), shall annul such declaration and its consequences with respect to any Bonds not then due by their terms. In such event, the Issuer, the Borrower, the Trustee and all of the Owners shall be restored to the same position as before the occurrence of the Event of Default. No such annulment shall extend to or affect any subsequent Event of Default or impair any right consequent thereon.

Section 6.03 Additional Remedies And Enforcement Of Remedies.

Upon the occurrence and continuation of any Event of Default, the Trustee, if and to the extent directed by the Servicer, may proceed forthwith to protect and enforce its rights and the rights of the Owners under the Bonds and this Indenture by such suits, actions or proceedings as the Servicer, in its sole discretion, shall deem expedient; provided, however, that the Trustee shall exercise or refrain from exercising such rights, and shall take only such actions or refrain from taking such actions, as may be directed or approved by the Issuer in writing with respect to Events of Default under Section 6.01(d) hereof (except that the Trustee may exercise such rights with or without joinder of, but if necessary in the name of, the Issuer).

Section 6.04 Application Of Revenues And Other Monies After Default.

(a) If an Event of Default shall occur and shall not have been remedied, the Trustee shall transfer to the Revenue Fund (i) forthwith, all monies and securities then held in any other Fund or Account under this Indenture other than amounts

held in the Rebate Fund and (ii) as promptly as practicable after receipt thereof, all revenues and other payments or receipts pledged under this Indenture and all proceeds realized as a result of remedial action under the Loan Documents, the General Partner Documents and the Guaranty.

(b) During the continuation of an Event of Default, the Trustee shall apply such monies, securities, revenues, payments and receipts and the income therefrom as follows and in the following order:

(i) to the payment of Trustee Expenses;

(ii) to the payment of the amounts required to reimburse the Owners of the Bonds and the Issuer for any reasonable legal or other out of pocket costs incurred by them in connection with such remedial action and the fees and expenses of the Issuer in carrying out this Indenture or the Loan Documents;

(iii) to the payment of the interest and principal installments or redemption price then due and payable on the Bonds, as follows:

(A) unless the principal of all of the Bonds shall have become or have been declared due and payable;

First. To the payment to the Persons entitled thereto of all installments of interest then due and payable in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon to the Persons entitled thereto, without any discrimination or preference; and

Second To the payment to the Persons entitled thereto of the unpaid principal installments or redemption price of any Bonds which shall have become due and payable, whether at maturity or by call for redemption, in the order of their due dates, and if the amounts available shall not be sufficient to pay in full all the Bonds due and payable on any date, then to the payment thereof ratably, according to the amounts of principal installments or redemption price due on such date, to the Persons entitled thereto, without any discrimination or preference.

(B) if the principal of all of the Bonds shall have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the Persons

entitled thereto without any discrimination or preference (except as to any difference as to the respective rates of interest specified in the Bonds); and

(iv) notwithstanding anything contained herein to the contrary, the Servicer may by written notice to the Trustee direct the application of funds other than in the manner set forth above (except that the priority of payment of Trustee's fees and expenses shall not be altered), including, without limitation, the application of funds between the principal of or interest on the Bonds. Any such determination by the Servicer shall be deemed conclusive, and the Issuer and the Trustee shall have no liability for the tax consequences of said determination.

Section 6.05 Remedies Not Exclusive.

No remedy by the terms of this Indenture conferred upon or reserved to the Trustee or the Owners of the Bonds is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Indenture or existing at law or in equity or by statute on or after the date of adoption of this Indenture.

Section 6.06 Remedies Vested In Trustee And Servicer.

All rights of action (including the right to file proof of claims) under this Indenture or under any of the Bonds may be enforced by the Trustee and the Servicer without the possession of any of the Bonds or the production thereof in any trial or other proceedings relating thereto. Subject to the rights of the Servicer to direct proceedings hereunder, any such suit or proceeding instituted by the Trustee shall be brought in its name under the authority herein granted without the necessity of joining as plaintiffs or defendants any Owners of the Bonds. Any recovery of judgment shall be for the equal benefit of the Owners of the Outstanding Bonds.

Section 6.07 Individual Bond Owners Action Restricted.

(a) No Owner of any Bond other than the Majority Owner shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of this Indenture or for the execution of any trust under this Indenture or for any remedy under this Indenture.

(b) Nothing contained in this Indenture shall affect or impair, or be construed to affect or impair, the right of the Owner of any Bond (i) to receive payment of the principal of or interest on such Bond on or after the due date thereof or (ii) to institute suit for the enforcement of any such payment on or after such due date; provided, however, no Owner of any Bond may institute or prosecute any such suit

or enter judgment therein, if, and to the extent that, the institution or prosecution of such suit or the entry of judgment therein, under applicable law, would result in the surrender, impairment, waiver or loss of the lien of this Indenture on the monies, funds and properties pledged under this Indenture for the equal and ratable benefit of all Owners of the Bonds appertaining thereto.

Section 6.08 Termination Of Proceedings.

In case any proceeding taken by the Majority Owner or by the Trustee at the direction of the Servicer, on account of any Event of Default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Owners of the Bonds, the Issuer, the Trustee, the Borrower and the Owners of the Bonds shall be restored to their former positions and rights under this Indenture, and all rights, remedies and powers of the such parties shall continue as if no such proceeding had been taken.

Section 6.09 Waiver And Non-Waiver Of Event Of Default.

(a) No delay or omission of the Trustee, the Servicer or the Owners of the Bonds to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or an acquiescence therein. Every power and remedy given by this Article VII to any party may be exercised from time to time and as often as may be deemed expedient.

(b) In case of any waiver by the Trustee, [acting upon the direction of the Servicer], of an Event of Default under this Indenture, the Issuer, the Trustee and the Owners of the Bonds shall be restored to their former positions and rights under this Indenture, respectively, but no such waiver shall extend to any subsequent or other Event of Default or impair any right consequent thereon.

Section 6.10 Servicer Controls Proceedings.

If an Event of Default shall have occurred and be continuing, notwithstanding anything in this Indenture to the contrary, the Servicer shall have the right, at any time, by an instrument in writing executed and delivered to the Trustee, to direct the method and place of conducting any proceedings to be taken in connection with the enforcement of the terms and conditions of this Indenture or any other proceedings under this Indenture and subject to Section 7.02 of this Indenture; provided, however, that such direction is in accordance with law and the provisions of this Indenture; provided that nothing in this Section 6.10 shall impair the right of the Trustee in its discretion to take any other action under this Indenture which it may deem proper and which is not inconsistent with such direction by the Servicer, nor shall it impair the Issuer's right to direct the Trustee to the extent permitted by Section 6.02.

Article VII.

Concerning The Trustee.

Section 7.01 Trustee; Appointment And Acceptance Of Duties.

(a) The Issuer hereby appoints _____, as trustee hereunder. The Trustee shall signify its acceptance of the duties and obligations imposed upon it by this Indenture by executing this Indenture.

(b) Unless otherwise provided, the corporate trust offices of the Trustee are designated as the respective offices or agencies of the Trustee for the authentication and delivery of Bonds.

Section 7.02 Responsibilities Of Trustee.

(a) The recitals of fact herein and in the Bonds contained (other than the certificate of authentication) shall be taken as the statements of the Issuer and the Trustee assumes no responsibility for the correctness of the same. The Trustee makes no representations as to the validity or sufficiency of this Indenture or of any Bonds issued hereunder or as to the security afforded by this Indenture, and the Trustee shall incur no liability in respect thereof. The Trustee shall be under no responsibility or duty with respect to the application of any monies properly paid to it except as provided herein or as otherwise expressly agreed by the Trustee. Except for a declaration of acceleration under Section 6.02 hereof or the payment of principal and interest on the Bonds, the Trustee shall be under no obligation or duty to perform any act that would involve it in expense or liability or to institute or defend any suit in respect of this Indenture or to advance any of its own monies, unless indemnified to its reasonable satisfaction. Subject to the provisions of subsection (b) of this Section 7.02, the Trustee shall not be liable in connection with the performance of its duties under this Indenture except for its own negligence or willful misconduct.

(b) The Trustee, prior to the occurrence of an Event of Default and after the curing of all Events of Default that may have occurred, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture. In case an Event of Default has occurred (and has not been cured within any applicable grace period) [and subject to the rights of the Servicer with respect to control of remedies following an Event of Default hereunder], the Trustee shall exercise such of the rights and powers vested in it by this Indenture and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the

circumstances in the conduct of such person's own affairs. Any provisions of this Indenture relating to action taken or to be taken by the Trustee or to evidence upon which the Trustee may rely shall be subject to the provisions of this Section 7.02.

(c) [The Trustee shall cooperate fully with the Servicer in the enforcement and protection of the rights of the Owners of the Bonds to the fullest extent possible under this Indenture, the Loan Documents and applicable law. Toward this end, the Trustee shall take such action as directed by the Servicer, including foreclosure of the mortgaged property under the Mortgage, suit for specific performance of the Loan Documents or for damages for nonperformance thereof and assignment of the Loan Documents to the Owners of the Bonds for purposes of enforcing the rights of the Owners of the Bonds; provided, that without the prior written consent of the Issuer, the Servicer shall give the Trustee no direction as to the enforcement of the Reserved Rights, which shall, except with the prior written consent of the Issuer, be enforceable only by the Issuer.]

(d) [The Trustee shall not take any discretionary action under the Loan Documents (although approval or disapproval of disbursement of Loan proceeds and investment earnings thereon under the Loan Agreement shall be made in accordance with the terms of Article V hereof) without the written approval of the Servicer and shall, subject to the proviso of paragraph (c) of this section, take such discretionary action permitted or required under the Loan Documents, as may be directed in writing by the Servicer.]

(e) [The Trustee shall notify the Servicer of any notification received by the Trustee under or pursuant to the Loan Documents promptly after receipt of said notice.]

(f) If any Event of Default occurs and is continuing hereunder and if the Trustee has received written notice thereof or is deemed to have notice pursuant to this Indenture, the Trustee shall give to all Owners, the Issuer and the Borrower written notice of such default or Event of Default within thirty (30) days after receipt of such information. For the purpose of this Section 7.02 only, the term "default" means any event which is, or after notice or lapse of time or both would become, an Event of Default under Section 6.01 hereof.

(g) Promptly upon receipt of notice of the occurrence of a Determination of Taxability, the Trustee shall give immediate telephonic notice, promptly confirmed in writing, to the Borrower, the Issuer, the Owners and former Owners (provided that the Trustee shall not be obligated to maintain records of such former Owners or to retain records relating to such former Owners for more than six (6) years).

(h) The Trustee shall not be required to take notice or be deemed to have notice of any Event of Default hereunder or under the Loan Agreement except for a default

or Event of Default referred to in Section 6.01(a) or (b) hereof, unless the Trustee shall have received written notice of such Event of Default by the Issuer, the Borrower, the Servicer or by the Owners of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding.

Section 7.03 Evidence On Which Trustee May Act.

(a) The Trustee, upon receipt of any notice, resolution, request, consent, order, certificate, report, opinion, bond, or other paper or document furnished to it pursuant to any provision of this Indenture, shall examine such instrument to determine whether it conforms to the requirements of this Indenture and shall be protected in acting upon any such instrument believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel selected by it in respect of any action taken or suffered by the Trustee under this Indenture.

(b) Except as otherwise expressly provided in this Indenture, any request, order, notice or other direction required or permitted to be furnished pursuant to any provision of this Indenture by the Issuer to any Trustee shall be sufficiently executed if executed in the name of the Issuer by an Authorized Representative of the Issuer.

Section 7.04 Compensation; No Trustee Liens.

The Borrower shall pay to the Trustee, as provided in the Loan Agreement, from time to time, reasonable compensation for all services rendered under this Indenture and also all reasonable expenses, charges, counsel fees and other disbursements, including those of its attorneys, agents, and employees, incurred in and about the performance of their powers and duties under this Indenture, provided that the Trustee shall not have a lien therefor on any monies or Investment Securities at any time held or received by it under this Indenture.

Section 7.05 Certain Permitted Acts.

The Trustee may become the owner of any Bonds with the same rights it would have if it were not the Trustee. To the extent permitted by law, the Trustee may act as depository for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Owners of the Bonds or to effect or aid in any reorganization growing out of the enforcement of the Bonds or this Indenture, whether or not any such committee

shall represent the Owners of a majority in principal amount of the Bonds then Outstanding.

Section 7.06 Resignation Of Trustee.

The Trustee may resign at any time and be discharged of the duties and obligations created by this Indenture by giving not less than sixty (60) days written notice to the Issuer, the Borrower and the Owners of the Bonds, provided that no resignation shall become effective until the acceptance of appointment by a successor Trustee as provided in Section 7.08 of this Indenture. If an instrument of acceptance by a successor Trustee shall not have been delivered to the Trustee within sixty (60) days after the giving of such notice of resignation, the retiring Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee.

Section 7.07 Removal Of Trustee.

The Trustee may be removed at any time by an instrument or concurrent instruments in writing, signed by the Issuer [or by the Servicer] (subject to the prior written consent of the Issuer, which consent shall not be unreasonably withheld or delayed, if such removal is not for cause) and filed with the Trustee and the Borrower; provided that no removal shall become effective until the acceptance of appointment by a successor Trustee as provided in Section 7.08 of this Indenture.

Section 7.08 Appointment Of Successor Trustee; Temporary Trustee.

In case at any time the Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee, or of its property, shall be appointed, or if any public officer shall take charge or control of the Trustee, or of its property or affairs, the Servicer shall appoint a successor Trustee, subject to the prior written consent of the Issuer (which consent shall not be unreasonably withheld or delayed).

Section 7.09 Transfer Of Rights And Property To Successor Trustee.

Any successor Trustee appointed under this Indenture shall execute, acknowledge and deliver to its predecessor, and also to the Issuer, the Servicer and to any Owner which shall request the same, an instrument accepting such

appointment and thereupon such successor Trustee, without any further act, deed or conveyance, shall become fully vested with all monies, estates, properties, rights, powers, duties and obligations of such predecessor Trustee, with like effect as if originally named; but the Trustee ceasing to act nevertheless, shall execute, acknowledge and deliver such instruments of conveyance and further assurance and do such other things as reasonably may be required for more fully and certainly vesting and confirming in such successor all the right, title and interest of the predecessor Trustee in and to any property held by it under this Indenture, and shall pay over, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions set forth in or pursuant to this Indenture. Should any deed, conveyance or instrument in writing from the Issuer be required by such successor Trustee for more fully and certainly vesting in and confirming any such estates, rights, powers and duties, any and all such deeds, conveyances and instruments in writing, on request and so far as may be authorized by law, shall be executed, acknowledged and delivered by the Issuer.

Section 7.10 Merger Or Consolidation Of Trustee.

Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it may be party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such company shall be a bank or trust company organized under the laws of any state of the United States or a national banking association, and shall be authorized by law to perform all the duties imposed upon it by this Indenture, shall be the successor to the Trustee without the execution or filing of any paper or the performance of any further act.

Section 7.11 Servicer.

(a) The Trustee shall retain a Servicer and use its best efforts to insure that a Servicer is in place throughout the term of the Loan in order to perform all obligations of the Servicer under the Loan Documents. The Trustee shall retain and terminate the Servicer at the written direction of and in accordance with instructions from the Majority Owner. In the event that there is no Majority Owner, the Trustee shall use its best efforts to retain a Servicer that has existing, established servicing capabilities for multi-family real estate loans. The Servicer shall act at the direction of and in accordance with instructions from the Majority Owner. In the event that there is no Majority Owner, the Servicer shall act at the direction of and in accordance with the instructions from the Trustee, acting on behalf of the Owners. The Servicer may, without the prior written consent of the

Majority Owner or the Trustee, appoint an agent as subservicer to perform the duties of the Servicer under the Servicing Agreement.

(b) The Borrower shall be obligated to pay the Servicing Fee. In the event of a default by the Borrower in paying the Servicing Fee, each Owner, by its purchase of Bonds, authorizes the Trustee to deduct the Servicing Fee from interest due to such Owner in accordance with the following:

(i) In the event one (1) Owner owns all outstanding Bonds, such Owner shall pay the Servicing Fee to the Servicer. In the event that the Servicer gives written notice to the Trustee that such Owner failed to pay the Servicing Fee when due, the Trustee shall deduct the amount of the Servicing Fee from the amount of interest otherwise payable to such Owner on the next Interest Payment Date or Interest Payment Dates after such Servicing Fee was due and shall pay the Servicing Fee to the Servicer.

(ii) In the event that there is more than one Owner, the Trustee shall deduct the prorata amount of the Servicing Fee allocable to such Owner from the amount of interest otherwise payable to such Owner on the Interest Payment Date on or before the date on which such Servicing Fee is due, and pay the Servicing Fee to the Servicer.

Section 7.12 Majority Owner.

On or before the Maturity Date, any request, consent, direction, approval, objection or other instrument required to be signed, or action to be taken, by the Majority Owner or any other notice or document to be delivered to the Majority Owner, pursuant to this Indenture shall be signed, taken or received, as the case may be, by the Servicer on behalf of the Majority Owner.

Article VIII.

Amendments And Supplemental Indentures; Amendments Of Issuer Documents.

Section 8.01 Supplemental Indentures Not Requiring Consent Of Owners Of Bonds.

The Issuer and the Trustee may, without the consent of, or notice to, the Owners of any Bonds [(but only with the prior written consent of the Servicer, if any one

person or entity owns at least fifty-one percent (51%) in aggregate principal amount of the Outstanding Bonds, and with notice to the Servicer and the Borrower]], enter into one or more Supplemental Indentures for any one or more of the following purposes:

- (a) to cure any ambiguity or formal defect or omission in this Indenture;
- (b) to grant to or confer any additional benefits, rights, remedies, powers or authorities that may lawfully be granted to or conferred upon the Owners of the Bonds or the Trustee, or to make any change which, in the judgment of the Trustee and the Servicer, is not to the prejudice of the Owners of the Bonds;
- (c) to subject to the pledge and lien of this Indenture additional revenues, properties and collateral;
- (d) to evidence the appointment of a separate Trustee or co-Trustee or the succession of a new Trustee; or
- (e) to modify, amend or supplement the provisions of this Indenture or any Supplemental Indenture relating to the holding or investing by the Trustee of monies hereunder or thereunder in such manner as the Issuer may deem necessary or desirable to maintain the exclusion from gross income of Owners (other than an Owner who is a "substantial user" of the Project or a "related person" to a "substantial user", as defined in Section 147(a) of the Code) for purposes of federal income taxation of interest on the Bonds.

Section 8.02 Supplemental Indentures Requiring Consent Of Owners Of Bonds.

(a) Exclusive of Supplemental Indentures covered by Section 8.01 of this Indenture and subject to the terms and provisions contained in this Section 8.02, and not otherwise, neither the Issuer nor the Trustee shall enter into any amendment, change or modification of this Indenture without the prior written consent of the Owners of not less than two-thirds ($\frac{2}{3}$) in aggregate principal amount of the Bonds then Outstanding; provided, however, that nothing in this Section 8.02 contained shall permit, or be construed as permitting, without the consent of the Owners of all of the Bonds, (i) an extension of the maturity date of the principal of or the interest on any Bond, (ii) a reduction in the principal amount of any Bond or the rate of interest thereon, (iii) change in a privilege or priority of any Bond or

Bonds over any other Bond or Bonds, (iv) a reduction in the percentages of the Owners of the Outstanding Bonds required for consent to such Supplemental Indenture, (v) the creation of any lien other than a lien ratably securing all of the Bonds at any time Outstanding or (vi) any reduction of the trusts, powers, rights, obligations, duties, remedies, immunities and privileges of the Trustee.

(b) If at any time the Issuer and the Trustee shall desire to execute and deliver a Supplemental Indenture for any of the purposes of this Section 8.02, the Trustee shall, upon being provided with reasonably satisfactory arrangements for payment of its fees and expenses, cause notice of the proposed execution of such Supplemental Indenture to be mailed by registered or certified mail to each Owner of the Bonds. Such notice shall briefly set forth the nature of the proposed Supplemental Indenture and shall state that copies thereof are on file at the Principal Office of the Trustee for inspection by all Owners of the Bonds. If within sixty (60) days or such longer period as shall be prescribed by the Issuer following the giving of such notice, the Owners of not less than two-thirds ($\frac{2}{3}$) in aggregate principal amount of the Bonds Outstanding at the time of the execution of any such Supplemental Indenture shall have consented to and approved the execution thereof as herein provided, no Owner of any Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Issuer from adopting the same or from taking any action pursuant to the provisions thereof. Subject to Section 8.04 hereof, upon the execution of any such Supplemental Indenture as in this Section 8.02 permitted and provided, this Indenture shall be and be deemed to be modified and amended in accordance therewith.

Section 8.03 Reliance On Opinion Of Counsel.

The Trustee and the Issuer shall be entitled to rely upon an opinion of Counsel stating that a Supplemental Indenture is authorized or permitted by this Indenture, and prior to the execution and delivery of any Supplemental Indenture, the Trustee, the Issuer and the Majority Owner shall be furnished with an opinion of Bond Counsel stating that the provisions of such Supplemental Indenture will not cause the interest on the Bonds to be includable in gross income of Owners (other than an Owner who is a "substantial user" of the Project or a "related person" to a "substantial user", as defined in Section 147(a) of the Code) for purposes of federal income taxation.

Section 8.04 Consents Required.

Anything herein to the contrary notwithstanding, a Supplemental Indenture described in Section 8.02 hereof which adversely affects any rights of the Borrower, the Majority Owner or the Trustee shall not become effective unless and until the affected party shall have consented in writing to the execution and delivery of such Supplemental Indenture. In this regard, the Trustee shall cause notice of the proposed execution and delivery of any Supplemental Indenture together with a copy of the proposed Supplemental Indenture to be mailed as provided in Section 4.05 with respect to the redemption of Bonds to the Borrower and the Servicer at least ten (10) days before the date of its proposed execution and delivery.

Section 8.05 Amendments Of Loan Documents Not Requiring Consent Of Owners Of Bonds.

The Issuer, the Trustee and the Borrower may, without the consent of or notice to any of the Owners of Bonds [(but only with the consent of the Servicer)] enter into any amendment, change or modification of any of the Loan Documents as may be required (a) by the provisions of the Loan Agreement or this Indenture, (b) for the purpose of curing any ambiguity or formal defect or omission therein, (c) so as to add additional rights and remedies for the benefit of Owners of the Bonds, or (d) in connection with any other change therein which, in the judgment of the Trustee and the Servicer, is not to the prejudice of the Trustee or the Owners of the Bonds.

Section 8.06 Amendments Of Loan Documents Requiring Consent Of Owners Of Bonds.

Except for the amendments, changes or modifications as provided in Section 8.05 hereof, none of the Issuer, the Trustee or the Borrower shall enter into any other amendment, change or modification of the Loan Documents without the mailing of notice and the written approval or consent of the Owners of not less than sixty-six and two-thirds percent (66 $\frac{2}{3}$ %) in aggregate principal amount of the Outstanding Bonds; provided, however, that nothing in this section or Section 8.05 hereof shall permit or be construed as permitting without the consent of the Owners of all of the Bonds (a) an extension of the time of the payment of any amounts payable under the Loan Documents, or (b) a reduction in the amount of any payment or in the total amount due under the Loan Documents. If at any time the Issuer, the Trustee or the Borrower shall desire the consent to any such proposed amendment, change or modification, the Trustee shall, upon being satisfactorily indemnified with respect to fees and expenses, cause notice of such proposed amendment, change or

modification to be mailed in the same manner as provided herein with respect to redemption of Bonds. Such notice shall briefly set forth the nature of such proposed amendment, change or modification and shall state that copies of the instrument embodying the same are on file at the Principal Office of the Trustee for inspection by all Owners of Bonds. If, within sixty (60) days, or such longer period as shall be prescribed by the Trustee as the case may be, following the mailing of such notice, the Owners of sixty-six and two-thirds percent (66 $\frac{2}{3}$ %) in aggregate principal amount of the Bonds Outstanding at the time of the execution of any such amendment, change or modification shall have consented to and approved the execution thereof as hereto provided, no Owner of any Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Borrower or the Issuer or the Trustee as the case may be, from executing the same or from taking any action pursuant to the provisions thereof. The Issuer, or the Trustee as the case may be, shall have the right to extend from time to time the period within which such consent and approval may be obtained from Owners of the Bonds. Upon the execution of any such amendment, change or modification as in this section permitted and provided, the Issuer Documents shall be and be deemed to be modified, changed and amended in accordance therewith.

Article IX.

Discharge.

Section 9.01 Discharge Of Indenture.

If the Issuer shall pay, or there shall otherwise be paid, to the Owners of all Bonds the principal or redemption price, if applicable, and interest due thereon, at the times and in the manner stipulated therein and in this Indenture and if all Trustee Expenses and all amounts payable to the Issuer for its own account (including expenses and indemnification) shall be paid in full, then the pledge of revenues, other monies and securities under this Indenture, and all covenants, agreements and other obligations of the Issuer to the Owners of Bonds, shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee shall cause an accounting for such period or periods as shall be requested by the Issuer to be prepared and filed with the Issuer and, upon the request of the Issuer, shall execute and deliver to the Issuer and the Borrower all such instruments as may be desirable to evidence such discharge and satisfaction, and the Trustee shall pay over or deliver as provided in Article V hereof all monies or securities held by them pursuant to this Indenture (except as otherwise specified in Section 5.09) after the payment of principal or redemption price, if applicable, of

or interest on Bonds. Notwithstanding the foregoing, upon such discharge the provisions of this Indenture relating to the Rebate Fund and Section 5.18(c) of the Loan Agreement shall continue in effect.

Section 9.02 Discharge By Delivery.

The obligation to pay the principal of and interest on all or any portion of the Bonds (the "Bond Obligations") may be discharged by the delivery of the Bonds to the Trustee accompanied by written direction from the Owner(s) thereof to cancel such Bonds without payment (except as provided hereafter in this Section 9.02), and upon such delivery, such Bond Obligations shall be canceled and deemed paid. In the event only a portion of the Bond Obligations shall be canceled and deemed paid pursuant to the terms of this Section 9.02, those Bond Obligations which are not so canceled and deemed paid shall remain Outstanding for all purposes of this Indenture; provided that if all Outstanding Bonds shall be delivered to the Trustee in accordance with the terms of this Section 9.02 and all of the requirements for the discharge of this Indenture (other than the payment of Bond Obligations) shall be paid and satisfied in full, then the Trustee shall discharge and release the lien of this Indenture, assign to the Owner(s) of the Bonds all right, title and interest of the Trustee in and to the Notes, the Loan Agreement and the other Loan Documents, deliver to the Owner(s) of the Bonds all monies and securities held by the Trustee pursuant to this Indenture (except as otherwise specified in Section 5.09) up to an amount necessary to pay in full all of the principal of and interest on the Bonds through such cancellation and any other amounts due under the Loan Documents, and execute and deliver such releases or other instruments requisite to release the lien hereof.

Section 9.03 Discharge By Deposit.

The obligation to pay the principal of and interest on all or a portion of the Bonds may be discharged if the Issuer or the Borrower has deposited or caused to be deposited, as trust funds, with the Trustee cash and/or Government Obligations which do not permit the redemption thereof at the option of the issuer thereof, the principal of and interest on which when due (or upon the redemption thereof at the option of the Owner), will, without reinvestment, provide cash which together with the cash, if any, on deposit with the Trustee at the same time, shall be sufficient to pay and discharge the entire indebtedness on Bonds not theretofore canceled by the Trustee or delivered to the Trustee for cancellation by the payment of interest on and principal of the Bonds which have become due and payable or which shall

become due at their stated maturity or redemption date, as the case may be (the "Defeasance Collateral"), and which are to be discharged under the provisions hereof, and has made arrangements satisfactory to the Trustee for the giving of notice of redemption, if any, by the Trustee in the name, and at the expense, of the Borrower. If the period over which payments will be made from the Defeasance Collateral is greater than ninety (90) days, the Borrower must also deliver to the Trustee a verification report prepared by a certified public accountant, with respect to the sufficiency of the Defeasance Collateral to make such payments. In addition, to discharge the obligation to pay the principal and interest on the Bonds pursuant to this Section 9.03, the Issuer or the Borrower must (i) obtain an opinion of Bond Counsel addressed to the Issuer and the Trustee to the effect that all actions have been taken to cause the defeasance of this Indenture and such actions will not adversely affect the excludability of interest on the Bonds for federal income tax purposes under existing law, [and (ii) provide written notice to the Servicer of such discharge at least thirty (30) days in advance].

Article X.

Miscellaneous.

Section 10.01 Evidence Of Signatures Of Bond Owners And Ownership Of Bonds.

(a) Any request, consent, revocation of consent or other instrument that this Indenture may require or permit to be signed and executed by the Owners may be in one or more instruments of similar tenor, and shall be signed or executed by such Owners in person or by their attorneys appointed in writing. The fact and date of the execution by any Owner of the Bonds or his attorney of such instruments may be proved by a guaranty of the signature thereon by a bank, trust company or national banking association or by the certificate of any notary public or other officer authorized to take acknowledgments of deeds, that the person signing such request or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer. Where such execution is by an officer of a corporation or association or a member of a partnership, on behalf of such corporation, association or partnership, such signature guaranty, certificate or affidavit also shall constitute sufficient proof of his authority.

(b) The ownership of Bonds and the amount, numbers and other identification, and date of holding the same, shall be proved by the registry books maintained by the Trustee.

(c) Any request or consent by the Owner of any Bond shall bind all future owners of such Bond in respect of anything done or suffered to be done by the Issuer or any Trustee in accordance therewith.

Section 10.02 Bonds Not An Obligation Of The State Or Any Political Subdivision.

(a) The Bonds will not be general obligations of the Issuer but limited obligations payable solely from the Trust Estate. The Bonds will not constitute an indebtedness or obligation of the State or any county, municipality or political subdivision thereof, and will not constitute or result in the creation of an indebtedness of the State or any county, municipality or political subdivision thereof. No Owner of the Bonds will ever have the right to compel any exercise of the taxing power of the State or any county, municipality or political subdivision thereof, nor to enforce the payment thereof against any property of the State or any county, municipality or political subdivision thereof.

(b) No recourse may be had for the enforcement of any obligation, promise or agreement of the Issuer contained herein, in any other Issuer Document, in the Loan Documents or in the Bonds or for any claim based hereon or thereon or otherwise in respect hereof or thereof against any director, member, officer, agent, attorney or employee, as such, in his individual capacity, past, present or future, of the Issuer or of any successor entity, either directly or through the Issuer or any successor entity whether by virtue of any constitutional provision, statute or rule of law, or by the enforcement of any assessment or penalty otherwise. No personal liability whatsoever will attach to, or be incurred by, any director, member, officer, agent, attorney or employee as such, past, present or future, of the Issuer or of any successor entity, either directly or through the Issuer or any successor entity, under or by reason of any of the obligations, promises or agreements entered into in the Bonds or between the Issuer and the Trustee, whether contained herein or to be implied herefrom as being supplemental hereto; and all personal liability of that character against every such director, member, officer, agent, attorney and employee is, by the execution of this Indenture and as a condition of, and as part of the consideration for, the execution of this Indenture, expressly waived and released.

Section 10.03 Preservation And Inspection Of Documents.

All documents received by any Trustee under the provisions of this Indenture shall be retained in its possession and shall be subject at all reasonable times and upon reasonable prior notice to the inspection of the Issuer, any other Trustee, and any Owner of the Bonds and their agents and their representatives, any of whom may make copies thereof.

Section 10.04 Parties Interested Herein.

Nothing in this Indenture expressed or implied is intended or shall be construed to confer upon, or to give to, any Person, other than the Issuer, the Trustee, the Servicer, the Borrower and the Owners of the Bonds, any right, remedy or claim under or by reason of this Indenture or any covenant, condition or stipulation of this Indenture; and all the covenants, stipulations, promises and agreements in this Indenture shall be for the sole and exclusive benefit of the Issuer, the Trustee, the Servicer, the Borrower and the Owners of the Bonds.

Section 10.05 No Recourse On The Bonds.

No recourse shall be had for the payment of the principal or redemption price or purchase price of or interest on the Bonds or for any claim based thereon or on this Indenture or any other Issuer Document or the Loan Documents against any member, officer, employee or agent of the Issuer or any person executing the Bonds.

Section 10.06 Severability Of Invalid Provisions.

If any one or more of the covenants or agreements provided in this Indenture on the part of the Issuer or any Trustee to be performed should be contrary to law, then such covenant or covenants or agreement or agreements shall be deemed severable from the remaining covenants and agreements, and in no way shall affect the validity of the other provisions of this Indenture.

Section 10.07 Successors.

Whenever in this Indenture the Issuer is named or referred to, it shall be deemed to include any entity that may succeed to the principal functions and powers of the Issuer, and all the covenants and agreements contained in this Indenture by or on

behalf of the Issuer shall bind and inure to the benefit of said successor whether so expressed or not.

Section 10.08 Notices Demands And Requests.

Except as otherwise provided in Section 4.05, all notices, demands and requests to be given or made under this Indenture to or by the Issuer or the Trustee shall be in writing and shall be sufficiently given and shall be deemed given (a) three (3) days after mailing by certified mail, first-class, postage prepaid; (b) the Business Day after sending by expedited overnight delivery service; (c) the date of receipt if delivered by personal delivery; (d) if sent by facsimile transmission, the date of transmission, if receipt of such transmission is telephonically confirmed on such day and addressed to the Notice Address of the respective addressee. Either the Issuer or the Trustee may change the Notice Address listed for it at any time upon written notice of such change sent by United States mail, postage prepaid, to the other party, which charge shall be effective upon receipt.

Section 10.09 Applicable Law.

This Indenture shall be governed exclusively by the applicable laws of the State.

Section 10.10 Table Of Contents And Section Headings Not Controlling.

The Table of Contents and the headings of the several articles and sections of this Indenture have been prepared for convenience of reference only and shall not control, affect the meaning of, or be taken as an interpretation of any provision of this Indenture.

Section 10.11 Exclusion Of Bonds.

Bonds owned or held by or for the account of the Issuer or the Borrower shall not be deemed Outstanding for the purpose of consent or other action or any calculation of Outstanding Bonds provided for in this Indenture, and the Issuer and the Borrower shall not be entitled with respect to such Bonds to give any consent or take any other action provided for herein, unless all of the Outstanding Bonds are then owned by such Person.

Section 10.12 Effective Date.

This Indenture shall take effect immediately upon the execution and delivery by all of the parties hereto.

In Witness Whereof, The Issuer has caused these presents to be executed in its name by its duly authorized official; and to evidence its acceptance of the trusts hereby created, the Trustee has caused these presents to be executed in its corporate name and with its corporate seal hereunto affixed and attested by its duly authorized officer, as of the date first above written.

City of Chicago

By: _____
Steven J. Lux, Comptroller

[Seal]

Attest: _____
Miguel del Valle, City Clerk

By: _____
Signature

[Seal]

Printed Name

Title

Attest: _____
Signature

Printed Name

Title

(Sub)Exhibits "A-1", "A-2", "B", "C" and "D" referred to in this Trust Indenture read as follows:

(Sub)Exhibit "A-I".
(To Trust Indenture)

Form Of Series 2007A Bond.

Subject To The Exceptions Set Forth In Section 3.09 Of The Indenture (Hereinafter Defined), The Purchaser Of This Bond Must Be An "Accredited Investor" Within The Meaning Of Regulation D Under The Securities Act Of 1933, As Amended Or A "Qualified Institutional Buyer" Within The Meaning Of Rule 144A Under The Securities Act Of 1933 And Will Be Required To Execute And Deliver An Investment Letter Agreement That Will, Among Other Things, Restrict Transfer Of This Bond.

City Of Chicago

Multi-Family Housing Revenue Bonds
(Lawndale Restoration Apartments Project),
Series 2007A.

Number: _____

Dated Date: _____, 2007

Registered Owner: _____

Maturity Date: _____ 1, 20_____

Interest Rate: _____%

Maximum Principal Amount: \$_____

City of Chicago (hereinafter called the "Issuer"), a municipality and home rule unit of local government duly organized and validly existing under the Constitution and laws of the State of Illinois, for value received hereby promises to pay (but only from the sources and as hereinafter provided) to the Registered Owner specified above, or registered assigns, the maximum principal amount of _____ Million _____ Thousand Dollars (\$_____), or so much of such maximum

authorized principal amount as shall be set forth on Appendix A hereto, upon presentation and surrender of this Bond at the principal office of _____, or its successor as trustee (the "Trustee"), under the Indenture, and to pay (but only from the sources and as hereinafter provided) interest on said principal amount at the interest rate set forth above, from and including the dated date hereof until the principal amount shall have been paid in accordance with the terms of this Bond and the Indenture, as and when set forth below, but only from the sources and as hereinafter provided, by wire transfer if there be one Owner of all of the Series 2007A Bonds or otherwise by check or draft mailed to the record Owners of Series 2007A Bonds as the same appear upon the books of registry to be maintained by the Trustee, as registrar.

This Bond is one of an authorized series of Bonds of the Issuer designated City of Chicago Multi-Family Housing Revenue Bonds (Lawndale Restoration Apartments Project), Series 2007A and issued in the maximum aggregate principal amount of \$_____ (the "Series 2007A Bonds"). The Series 2007A Bonds are issued for the purpose of lending the proceeds of the Series 2007A Bonds to Lawndale H&A Bond, L.P., an Illinois limited partnership (the "Borrower"), in order to finance a portion of the costs of the acquisition, construction, rehabilitation and equipping of an approximately one hundred seventy (170) unit multi-family residential housing project in Chicago, Illinois (the "Project").

Payment Of The Principal Of And Interest On This Bond Is Required To Be Made Directly To The Registered Owner Hereof Without Notation Hereon. It Cannot Be Determined From The Face Of This Bond Whether All Or Any Part Of The Principal Of Or Interest On This Bond Has Been Paid.

This Bond is issued under and pursuant to an ordinance adopted by the City Council of the Issuer on _____, 2007 and the Trust Indenture dated as of _____ 1, 2007 between the Issuer and the Trustee (as amended and supplemented from time to time, the "Indenture"). In addition to the Series 2007A Bonds, the Issuer has issued on the date hereof its Multi-Family Housing Revenue Bonds (Lawndale Restoration Apartments Project), Series 2007B in the aggregate principal amount of \$_____ (the "Series 2007B Bonds" and collectively with the Series 2007A Bonds, the "Bonds"). Reference is made to the Indenture for a full statement of its terms. Capitalized terms used herein and not otherwise defined herein have the respective meanings accorded such terms in the Indenture, which is hereby incorporated herein by reference. The Bonds issued under the Indenture are expressly limited to \$_____ in aggregate principal amount at any time Outstanding and are all of like tenor, except as to numbers and denominations. Pursuant to a Loan Agreement (the "Loan Agreement") and a Promissory Note (the "Note") dated as of _____ 1, 2007, the Borrower, has agreed to make payments to the Trustee in amounts equal to amounts of principal of and interest on the Bonds.

This Bond And All Other Bonds Issued Under And Secured By The Indenture, As Hereinafter Defined, Are, And Are To Be, Equally And Ratably Secured, To The Extent Provided In The Indenture, Solely By A Pledge Of The Revenues And Other

Funds Pledged Under The Indenture. The Bonds, Together With Premium, If Any, And Interest Thereon, Are Special, Limited Obligations Of The Issuer, Payable Solely From The Revenues And Are A Valid Claim Of The Owners From Time To Time Thereof Only Against The Monies Held By The Trustee And Pledged To The Payment Of The Bonds, And The Revenues, Which Revenues Shall Be Used For No Other Purpose Than To Pay The Principal Installments Of, Premium, If Any, And Interest On The Bonds, Except As May Be Otherwise Expressly Authorized In The Indenture Or The Agreement. The Bonds Are Not An Indebtedness Of The Issuer Or A Charge Against Its General Credit Or The General Credit Taxing Powers Of The State, The Issuer, Or Any Other Political Subdivision Thereof, And Shall Never Give Rise To Any Pecuniary Liability Of The Issuer, And Neither The Issuer, The State Nor Any Other Political Subdivision Thereof Shall Be Liable For The Payments Of Principal Of And, Premium, If Any, And Interest On The Bonds, And The Bonds Are Payable From No Other Source, But Are Special, Limited Obligations Of The Issuer, Payable Solely Out Of The Revenues And Receipts Of The Issuer Derived Pursuant To The Agreement. No Owner Of The Bonds Has The Right To Compel Any Exercise Of The Taxing Power Of The State, The Issuer Or Any Other Political Subdivision Thereof To Pay The Bonds Or The Interest Or Premium, If Any, Thereon.

No recourse shall be had for the payment of the principal or premium, if any, or purchase price of, or interest on, this Bond, or for any claim based hereon or on the Indenture, against any member, officer or employee, past, present or future, of the Issuer or of any successor body, as such, either directly or through the Issuer or any such successor body, under any constitutional provision, statute or rule of law, or by the enforcement of any assessment or by any legal or equitable proceeding or otherwise

Interest Rates. This Bond shall bear interest at the applicable rate provided above. On each Interest Payment Date, interest accrued through the day immediately preceding such Interest Payment Date shall be payable. Interest on this Bond shall be computed on the basis of a three hundred sixty (360) day year of twelve (12) equal months of thirty (30) days each. While this Bond bears interest at the Taxable Rate, interest on this Bond shall be computed on the basis of a year of three hundred sixty-five (365) or three hundred sixty-six (366) days, as applicable, and actual days elapsed.

[Taxable Rate. If an Initial Notification of Taxability occurs, the Bonds shall bear interest from the date of the Initial Notification of Taxability at the Taxable Rate, and the Owner shall also be paid Additional Interest, as provided in the Indenture.]

Usury. Notwithstanding any provision of this Bond to the contrary, in no event shall the interest contracted for, charged or received in connection with this Bond (including any other costs or considerations that constitute interest under the laws of the State which are contracted for, charged or received pursuant to this Bond) exceed the maximum rate of nonusurious interest allowed under the laws of the

State as presently in effect and to the extent of any increase allowable by such laws. To the extent permitted by law, interest contracted for, charged or received on this Bond shall be allocated over the entire term of this Bond, to the end that interest paid on this Bond does not exceed the maximum amount permitted to be paid thereon by law. Excess interest, if any, provided for in this Bond, or otherwise, shall be canceled automatically as of the date of such acceleration or, if theretofore paid, shall be credited as principal paid on this Bond.

Registration And Transfer. This Bond Is Subject To The Transfer Restrictions Set Forth In Section 3.09 Of The Indenture. This Bond is transferable by the registered owner hereof in person or by his attorney duly authorized in writing at the office of the Trustee as registrar, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of this Bond. Upon such transfer a new registered Bond or Bonds, of any authorized denomination or denominations, of the same maturity and for the same aggregate principal amount will be issued to the transferee in exchange herefor. The Bonds are issuable as fully registered Bonds in Authorized Denominations as provided in the Indenture. The Issuer, the Trustee, and any other person may treat the person in whose name this Bond is registered on the books of registry as the Owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this Bond be overdue, and no person shall be affected by notice to the contrary.

Redemption Of Bonds. This Bond is subject to optional and mandatory redemption (and purchase in lieu of redemption by the Borrower) prior to maturity as a whole or in part at such time or times, under such circumstances, at such redemption prices and in such manner as is set forth in the Indenture.

Enforcement. [Only the Servicer shall have the right to direct the Trustee to enforce the provisions of this Bond or the Indenture or to institute any action to enforce the covenants herein or therein, or to take any action with respect to any Event of Default under the Indenture, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Indenture. If an Event of Default occurs and is continuing, the principal of all Bonds then outstanding may be declared due and payable by the Servicer upon the conditions and in the manner and with the effect provided in the Indenture. As provided in the Indenture, and to the extent permitted by law, interest and a penalty rate of interest shall be payable on unpaid amounts due hereon.]

Discharge. The Indenture prescribes the manner in which it may be discharged and after which the Bonds shall be deemed to be paid and no longer be secured by or entitled to the benefits of the Indenture, except for the purposes of registration and exchange of Bonds and of such payment.

Modifications. Modifications or alterations of the Indenture, or of any supplements

thereto, may be made only to the extent and in the circumstances permitted by the Indenture.

This Bond shall not be valid or obligatory for any purpose until it shall have been signed on behalf of the Issuer and such signature attested, by the officer, and in the manner, provided in the Indenture, and authenticated by a duly authorized officer of the Trustee, as Authenticating Agent.

It is hereby certified and recited that all conditions, acts and things required by the statutes of the State or the Indenture to exist, to have happened or to have been performed precedent to or in the issuance of this Bond exist, have happened and have been performed and that the issue of the Bonds, together with all other indebtedness of the Issuer is within every debt and other limit prescribed by said statutes.

In the event of any inconsistency between the provisions of this Bond and the provisions of the Indenture, the provisions of the Indenture shall control.

In Witness Whereof, The City of Chicago has caused this Bond to be executed in its name by the manual or facsimile signature of its Mayor, and its corporate seal to be impressed or printed hereon and attested by the manual or facsimile signature of its City Clerk.

City of Chicago

By: _____
Signature

Printed Name

Title

[Seal]

Attest: _____
Signature

Printed Name

Title

Form Of Certificate Of Authentication.

This Bond is one of the Bonds described in the within mentioned Indenture and issued under the provisions of the within mentioned Indenture.

By: _____
Signature

Printed Name

Title

Date of Authentication: .. _____.

Form Of Assignment.

For Value Received, The undersigned hereby sells, assigns and transfers unto the within and hereby authorizes the transfer of this Bond on the registration books of the Trustee.

Dated: _____

Authorized Signature

Name of Transferee

Signature Guaranteed by

Name of Bank

By: _____

Title: _____

*(Sub)Exhibit "A-2".
(To Trust Indenture)*

Form Of Series 2007B Bond.

Subject To The Exceptions Set Forth In Section 3.09 Of The Indenture (Hereinafter Defined), The Purchaser Of This Bond Must Be An "Accredited Investor" Within The Meaning Of Regulation D Under The Securities Act Of 1933, As Amended Or A "Qualified Institutional Buyer" Within The Meaning Of Rule 144A Under The Securities Act Of 1933 And Will Be Required To Execute And Deliver An Investment Letter Agreement That Will, Among Other Things, Restrict Transfer Of This Bond.

City Of Chicago

Multi-Family Housing Revenue Bonds

(Lawndale Restoration Apartments Project),

Series 2007B.

Number _____

Dated Date: _____, 2007

Registered Owner: _____

Maturity Date: _____ 1, 20____

Interest Rate: As Provided Below

Principal Amount: \$ _____

City of Chicago (hereinafter called the "Issuer"), a municipality and home rule unit of local government duly organized and validly existing under the Constitution and laws of the State of Illinois, for value received hereby promises to pay (but only from the sources and as hereinafter provided) to the Registered Owner specified above, or registered assigns, the principal amount of _____ Million _____ Thousand Dollars (\$ _____), upon presentation and surrender of this Bond at the principal office of _____, or its successor as trustee (the "Trustee"), under the Indenture, and to pay (but only from the sources and as hereinafter provided) interest on said principal amount at the interest rate set forth above, from and including the dated date hereof until the principal amount shall have been paid in accordance with the terms of this Bond and the Indenture, as and when set forth below, but only from the sources and as hereinafter provided, by wire transfer if there be one Owner of all of the Series 2007B Bonds or otherwise by check or draft mailed to the record Owners of Series 2007B Bonds as the same appear upon the books of registry to be maintained by the Trustee, as registrar.

This Bond is one of an authorized series of Bonds of the Issuer designated City of Chicago Multi-Family Housing Revenue Bonds (Lawndale Restoration Apartments Project), Series 2007B and issued in the maximum aggregate principal amount of \$ _____ (the "Series 2007B Bonds"). The Series 2007B Bonds are issued for the purpose of lending the proceeds of the Series 2007B Bonds to Lawndale H&A Bond, L.P., an Illinois limited partnership (the "Borrower"), in order to finance a portion of the costs of the acquisition, construction, rehabilitation and equipping of an approximately one hundred seventy (170) unit multi-family residential housing project in Chicago, Illinois (the "Project").

Payment Of The Principal Of And Interest On This Bond Is Required To Be Made Directly To The Registered Owner Hereof Without Notation Hereon. It Cannot Be Determined From The Face Of This Bond Whether All Or Any Part Of The Principal Of Or Interest On This Bond Has Been Paid.

This Bond is issued under and pursuant to an ordinance adopted by the City Council of the Issuer on _____, 2007 and the Trust Indenture dated as of _____ 1, 2007 between the Issuer and the Trustee (as amended and supplemented from time to time, the "Indenture"). In addition to the Series 2007B Bonds, the Issuer has issued on the date hereof its Multi-Family Housing Revenue Bonds (Lawndale Restoration Apartments Project), Series 2007A in the aggregate principal amount of \$ _____ (the "Series 2007 A Bonds" and collectively with the

Series 2007B Bonds, the "Bonds"). Reference is made to the Indenture for a full statement of its terms. Capitalized terms used herein and not otherwise defined herein have the respective meanings accorded such terms in the Indenture, which is hereby incorporated herein by reference. The Bonds issued under the Indenture are expressly limited to \$_____ in aggregate principal amount at any time Outstanding and are all of like tenor, except as to numbers and denominations. Pursuant to a Loan Agreement (the "Loan Agreement") and a Promissory Note (the "Note") dated as of _____ 1, 2007, the Borrower, has agreed to make payments to the Trustee in amounts equal to amounts of principal of and interest on the Bonds.

This Bond And All Other Bonds Issued Under And Secured By The Indenture, As Hereinafter Defined, Are, And Are To Be, Equally And Ratably Secured, To The Extent Provided In The Indenture, Solely By A Pledge Of The Revenues And Other Funds Pledged Under The Indenture. The Bonds, Together With Premium, If Any, And Interest Thereon, Are Special, Limited Obligations Of The Issuer, Payable Solely From the Revenues And Are A Valid Claim Of The Owners From Time To Time Thereof Only Against The Monies Held By The Trustee And Pledged To The Payment Of The Bonds, And The Revenues, Which Revenues Shall Be Used For No Other Purpose Than To Pay The Principal Installments Of, Premium, If Any, And Interest On The Bonds, Except As Maybe Otherwise Expressly Authorized In The Indenture Or The Agreement. The Bonds Are Not An Indebtedness Of The Issuer Or A Charge Against Its General Credit Or The General Credit Taxing Powers Of The State, The Issuer, Or Any Other Political Subdivision Thereof, And Shall Never Give Rise To Any Pecuniary Liability Of The Issuer, And Neither The Issuer, The State Nor Any Other Political Subdivision Thereof Shall Be Liable For The Payments Of Principal Of And, Premium, If Any, And Interest On The Bonds, And The Bonds Are Payable From No Other Source, But Are Special, Limited Obligations Of The Issuer, Payable Solely Out Of The Revenues And Receipts Of The Issuer Derived Pursuant To The Agreement. No Owner Of The Bonds Has The Right To Compel Any Exercise Of The Taxing Power Of The State, The Issuer Or Any Other Political Subdivision Thereof To Pay The Bonds Or The Interest Or Premium, If Any, Thereon.

No recourse shall be had for the payment of the principal or premium, if any, or purchase price of, or interest on, this Bond, or for any claim based hereon or on the Indenture, against any member, officer or employee, past, present or future, of the Issuer or of any successor body, as such, either directly or through the Issuer or any such successor body, under any constitutional provision, statute or rule of law, or by the enforcement of any assessment or by all legal or equitable proceeding or otherwise.

Interest Rates. This Bond shall bear interest at the applicable rate provided below. On each Interest Payment Date, interest accrued through the day

immediately preceding such Interest Payment Date shall be payable. While this Bond bears interest at the Variable Rate, interest on this Bond shall be computed on the basis of a three hundred sixty (360) day year and actual days elapsed. While this Bond bears interest at the Taxable Rate, interest on this Bond shall be computed on the basis of a year of three hundred sixty-five (365) or three hundred sixty-six (366) days, as applicable, and actual days elapsed.

Variable Rate. From and after the dated date and until the Maturity date, the Bonds shall bear interest at the Variable Rate (as defined in the Indenture).

[**Taxable Rate.** If an Initial Notification of Taxability occurs, the Bonds shall bear interest from the date of the Initial Notification of Taxability at the Taxable Rate, and the Owner shall also be paid Additional Interest, as provided in the Indenture.]

Usury. Notwithstanding any provision of this Bond to the contrary, in no event shall the interest contracted for, charged or received in connection with this Bond (including any other costs or considerations that constitute interest under the laws of the State which are contracted for, charged or received pursuant to this Bond) exceed the maximum rate of nonusurious interest allowed under the laws of the State as presently in effect and to the extent of any increase allowable by such laws. To the extent permitted by law, interest contracted for, charged or received on this Bond shall be allocated over the entire term of this Bond, to the end that interest paid on this Bond does not exceed the maximum amount permitted to be paid thereon by law. Excess interest, if any, provided for in this Bond, or otherwise, shall be canceled automatically as of the date of such acceleration or, if theretofore paid, shall be credited as principal paid on this Bond.

Registration And Transfer. This Bond Is Subject To The Transfer Restrictions Set Forth In Section 3.09 Of The Indenture. This Bond is transferable by the registered owner hereof in person or by his attorney duly authorized in writing at the office of the Trustee as registrar, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of this Bond. Upon such transfer a new registered Bond or Bonds, of any authorized denomination or denominations, of the same maturity and for the same aggregate principal amount will be issued to the transferee in exchange herefor. The Bonds are issuable as fully registered Bonds in Authorized Denominations as provided in the Indenture. The Issuer, the Trustee, and any other person may treat the person in whose name this Bond is registered on the books of registry as the Owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this Bond be overdue, and no person shall be affected by notice to the contrary.

Redemption Of Bonds. This Bond is subject to optional and mandatory redemption (and purchase in lieu of redemption by the Borrower) prior to maturity

as a whole or in part at such time or times, under such circumstances, at such redemption prices and in such manner as is set forth in the Indenture.

Enforcement. [Only the Servicer shall have the right to direct the Trustee to enforce the provisions of this Bond or the Indenture or to institute any action to enforce the covenants herein or therein, or to take any action with respect to any Event of Default under the Indenture, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Indenture. If an Event of Default occurs and is continuing, the principal of all Bonds then outstanding may be declared due and payable by the Servicer upon the conditions and in the manner and with the effect provided in the Indenture. As provided in the Indenture, and to the extent permitted by law, interest and a penalty rate of interest shall be payable on unpaid amounts due hereon.]

Discharge. The Indenture prescribes the manner in which it may be discharged and after which the Bonds shall be deemed to be paid and no longer be secured by or entitled to the benefits of the Indenture, except for the purposes of registration and exchange of Bonds and of such payment.

Modifications. Modifications or alterations of the Indenture, or of any supplements thereto, may be made only to the extent and in the circumstances permitted by the Indenture.

This Bond shall not be valid or obligatory for any purpose until it shall have been signed on behalf of the Issuer and such signature attested, by the officer, and in the manner, provided in the Indenture, and authenticated by a duly authorized officer of the Trustee, as Authenticating Agent.

It is hereby certified and recited that all conditions, acts and things required by the statutes of the State or the Indenture to exist, to have happened or to have been performed precedent to or in the issuance of this Bond exist, have happened and have been performed mid that the issue of the Bonds, together with all other indebtedness of the Issuer, is within every debt and other limit prescribed by said statutes.

In the event of any inconsistency between the provisions of this Bond and the provisions of the Indenture, the provisions of the Indenture shall control.

In Witness Whereof, The City of Chicago has caused this Bond to be executed in its name by the manual or facsimile signature of its Mayor, and its corporate seal to be impressed or printed hereon and attested by the manual or facsimile signature of its City Clerk.

City of Chicago

By: _____
Signature

Printed Name

Title

[Seal]

Attest: _____
Signature

Printed Name

Title

Form Of Certificate Of Authentication.

This Bond is one of the Bonds described in the within mentioned Indenture and issued under the provisions of the within mentioned Indenture.

By: _____
Signature

Printed Name

Title

Date of Authentication: _____

Form Of Assignment.

For Value Received, The undersigned hereby sells, assigns and transfers unto the within and hereby authorizes the transfer of this Bond on the registration books of the Trustee.

Dated: _____

Authorized Signature

Name of Transferee

Signature Guaranteed by

Name of Bank

By: _____

Title: _____

(Sub)Exhibit "B".
(To Trust Indenture)

Form Of Investor Letter.

_____, 2007.

City of Chicago
Department of Housing
33 North LaSalle Street
Chicago, Illinois 60602
Attention: Commissioner

Chicago, Illinois _____
Attention: _____

Re: City of Chicago Multi-Family Housing Revenue Bonds (Lawndale Restoration Apartments Project), Series 2007____

Ladies and Gentlemen:

The undersigned (the "Investor") [as [custodian] [trustee] pursuant to a [custody agreement] [trust agreement] between [an affiliate of] the transferor of the Bonds, as [depositor] [trustor/grantor] and the Investor, as [custodian] [trustee] (the "Custody Agreement")] hereby acknowledges receipt of \$_____ in aggregate principal amount of the above-referenced bonds (the "Bonds").

The undersigned acknowledges that the Bonds were issued for the purpose of making a mortgage loan to assist in the financing of the acquisition, rehabilitation and equipping of a certain approximately _____-unit multi-family residential rental housing project located in Chicago, Illinois (the "Project"), as more particularly described in that certain Loan Agreement dated as of _____ 1, 2007 (the "Loan Agreement"), among the City of Chicago (the "Issuer"), as trustee (the "Trustee"), and Lawndale H&A Bond, L.P., an Illinois limited partnership (the "Borrower"). The undersigned further acknowledges that the Bonds are secured by a Trust Indenture dated as of _____ 1, 2007 (the "Indenture"), between the Issuer and the Trustee, which creates a security interest in the trust estate described therein (the "Trust Estate") for the benefit of the Owners of the Bonds.

In connection with the purchase of the Bonds by the Investor, the Investor hereby makes the following representations upon which you may rely:

1. The Investor has been provided a copy of (i) documents authorizing the Bonds, (ii) the Loan Agreement, (iii) the Indenture, (iv) the note(s) delivered by the Borrower pursuant to the Loan Agreement, (v) an opinion of Bond Counsel and (vi) such other information, including financial statements and other financial information which it considers necessary to make an informed decision to purchase the Bonds, and the Investor has had an opportunity to ask questions and receive answers from knowledgeable individuals concerning the Borrower, the Project and the Bonds. The Investor has not relied upon the Issuer for an information in connection with its purchase of the Bonds.

2. The Investor has authority to purchase the Bonds [as [custodian] [trustee] under the Custody Agreement] and to execute this letter and any other instruments and documents required to be executed by the Investor in connection with the purchase of the Bonds.

3. [The Investor is the custodian/trustee under a custody agreement/trust agreement, which provides each beneficial owner of interests in the Bonds must be] [The Investor is] (i) an "accredited investor" (as defined in Regulation D promulgated under the Securities Act of 1933, as amended) or a "qualified institutional buyer" (as defined in Rule 144A promulgated under the Securities Act of 1933, as amended), or (ii) a trust or custodial arrangement each of the beneficial owners of which is required to be an accredited investor or qualified institutional buyer.

4. The Bonds are being acquired [as custodian/trustee under the custody agreement/trust agreement described above] [by the Investor for investment] and not with a view to, or for resale in connection with, any distribution of the Bonds, and the Investor intends to hold the Bonds for its own account and for an indefinite period of time. The Investor understands that it may need to bear the risks of this investment for an indefinite time, since any sale prior to maturity may not be possible.

5. The Investor understands that the Bonds are not registered under the Securities Act of 1933 and that such registration is not legally required as of the date hereof; and further understands that the Bonds (a) are not being registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any state, (b) will not be listed in any stock or other securities exchange, (c) do not carry a rating from any rating service and (d) are being delivered in a form which is not be readily marketable.

6. The Investor understands that (a) the Bonds are not secured by any pledge of any monies received or to be received from taxation by the City of Chicago, the State of Illinois or any political subdivision thereof and that the Issuer has no taxing power, (b) the Bonds do not and will not represent or constitute a general obligation or a pledge of the faith and credit of the Issuer, the City of Chicago, the State of Illinois or any political subdivision thereof; and (c) the liability of the Issuer with respect to the Bonds is limited to the Trust Estate as set forth in the Indenture.

7. [The transferor of the Bonds (the "Transferor") has represented to the Investor that it] [The Investor] has either been supplied with or been given access to information, including financial statements and other financial information, [which it considers necessary to make an informed decision to act as custodian/trustee in connection with the purchase of the Bonds] [to which a reasonable investor would attach significance in making investment decisions, and the Investor has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Borrower, the Project and the Bonds].

[The Transferor has represented to the Investor that it] [The Investor] has not relied upon the Issuer for any information in connection with its purchase of the Bonds.

8. [The Investor acknowledges that neither the Issuer nor the Borrower has prepared an offering document with respect to the Bonds.]

9. [The Transferor has represented to the investor that it] [The Investor] has made its own inquiry and analysis with respect to the Bonds and the security therefor, and other material factors affecting the security and payment of the Bonds. [The Transferor has represented to the Investor that it] [The Investor] is aware that the business of the Borrower involves certain economic variables and risks that could adversely affect the security for the Bonds.

10. Subject to the exceptions set forth in Section 3.09 of the Indenture, the Investor acknowledges that it has the right to sell and transfer the Bonds, in accordance with the terms of the Indenture, subject to the delivery to the Trustee of an investor's letter from the transferee in substantially the form attached to the Indenture as (Sub)Exhibit B, with no revisions except as may be approved in writing by the Issuer.

Capitalized terms used herein and not otherwise defined have the meanings given to such terms in the Indenture.

Very truly yours,

[Investor]

By: _____
Signature

Printed Name

Title

(Sub)Exhibit "C".
(To Trust Indenture)

Form Of Redemption Schedule.

[\$_____]

City Of Chicago

Multi-Family Housing Revenue Bonds

(Lawndale Restoration Apartments Project),

Series 2007A.

Redemption Schedule.

Date Of Redemption

Amount Of Redemption

Date Of Redemption	Amount Of Redemption
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

(Sub)Exhibit "D".
(To Trust Indenture)

Form Of Conversion Notice.

Development Name:

Lawndale Restoration
Apartments Project

Development Location: City of Chicago, Cook County, Illinois
 Bond Amount: \$6,200,000.00
 Issuer: City of Chicago
 Trustee: _____
 Borrower: Lawndale H&A Bond L.P.

The Servicer acknowledges that the conditions set forth in Section 4.07(b) of the Trust Indenture have been satisfied or waived by the Servicer, and therefore, the Loan shall be converted to the Permanent Loan Period.

1. The Permanent Loan Amount is \$_____.
2. The Conversion Date will occur on _____.
3. The Pre-Stabilization Loan Payment due is \$_____. If applicable, the Pre-Stabilization Loan Payment shall be paid by the Borrower to the Trustee not less than five (5) Business Days prior to the Conversion Date.
4. A revised amortization schedule for the Permanent Loan Amount is attached.

Date: _____

By: _____

Name: _____

Title: _____

*Exhibit "D".
(To Ordinance)*

Loan Agreement

By And Among

City Of Chicago, As Issuer,

_____, *As Trustee,*

And

Lawndale H&A Bond L.P.

Dated As Of _____, 2007

Relating To:

*\$ _____
City Of Chicago Multi-Family Housing Revenue Bonds
(Lawndale Restoration Apartments Project), Series 2007A*

And

*\$ _____
City Of Chicago Multi-Family Housing Revenue Bonds
(Lawndale Restoration Apartments Project), Series 2007B.*

The amounts payable to the City of Chicago (the "Issuer") and other rights of the Issuer (except for Reserved Rights) under this Loan Agreement have been assigned to [Trustee], as Trustee (the "Trustee") under the Trust Indenture between the Issuer and the Trustee dated as of the date hereof, and are subject to the secured interest of the Trustee hereunder.

This Loan Agreement dated as of _____, 2007 (together with all supplements, modifications and amendments hereto, this "Agreement"), by and among the City of Chicago, a municipality and home rule unit of local government duly organized and validly existing under the Constitution and the Laws of the State of Illinois, specifically Article VII, Section 6 of the 1970 Constitution of the State to issue bonds (together with its successors and assigns, the "Issuer"), [Trustee], a banking corporation duly organized and validly existing under the laws of _____, as trustee (together with any successor trustee under the Indenture and their respective successors and assigns, the "Trustee"), and Lawndale H&A Bond L.P., a limited partnership duly organized and validly existing under the laws of the State of Illinois (together with its permitted successors and assigns, the "Borrower"),

Witnesseth.

Whereas, The Issuer is authorized under the laws of the State of Illinois (the "State") to finance, among other things, multi-family rental housing; and

Whereas, The Issuer has determined to issue its City of Chicago Multi-Family Housing Revenue Bonds (Lawndale Restoration Apartments Project), Series 2007A in the aggregate principal amount of _____ Dollars (\$_____) (the "Series 2007A Bonds") and its City of Chicago Multi-Family Housing Revenue Bonds (Lawndale Restoration Apartments Project), Series 2007B in the aggregate principal amount of _____ Dollars (\$_____) (the "Series 2007B Bonds") (the Series A Bonds and the Series B Bonds being collectively referred to as the "Bonds"); and pursuant to the Trust Indenture between the Issuer and the Trustee dated as of the date hereof (as the same may be modified, amended or supplemented from time to time, the "Indenture") to provide funds to finance a portion of the costs of the acquisition, rehabilitation, construction and equipping of a one hundred seventy (170) unit affordable residential multi-family rental housing project known as Lawndale Restoration II Apartments and generally located at 4118 West 15th Street, 1136 -- 1142 South Central Park Avenue, 1259 South Central Park Avenue, 3122 West Douglas Boulevard, 3206 West Douglas Boulevard, 3219 -- 3229 West Douglas Boulevard, 3234 West Douglas Boulevard, 3239 West Douglas Boulevard, 1501 South Kedzie Avenue and 3900 West Wilcox Street, all in the City of Chicago, Cook County, Illinois on land more particularly described on (Sub)Exhibit A hereto; (the "Project"); and

Whereas, Pursuant to this Agreement, the Issuer has agreed to issue the Bonds and loan the proceeds of the Series 2007A Bonds to the Borrower (the "Series 2007A Loan") and loan the proceeds of the Series 2007B Bonds to the Borrower (the "Series 2007B Loan") (the Series 2007A Loan and the Series 2007B Loan being collectively referred to as the "Loan") and , the Borrower has agreed to (a) apply the proceeds of the Loan to fund a portion of the costs of the acquisition, rehabilitation, construction and equipping of the Project, (b) make payments sufficient to pay the principal of, premium, if any, and interest on the Bonds when due (whether at maturity, by redemption, acceleration or otherwise), and (c) observe the other covenants and agreements and make the other payments set forth herein; and

Whereas, The Borrower has delivered to the Issuer its promissory notes dated the date of issuance of the Bonds in an original principal amount equal to the original principal amount of the Series 2007A Loan in substantially the form set forth on (Sub)Exhibit B-1 hereto (the "Series 2007A Note") and in an original principal amount equal to the original principal amount of the Series 2007B Loan in substantially the form set forth on (Sub)Exhibit B-2 hereto (the "Series 2007B Note") (the Series 2007A Note and the Series 2007B Note, as the same may be modified, amended or supplemented from time to time, collectively, the "Notes") evidencing its obligation to repay the Loan and the Issuer has made the Loan to the Borrower, subject to the terms and conditions of this Agreement and the Indenture; and

Whereas, The obligations of the Borrower under this Agreement and the Notes will be secured by, among other things, a First Mortgage, Assignment of Rents, Security Agreement and Fixture Filing, dated as of the date hereof (as the same may be modified, amended or supplemented from time to time, the "Mortgage") from the Borrower to the Trustee, and by the other Loan Documents (as defined herein).

Now, Therefore, In consideration of the premises and the mutual covenants and agreements herein contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, the parties hereto agree as follows:

Article I.

Definitions.

Section 1.1 Definitions.

As used in this Agreement, the following terms shall have the following meanings. Any term used herein and not otherwise defined herein shall have the meaning ascribed thereto in the Indenture. The singular shall include the plural and the masculine shall include the feminine and neuter shall include the masculine or feminine.

"Additional Replacements" has the meaning given such term in (Sub)Exhibit G.

"Affiliate" means each of the following: (a) any Person which directly or indirectly controls, or is controlled by, or is under common control with such person, and (b) an affiliate as determined in accordance with G.A.A.P. The term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

"A.H.P. Loan" means one or more loans or grants from One Mortgage Partners Corp. to one or more members of the general partner of the Borrower in the aggregate principal amount of [One Million One Hundred Eighty-five Thousand and no/100 Dollars (\$1,185,000.00)] to be then loaned to the Borrower; [Six Hundred Thousand and no/100 Dollars (\$600,000.00)] of which to be funded on or before closing and Five Hundred Eighty-five Thousand and no/100 Dollars [\$585,000.00] of which to be funded at fifty percent (50%) completion of the Project.

"A.H.P. Loan Documents" means the Promissory Note, Retention/Repayment Agreement, Junior Mortgage, Assignment of Rents and Security Agreement and the other documents and instruments executed in connection with the A.H.P. Loan, as the same may be amended, supplemented or modified from time to time.

"Annual Debt Service" means the assumed annual principal and interest at the Fixed Rate required to fully amortize the outstanding amount of the Series A Bonds during the Permanent Term.

"Appraisal" means an MAI Appraisal setting forth the opinion of the market value of the Project that (a) has been independently and impartially prepared by a qualified appraiser directly engaged by the Servicer or its agent, (b) complies with all applicable federal and state laws and regulations dealing with appraisals or valuations of real property, and (c) has been reviewed as to form and content and approved by the Servicer.

"Architect" means [Landon, Bone, Baker], maintaining an office at _____, or such other architect as approved by Servicer from time to time.

"Architect's Agreement" means a certain contract entered into between the Borrower and the Architect in connection with the Project.

"Assignment of Permits and Contracts" means the Conditional Assignment of Project Documents dated as of the date hereof, from the Borrower in favor of the Trustee, as the same may be amended, supplemented or modified from time to time.

"Authorized Representative" means, with respect to the Borrower, the authorized representative(s) appointed in accordance with Section 8.2 hereof.

"Basis Point" means one-hundredth of one percent (.01%).

"Bondholder" has the meaning given to such term in the Indenture.

"Business Day" means any day other than (a) a Saturday or a Sunday, (b) any day on which commercial banks in Chicago, Illinois and banks located in the city in which the Principal Office of the Trustee is located, are required or authorized by law or executive order to close, (c) a day on which the New York Stock Exchange is closed, or (d) so long as any Bonds are held in book-entry form, a day on which the Depository Trust Company is closed.

"Capital Expenditures" means capital improvement and other costs that would, under generally accepted accounting principles, be classified as capital expenditures.

"Closing Date" means _____, 2007, the date on which the Bonds have been issued and sold.

"Code" means the Internal Revenue Code of 1986, as amended from time to time.

"Commencement Date" means a date that is not later than fifteen (15) days following the Closing Date.

"Completion Date" means the date that is the last day of the twenty-third (23rd) month following the Closing Date.

"Consent To Assignment" means the Consent to Assignment of H.A.P. Contract as security for financing dated _____ by H.U.D. and consented to by the Borrower.

"Construction Consultant" means the consulting architect, engineer or inspector selected by Servicer from time to time.

"Construction Contract" means a certain contract entered into between the Borrower and the Contractor with respect to the construction of the Improvements.

"Contingency Reserve" has the meaning specified in Section 4.6 hereof.

"Contractor" and "General Contractor" means [Staalsen Construction Company] with an office at _____, or such other contractor or general contractor as approved by Servicer from time to time.

"Conversion" means the determination that the Series 2007A Bonds in the unpaid principal balance of the Series 2007A Loan shall convert to the Permanent Term in accordance with the terms of Section ____ of the Indenture.

"Conversion Date" means the date of commencement of the Permanent Term and the amortization of the Series A Bonds in the unpaid principal balance of the Loan, as determined in accordance with Section 4.07(b) of the Indenture, but in no event later than the Outside Stabilization Date.

"Conversion Notice" means the notice from the Servicer to the Trustee, the Borrower and the Issuer establishing the Conversion Date.

"Debt" means and includes (a) all items which in accordance with generally accepted accounting principles consistently applied would be included on the liability side of a balance sheet as at the date as of which indebtedness is to be determined, excluding capital stock, capital and earned surplus, surplus reserves and deferred credits, (b) guaranties, endorsements and other contingent obligations in respect of, or any obligations to purchase or otherwise acquire,

indebtedness of others, (c) indebtedness secured by any mortgage, pledge, security interest or lien existing on property owned by the Borrower, whether or not the indebtedness secured thereby shall have been assumed, (d) all obligations arising under any conditional sale, lease or title retention agreement covering the property acquired or used by the Borrower, and (e) the full amount of all indebtedness of others, the payment of which the Borrower has agreed, contingently or otherwise, to advance or supply funds for or with respect to which the Borrower is contingently liable, including without limitation, indebtedness for borrowed money and indebtedness guaranteed or supported indirectly by the Borrower through an agreement, contingent or otherwise (i) to purchase the indebtedness, or (ii) to purchase, sell, transport or lease (as lessee or lessor) property at prices or in amounts designed to enable the debtor to make payment of the indebtedness or to assure the owner of the indebtedness against loss, or (iii) to supply funds to or in any manner invest in the debtor; provided, however, that such indebtedness does not mean or include any indebtedness of the Borrower in respect of which monies sufficient to pay indebtedness (as such indebtedness may be duly called for redemption and payment) shall be deposited with a depository, agency or trustee in trust for the payment thereof.

"Default" and "Event of Default" mean any of the events specified in Section 7.01 hereof.

"Default Rate" means an annual rate of interest equal to the Prime Rate plus five percent (5%).

"Deficiency" has the meaning specified in Section 4.4 hereof.

"Development Agreement" means the (Development) Agreement by and between Holsten-Acorn Developer L.L.C. and the Borrower dated as of _____, 20__ as may be amended, supplemented or modified from time to time.

"Development Budget" means the budget for a total estimated project cost and sources of a payment by account [within the Project Fund] submitted by the Borrower and approved by the Servicer and Construction Consultant, and attached hereto as (Sub)Exhibit D as the same may be amended, modified or supplemented from time to time in accordance with the terms hereof.

"Developer Fee Pledge" means the Collateral Assignment and Pledge Agreement (Developer Fees) from Holsten-Acorn Developer L.L.C. in favor of the Trustee dated as of the date hereof, as amended, supplemented or modified from time to time, pledging to the Trustee all right, title and interest of Holsten-Acorn Developer L.L.C. in and to any and all payments, fees, commissions, developer incentives and monies due or to become due with respect to the development and operation of the Project.

“Direct Construction Costs” has the meaning specified in Section 4.1 hereof.

“Direct Construction Cost Breakdown” and “Request for Partial Payment” mean the application and certificate for payment (AIA Document G702 and AIA Document G703 or their equivalent) with any such changes therein as the Servicer or the Construction Consultant may reasonably request, or such other form as may be reasonably acceptable to the Servicer and the Construction Consultant.

“Dollars” and the sign “\$” mean lawful money of the United States of America.

“D.S.C.R.” means, for any calculation period, a debt service coverage ratio calculated by determining the ratio of Net Operating Income to the Annual Debt Service.

“Entity Guarantor” means collectively, Holsten Real Estate Development Corporation, an Illinois corporation and ACORN Housing Corporation of Illinois, an Illinois not-for-profit corporation and Holsten Management Corporation, an Illinois corporation.

“Environmental Discharge” means any discharge or release of any Hazardous Materials in violation of any applicable Environmental Law.

“Environmental Law” means any Law relating to pollution or the environment, including Laws relating to noise or to emissions, discharges, releases or threatened releases of Hazardous Materials into the workplace, the community or the environment, or otherwise relating to the generation, manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials.

“Environmental Notice” means any complaint, order, citation, letter, inquiry, notice or other written communication from any Person (a) affecting or relating to the Borrower’s compliance with any Environmental Law in connection with any activity or operations at any time conducted by the Borrower, (b) relating to the occurrence or presence of or exposure to or possible or threatened or alleged occurrence or presence of or exposure to Environmental Discharges or Hazardous Materials at any of the Borrower’s locations or facilities, including, without limitation: (i) the existence of any contamination or possible or threatened contamination at any such location or facility; and (ii) remediation of any Environmental Discharge or Hazardous Materials at any such location or facility or any part thereof; and (iii) any violation or alleged violation of any relevant Environmental Law.

“E.R.I.S.A.” means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations and published interpretations thereof.

“E.R.I.S.A. Affiliate” means any trade or business (whether or not incorporated) which together with the Borrower would be treated as a single employer under Section 4001 of E.R.I.S.A.

“Escrow and Disbursement Agreement” means the Escrow and Disbursement Agreement dated the date hereof between the Title Company, General Contractor, Issuer, Trustee, Borrower, the A.H.P. Loan lender, the Title Company and the Servicer with respect to the Loan proceeds, the A.H.P. Loan proceeds and the Required Equity Funds.

“Final Equity Requirement” has the meaning given to such term in Section 2.2(x).

“Fiscal Year” means each period from January 1 to December 31.

“Fixed Rate” has the meaning given such term in the Indenture.

“Force Majeure” has the meaning specified in Section 4.5(c) hereof.

“Hazardous Material Indemnification Agreement” means the Hazardous Material Indemnification and Guaranty Agreement dated as of the date hereof given by the Borrower and Guarantors in favor of the Issuer and the Trustee.

“G.A.A.P.” means then effective generally accepted accounting principles in the United States of America.

“General Partner” means Lawndale H&A Bond Development, L.L.C., an Illinois limited liability company.

“General Partner Assignment” means the Collateral Assignment and Pledge Agreement (General Partnership Interest) in favor of the Trustee dated as of the date hereof, as amended, supplemented or modified from time to time, assigning to the Trustee all right, title and interest of the General Partner in and to distributions, payments, monies and sums due from the Borrower.

“Good Faith Contest” means the contest of an item if: (a) the item is diligently contested in good faith by appropriate proceedings timely instituted; (b) during the period of such contest, the enforcement of any contested item is effectively stayed; and (c) the failure to pay or comply with the contested item has not and could not result in a Material Adverse Change.

“Governmental Authority” means any nation or government, any state or other political subdivision thereof, and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

“Governmental Approvals” means any authorization, consent, approval, license or exemption of, registration or filing with or report or notice to, any Governmental Authority.

“Guarantors” means the Entity Guarantor and the Individual Guarantor and any other Person guarantying the payment of all or any portion of the Obligations or performance by the Borrower of any of the terms of this Agreement.

“Guaranty” means collectively the Guaranty of Payment and Completion and the Hazardous Material Indemnification Agreement.

“Guaranty of Payment and Completion” means the Guaranty dated as of the date hereof given by the Guarantors in favor of the Trustee, as the same may be amended, supplemented or modified from time to time.

“H.A.P. Contract” means the Housing Assistance Payments Contract for the Project between the Borrower and H.U.D. dated _____, 20__.

“H.A.P. Contract Assignment” means the Assignment of Housing Assistance Payment Agreements dated as of the date hereof between the Borrower and Issuer and the Trustee, as the same may be amended, modified or supplemented from time to time.

“Hazardous Materials” means any pollutant, effluents, emissions, contaminants, toxic or hazardous wastes or substances, as any of those terms are defined from time to time in or for the purposes of any applicable Environmental Law, including asbestos fibers and friable asbestos, polychlorinated biphenyls, and any petroleum or hydrocarbon-based products or derivatives.

“H.U.D.” means United States Department of Housing and Urban Development.

“Improvements” means the rehabilitation and construction of one hundred seventy (170) family housing units, with related site improvements and amenities to be constructed on the Land.

“Indemnified Party” has the meaning given such term in Section 5.10, hereof.

“Individual Guarantor” means Peter Holsten.

“Initial Equity Requirement” has the meaning given such term in Section 2.2(x) hereof.

“Investor Equity Assignment” means the Investor Equity Assignment and Security Agreement from the Borrower in favor of the Trustee dated as of the date hereof, as amended, supplemented or modified from time to time, assigning to the Trustee all right, title and interest of the Borrower in and to all notes,

subscriptions, receivables and other sums due or to become due from partners of the Borrower as equity contributions or otherwise.

"Investor Limited Partner" means _____, together with its permitted successors and assigns, the sole investor limited partner of the Borrower.

"Issuer Documents" means collectively this Agreement, the Indenture and the Regulatory Agreement.

"Land" means the real property described on (Sub)Exhibit A attached hereto.

"Law" means any federal, state or local statute, law, rule, regulation, ordinance, order, code, policy or rule of common law, now or hereafter in effect, and in each case as amended, and any judicial or administrative interpretation thereof by a Governmental Authority or otherwise, including any judicial or administrative order, consent, decree or judgment.

"Lien" means any mortgage, deed of trust, pledge, security interest, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), or preference, priority, or other security agreement or preferential arrangement, charge, or encumbrance of any kind or nature whatsoever (including, without limitation, any conditional sale or other title retention agreement, any financing lease having substantially the same economic effect as any of the foregoing, and the filing of any financing statement under the Uniform Commercial Code or comparable Law of any jurisdiction to evidence any of the foregoing).

"Limited Partner" means either or both of the Investor Limited Partner and the Special Limited Partner.

"Loan Documents" means, collectively, this Agreement, the Notes, the Regulatory Agreement, the Tax Regulatory Agreement, the Security Documents, the Guaranty together with all other documents or instruments executed by the Borrower which evidence or secure the Borrower's indebtedness under such documents and all other documents and instruments delivered simultaneously herewith are required to be delivered during the term of the Loan.

"Major Subcontractor" means any subcontractor whose contract or contracts are in the aggregate amount of Five Hundred Thousand and no/100 Dollars (\$500,000.00) or more.

"Major Subcontract" means any contract or contracts entered into between the Contractor and a Major Subcontractor.

"Majority Owner" has the meaning given such term in the Indenture.

"Material Adverse Change" means either (a) a material adverse change in the status of the business, results of operations, condition (financial or otherwise), property or prospects of the Borrower, or (b) any event or occurrence of whatever nature which in either case would have a material adverse effect on the Borrower's ability to perform its obligations under the Loan Documents to which it is a party.

"Mortgage" has the meaning specified in the preamble.

"Mortgaged Property" has the meaning given such term in the Mortgage.

"Multiemployer Plan" means a Plan described in Section 4001(a) (3) of E.R.I.S.A. which covers employees of the Borrower or any E.R.I.S.A. Affiliate.

"Net Operating Income" means the Project's gross rental income from the operations of the Project, collected for the Three Month Period, excluding any extraordinary items not related to the rental of residential units (unless otherwise approved by the Servicer), and adjusting the income to account for a vacancy factor of the greater of eight percent (8%) or actual vacancy, less Operating Expenses, including Replacement Reserve Fund payments, for the Three Month Period, multiplied by four (4).

"Noteholder" has the meaning given such term in Section 8.12 hereof.

"Obligations" means all indebtedness, obligations and liabilities of the Borrower to the Majority Owner (other than in its capacity as a Bondholder) and the Servicer, subject to Section 3.2(c), and the Trustee, now existing or hereafter incurred, under or arising out of or in connection with this Agreement, the Indenture or any Loan Document, whether for principal, interest, fees, expenses or otherwise.

"Operating Expenses" means, in the aggregate with respect to the Mortgaged Property during any month, (i) all operating costs and expenses incurred by Borrower, calculated on an accrual accounting basis, and due and payable during such period in respect of the Mortgaged Property, including real estate taxes, payments in lieu of taxes, insurance and utilities, (ii) property management fees payable pursuant to any property management agreement, and (iii) amounts payable by Borrower under this Agreement provided that Operating Expenses shall not include (a) Annual Debt Service on the Bonds, and (b) depreciation.

"Operating Reserve Fund" has the meaning given to such term in the Indenture.

"Ordinance" has the meaning given such term in the Indenture.

"Organizational Documents" means for any corporation, partnership, trust, limited liability company, limited liability partnership, unincorporated association, business or other legal entity, the documents pursuant to which such entity has

been established or organized, as such documents may be amended from time to time (subject to any restrictions relating to amendments as set forth in this Agreement).

"Other Project Costs" has the meaning specified in Section 4.1 hereof.

"Other Subcontracts" means any contracts other than Major Subcontracts entered into by the Contractor or the Borrower with architects, engineers, subcontractors or materialmen in connection with the construction of the Improvements.

"Outside Stabilization Date" means _____, 20__ [thirty (30) months]

"Partnership Agreement" means the Amended and Restated Agreement of Limited Partnership of the Borrower dated as of _____, 2007 and entered into between the General Partner, the Investor Limited Partner and the Special Limited Partner.

"Patriot Act" means the USA Patriot Act (Title III of Public Law 107-56) signed into law October 26, 2001.

"Payment and Performance Bonds" means one hundred percent (100%) payment and performance bonds with respect to Contractor issued by domestic sureties carrying A.M. Best Rating of A or better, naming the Trustee and Servicer as dual obligees and otherwise in form and content satisfactory to the Servicer.

"P.B.G.C." means the Pension Benefit Guaranty Corporation or any entity succeeding to any or all of its functions under E.R.I.S.A.

"Permanent Loan Amount" means the principal amount of the Series 2007A Bonds and the unpaid principal balance of the Series 2007A Loan to be amortized during the Permanent Term, as determined in accordance with the provisions of this Agreement and the Indenture.

"Permanent Term" means the period commencing on the Conversion Date and ending thirty-five (35) years thereafter.

"Permitted Encumbrances" has the meaning given to such term in the Mortgage.

"Permitted Partnership Transfer" means (a) a transfer by the Investor Limited Partner or the Special Limited Partner of all or a portion of its respective limited partnership interest in the Borrower either directly or indirectly, only to another limited partnership or limited liability company which has, as its managing general partner or managing member, an Affiliate of the Investor Limited Partner which is wholly owned or controlled by the Investor Limited Partner or the Special Limited Partner, (b) the removal of the General Partner for cause as permitted

under Section ____ of the Partnership Agreement so long as any substitute general partner is an Affiliate of the Investor Limited Partner or the Special Limited Partner or has been consented to by the Servicer, which consent will not be unreasonably withheld, and (c) any other change of partners or change of control of a partner which has received the prior written consent of the Servicer.

"Person" means an individual, partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture, Governmental Authority, or other entity of whatever nature.

"Plan" means any plan established, maintained, or to which contributions have been made by the Borrower or any E.R.I.S.A. Affiliate.

"Plans and Specifications" means any and all blueprints, designs and drawings prepared by the Architect in connection with the construction and installation of the Improvements.

"Preliminary Survey" means the ALTA/ACSM Land Title Survey of the Project prepared by _____ and dated _____, 20__.

"Pre-Stabilization Loan Payment" means a payment in full of the Series 2007B Loan and, if required, a prepayment of a portion of the Series 2007A Loan by the Borrower, in an amount which would permit the Project to meet the D.S.C.R. requirements for Stabilization; provided, that if the Pre-Stabilization Loan Payment is used to redeem Series 2007A Bonds pursuant to Section 4.01 of the Indenture or to purchase Bonds in lieu of such redemption pursuant to Section 4.04 of the Indenture, such redemption or purchase must be in an amount which would result in the Outstanding Bonds following such redemption or purchase to be in Authorized Denominations.

"Prime Rate" means the rate of interest as announced by JPMorgan Chase Bank, N.A. at its Principal Office as in effect from time to time as its prime rate, and if JPMorgan Chase Bank, N.A. does not exist, then the rate of interest published by *The Wall Street Journal* as the Prime Rate. Each change in the Prime Rate shall be effective from and including the date such change is publicly announced as effective. The Prime Rate is a reference rate and is not necessarily the lowest rate.

"Principal Reserve Fund" means a deposit fund more particularly described in Section 4.01(c) of the Indenture and Section 5.12(c) hereof.

"Prohibited Transaction" means any transaction set forth in Section 406 of E.R.I.S.A. or Section 4975 of the Code.

"Project Costs" means the sum of all Direct Construction Costs and Other Project Costs that will be incurred by the Borrower in connection with the

acquisition of the Land in the Improvements, the construction, rehabilitation and equipping of the Improvements, the marketing and leasing of leasable space in the Improvements, and the operation and carrying on of the Project through Stabilization.

“Project Fund” has the meaning given such term in the Indenture.

“Qualified Costs of the Project” means the actual costs incurred to acquire, rehabilitate and equip the Project which (i) are incurred not more than sixty (60) days prior to _____, 2006, being the date on which the Issuer first declared its “official intent” (within the meaning of Treasury Regulations Section 1.150-2) with respect to the Project (other than preliminary expenditures with respect to the Project in an amount not exceeding twenty percent (20%) of the aggregate principal amount of the Bonds), (ii) are (A) chargeable to the Project’s capital account or would be so chargeable either with a proper election by the Borrower or but for a proper election by the Borrower to deduct such costs, within the meaning of Treasury Regulation Section 1.103-8(a)(1), and if charged or chargeable to the Project’s capital account are or would have been deducted only through an allowance for depreciation or (B) made for the acquisition of land, to the extent allowed in Section 147(c) of the Code and (iii) are made exclusively with respect to “qualified residential rental project” within the meaning of Section 142(d) of the Code; provided, however, that (i) Costs of Issuance shall not be deemed to be Qualified Costs of the Project; (ii) fees, charges or profits payable to the Borrower or a “related person” (within the meaning of Section 147 of the Code) shall not be deemed to be Qualified Costs of the Project; (iii) interest during the rehabilitation of the Project shall be allocated between Qualified Costs of the Project and other costs and expenses of the Project; (iv) interest following the construction of the Project shall not constitute Qualified Costs of the Project; (v) letter of credit fees and municipal bond insurance premiums which represent a transfer of credit risk shall be allocated between Qualified Costs of the Project and other costs and expenses to be paid from the proceeds of the Bonds; and (vi) letter of credit fees and municipal bond insurance premiums which do not represent a transfer of credit risk (including without limitation, letter of credit fees payable to a “related person” to the Borrower) shall not constitute Qualified Costs of the Project. As used herein, the term “preliminary expenditures” includes architectural engineering, surveying, soil testing and similar costs that were incurred prior to commencement of acquisition, construction or rehabilitation of the Project, but does not include land acquisition site preparation or similar costs incident to commencement of construction or rehabilitation of the Project.

“Rating Agencies” means each of Standard & Poors Rating Services, a division of the McGraw-Hill Companies Inc., Moody’s Investors Service, Inc., and Fitch Ratings or any other nationally recognized statistical rating agency that has been approved by the Servicer.

"Rebate Fund" has the meaning given such term in the Indenture.

"Rebate Payment Date" has the meaning given such term in Section 5.9(b) hereof.

"Rebate Regulations" has the meaning given such term in Section 5.9(b) hereof.

"Regulatory Agreement" means the Land-Use Restriction Agreement among the Borrower, the Trustee and the Issuer dated as of _____, 2007, as amended, supplemented or modified from time to time.

"Replacement Reserve Fund" has the meaning given such term in the Indenture.

"Replacement Reserve Fund Requirement" means an annual minimum amount equal to [Three Hundred and no/100 Dollars (\$300.00)] per unit of the Project payable one-twelfth (1/12) each month, pursuant to Section 5.12(a) of this Agreement commencing on the Stabilization Date, subject to increases pursuant to Section 5.12(a).

"Replacements" means those items listed on the schedule attached to (Sub)Exhibit G.

"Reportable Event" means any of the events set forth in Section 4043 of E.R.I.S.A.

"Required Equity Funds" means, collectively, the Initial Equity Requirement, the Supplemental Equity Requirement and the Final Equity Requirement.

"Requisition" means a requisition in the form attached hereto as (Sub)Exhibit C required for the making of an advance from the Project Fund.

"Reserved Rights" means those certain rights of the Issuer under the Issuer Documents to indemnification and to payment or reimbursement of fees and expenses of the Issuer, as well as fees and expenses of counsel (including Bond Counsel), assumption fees and indemnity fees, its right to give and receive notices and to enforce notice and reporting requirements and restrictions on transfer of ownership of the Project, its right to inspect and audit the books, records and premises of the Borrower and of the Project, its right to legal fees and related expenses, its rights to enforce the terms of the Regulatory Agreement, including Borrower's covenants to comply with applicable Laws, its right to receive notices and reports under the Issuer Documents, and its right to give or withhold consent to amendments, changes, modifications and alterations to the Indenture and other Issuer Documents to which the Issuer is a party and such other matters where, under the Indenture or under any other Issuer Documents the Issuer's consent or approval, is required.

"Retainage" means an amount equal to (a) ten percent (10%) of the aggregate Direct Construction Costs actually incurred by the Borrower for work in place as part of the construction of the Improvements, as verified from time to time by the Construction Consultant pursuant to the provisions of this Agreement until such time as the Construction Consultant verifies to the Servicer that ninety percent (90%) of the construction of the Improvements has been completed in accordance with the Plans and Specifications and (b) five percent (5%) of the aggregate Direct Construction Costs actually incurred by the Borrower for work in place in completing construction of the last ten percent (10%) of the Improvements, as verified from time to time by the Construction Consultant pursuant to the provisions of this Agreement. Once ninety percent (90%) of the construction of the Improvements has been completed in accordance with the Plans and Specifications, a portion of the Retainage will be released so that the amount of the Retainage shall at all times thereafter be equal to five percent (5%) of the costs incurred in completing construction of the Improvements. Notwithstanding the foregoing, the Retainage shall in no event be less than the amount actually held back by the Borrower from the Contractor and all subcontractors and materialmen engaged in the construction of the Improvements. The Retainage shall not be released until the construction of the Improvements has been completed in accordance with the Plans and Specifications accepted by the Servicer and the Construction Consultant and the provisions of this Agreement.

"Revenue Fund" has the meaning given such term in the Indenture.

"Schedule of Other Project Costs" has the meaning specified in Section 4.1 hereof.

"Scheduled Conversion Date" means _____, 2009 [twenty-six (26) months], as the same may be extended pursuant to Section 5.15(c) hereof.

"Security Documents" means the Mortgage, the General Partner Assignment, the Developer Fee Pledge, the H.A.P. Contract Assignment, the Investor Equity Assignment and the Assignment of Permits and Contracts.

"Servicer" means, as of the date hereof, JPMorgan Chase Bank, N.A., a national banking association, or such other servicer as may be appointed from time to time in accordance with Section 8.13 hereof.

"Servicing Fee" shall have the meaning ascribed to that term in Section 3.2(c) hereof.

["Servicing Agreement" means any Servicing Agreement entered into from time to time between the Trustee and Servicer, as the same may be amended, modified or supplemented from time to time, which may include a certificate from Servicer acknowledging and accepting its obligations as Servicer under this Agreement.]

"Special Limited Partner" means _____.

"Stabilization" means the point after the completion of construction of the Project at which (i) the Improvements have been ninety percent (90%) occupied pursuant to acceptable leases as described in Section 5.15(a), and (ii) the D.S.C.R. shall equal 1.15 for a Three Month Period.

"Stabilization Date" means the date upon which the Servicer makes a determination that Stabilization has been achieved pursuant to Section 5.15(b).

"Stabilization Documents" has the meaning given such term in Section 5.15(a) hereof.

"Subsidiary" means any entity the majority of voting securities or interests (however denominated) of which at any time outstanding is owned directly or indirectly by the Borrower or by one or more of its other Subsidiaries or by the Borrower in conjunction with one or more of its other Subsidiaries.

"Supplemental Advance" has the meaning given to such term in the Indenture.

"Supplemental Equity Requirement" has the meaning given such term in Section 2.2(x) hereof.

"Supplemental Reserve Fund" has the meaning given to such term in Section 5.12(f) hereof.

"Supplemental Reserve Fund Requirement" means an initial amount of [One Million Fifty-one Thousand and no/100 Dollars (\$1,051,000.00)], which amount may be increased by up to [One Hundred Thousand and no/100 Dollars (\$100,000.00)], as agreed between Borrower and Servicer.

"Tax and Insurance Fund" has the meaning given such term in the Indenture.

"Tax Credits" has the meaning given such term in Section 5.13 hereof.

"Tax Regulatory Agreement" means the Tax Regulatory Agreement among the Borrower, the Trustee and the Issuer dated as of _____, 2007, as amended, supplemented or modified from time to time.

"Three Month Period" means three (3) consecutive full calendar months prior to the Stabilization Date, the last of which is not more than two (2) months before the month in which Stabilization will occur.

"T.I.F. Agreement" means that certain Lawndale H&A Project Redevelopment Agreement dated of even date herewith by and among the Borrower, the General Partner and the Issuer.

"T.I.F. Documents" means the T.I.F. Agreement and other document or instrument in connection therewith, as the same may be amended, supplemented or modified from time to time.

"Title Company" means _____ Title Insurance Company.

"Trade Breakdown Schedule" has the meaning given such term in Section 4.1 hereof.

"Trustee" has the meaning given such term in preamble.

Article II.

Representations And Covenants.

Section 2.1 Representations By The Issuer.

The Issuer makes the following representations as the basis for the undertakings on its part herein contained:

(a) The Issuer is a municipality and home rule unit of local government duly organized and validly existing under the Constitution and laws of the State. The Issuer is authorized to execute and deliver this Agreement and the Indenture, and to carry out its obligations hereunder and thereunder.

(b) The Issuer has issued the Bonds for the purpose of financing a portion of the costs of the Project.

(c) To the knowledge of the undersigned representatives of the Issuer, neither the execution and delivery of the Bonds, this Agreement, the Indenture or the Land-Use Restriction Agreement, the consummation of the transactions contemplated hereby and thereby, nor the fulfillment of or compliance with the terms, conditions or provisions of the Bonds, this Agreement, the Indenture or the Land-Use Restriction Agreements materially conflict with or result in a material breach of any of the terms, conditions or provisions of any agreement, instrument, judgment, order or decree to which the Issuer is now a party or by which it is bound, or constitute a default under any of the foregoing.

(d) The Issuer does not make any warranty, either express or implied, that the monies deposited, available for deposit under the Indenture and available for the purposes therein specified, or otherwise made available to the Borrower will be sufficient to pay all of the costs specified in the Indenture or to otherwise complete

the Project or that the Project, when completed, will be adequate or sufficient for the Borrower's intended purposes. The Issuer shall not be liable to the Borrower, the Bondholders or any other person if for any reason the Project is not completed.

Section 2.2 Representations By The Borrower.

The Borrower makes the following representations and warranties as of and from the date of the execution and delivery of this Agreement as the basis for the undertakings on its part herein contained:

(a) The Borrower is a limited partnership duly formed, validly existing, and in good standing under the laws of the State. The General Partner is, and at all times will be, a limited liability company, duly organized, validly existing and in good standing under the laws of the State. Each of the Borrower and the General Partner has the power and authority to own its assets and to transact the business in which it is now engaged or proposed to be engaged in under the Loan Documents; and is duly qualified to do business and is in good standing in all jurisdictions where failure to so qualify could result in a Material Adverse Change.

(b) The execution, delivery and performance by the Borrower of the Loan Documents to which it is a party have been duly authorized by all necessary action, and does not and will not: (1) contravene the Borrower's Certificate of Limited Partnership or Partnership Agreement; (2) violate any provision of any Law, rule, regulation (including, without limitation, Regulation U of the Board of Governors of the Federal Reserve System or any successor), order, writ, judgment, injunction, decree, determination, award or Governmental Approval having applicability to the Borrower; (3) result in a breach of or constitute a default under any indenture or loan or credit agreement or any other agreement, lease or instrument to which the Borrower is a party or by which any of their properties may be bound or affected; (4) result in, or require, the creation or imposition of any Lien, upon or with respect to any of the properties now owned or hereafter acquired by the Borrower other than the Lien created under or permitted by any of the Loan Documents; or (5) cause the Borrower to be in default under any such Law, rule, regulation, order, writ, judgment, injunction, decree, determination, award or Governmental Approval or any such indenture or loan or credit agreement or other agreement, lease or instrument. No authorization, approval or other action by, and no notice to or filing with, any Governmental Authority or regulatory body is required for the due execution, delivery and performance by the Borrower of the Loan Documents.

(c) To Borrower is not in violation of any Law or any regulation or requirement of any Governmental Authority (Federal, state, local or foreign and including, without limitation, Environmental Laws) which violation could result in a Material Adverse Change.

(d) The Borrower has obtained or will timely obtain all permits, licenses and other authorizations which are required under all Environmental Laws. Except as disclosed in the Phase I Environmental Site Assessment Report dated _____, 20____, [and the update to the Phase I report dated _____, 20____, all of which were] prepared by _____, the Borrower is in compliance with all Environmental Laws and the terms and conditions of the required permits, licenses and authorizations, and to its knowledge is also in compliance with all other limitations, restrictions, conditions, standards, prohibitions, requirements, obligations, schedules and timetables contained in those Laws or contained in any plan, order, decree, judgment, injunction, notice or demand letter issued, entered, promulgated or approved thereunder. To the knowledge of the Borrower, none of its locations or facilities contain any Hazardous Materials that, under any Environmental Law currently in effect, has or is reasonably likely to result in the imposition of a Lien on any assets of the Borrower, if not properly handled in accordance with applicable Law.

(e) Each Loan Document to which the Borrower is a party is the legal, valid, and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms, except as such enforcement may be limited by applicable bankruptcy, insolvency and other similar laws affecting creditors' rights generally.

(f) No financial statement, information, exhibit or report furnished by the Borrower to the Majority Owner, Servicer or the Trustee in connection with the negotiation of this Agreement contains any material misstatement of fact or omits to state a material fact necessary to make the statement contained therein not materially misleading.

(g) No Material Adverse Change has occurred since January 28, 2007.

(h) Neither the business nor the properties of the Borrower are affected by any fire, explosion, accident, strike, lockout, or other labor dispute, drought, storm, hail, earthquake, embargo, act of God or of the public enemy or other casualty (whether or not covered by insurance).

(i) The Borrower is not a party to any indenture, loan, or credit agreement, or to any lease or other similar agreement or instrument or subject to any charter or corporate restriction which if complied with could result in a Material Adverse Change. The Borrower is not in default in any material respect in the performance, observance, or fulfillment of any of the obligations, covenants or conditions contained in any agreement or instrument.

(j) There is no pending or, to the knowledge of the Borrower, threatened action or proceeding against or affecting the Borrower or the General Partner before any court, governmental agency or arbitrator, which could be adversely determined and if so determined could, in any one case or in the aggregate, result in a Material Adverse Change.

(k) The Borrower (1) has satisfied all judgments, (2) is not-in default with respect to any judgment, writ, injunction, decree, rule, or regulation of any court, arbitrator, or federal, state, municipal, or other Governmental Authority, commission, board, bureau, agency, or instrumentality, domestic or foreign and (3) has cleared or has made satisfactory arrangements to clear the building code violations against the Project to the satisfaction of the Servicer.

(l) The Borrower has title to, or valid leasehold interests in, all of its properties and assets, real and personal, including the Project and the properties and assets and leasehold interests reflected in its financial statements and none of the properties and assets owned by the Borrower and none of its leasehold interests are subject to any Lien, except to the Issuer, the Trustee and Permitted Encumbrances.

(m) The Borrower is in compliance in all respects with all applicable provisions of E.R.I.S.A.; neither a Reportable Event nor a Prohibited Transaction has occurred and is continuing with respect to any Plan; no notice of intent to terminate a Plan has been filed nor has any Plan been terminated; no circumstances exist which constitute grounds under Section 4042 of E.R.I.S.A. on which the P.B.G.C. could institute proceedings to terminate, or appoint a trustee to administrate, a Plan, nor has the P.B.G.C. instituted any such proceedings; neither the Borrower nor any E.R.I.S.A. Affiliate has completely or partially withdrawn under Section 4201 or 4204 of E.R.I.S.A. from a Multiemployer Plan; the Borrower and each E.R.I.S.A. Affiliate has met its minimum funding requirements under E.R.I.S.A., if applicable, with respect to all of their Plans and the present fair market value of all Plan assets, if any, exceeds the present value of all vested benefits under any Plan, as determined on the most recent valuation date of the Plan and in accordance with the provisions of E.R.I.S.A. and the regulations thereunder for calculating the potential liability of the Borrower or any E.R.I.S.A. Affiliate to the P.B.G.C. or the Plan under Title IV of E.R.I.S.A.; and neither the Borrower nor any E.R.I.S.A. Affiliate has incurred any liability to the P.B.G.C. under E.R.I.S.A.

(n) The Borrower possesses all licenses, permits, franchises, patents, copyrights, trademarks and trade names, or rights thereto, necessary to conduct its business substantially as now conducted and has or will possess when required, all licenses, permits, franchises, patents, copyrights, trademarks and trade names, or rights thereto to conduct its business as presently proposed to be conducted, and the Borrower is not in violation of any valid rights of others with respect to any of the foregoing.

(o) The Borrower has or will timely obtain all permits, licenses, authorizations, approvals and consents of Governmental Authorities, and all approvals of any Governmental Authority necessary in any material respect for: (1) the activities and business of the Borrower; (2) the ownership, use, operation and maintenance by it of its properties and assets; and (3) the consummation of the transactions

contemplated by the Loan Documents. All of the Governmental Approvals which have been received by the Borrower have been duly and validly granted by the Governmental Authorities in the jurisdictions where its operations are located, are in full force and effect and have not been amended, modified, rescinded, revoked or assigned. No condition exists or event has occurred which, in itself or with the giving of notice or lapse of time or both, would result in the suspension, revocation, impairment, forfeiture or non-renewal of any Governmental Approval and there is no claim that any such Governmental Approval is not in full force and effect.

(p) The Borrower has not within the six (6) year period immediately preceding the date of this Agreement, changed its name, been the surviving entity of a merger or consolidation, or acquired all or substantially all of the assets or any Person.

(q) The Borrower possesses or will timely obtain all patents, trademarks, service marks, trade names and copyrights, and rights with respect to the foregoing, necessary to conduct its business as now conducted and as proposed to be conducted, without any conflict with the patents, trademarks, service marks, trade names and copyrights and rights with respect to the foregoing, of any other Person.

(r) The Borrower hereby makes to the Issuer, the Trustee, the Servicer and the Majority Owner the same representations and warranties as are set forth by it in each Loan Document to which it is a party, which representations and warranties as well as the related defined terms contained therein, are incorporated herein by reference for the benefit of the Trustee, the Servicer and the Majority Owner with the same effect as if each and every such representation and warranty and defined term were set forth herein in its entirety and were made as of the date hereof. No amendment to such representations and warranties or defined terms made pursuant any Loan Document shall be effective to amend such representations and warranties and defined terms as incorporated by reference herein without the prior written consent of the Majority Owner.

(s) The Borrower is and will be the bona fide owner of the Project in its own right, and the Issuer has a valid interest in the Project, subject on both cases only to the Permitted Encumbrances, and no party other than the Issuer and the Borrower has any beneficial or equitable right, title or interest in the Project or any part thereof.

(t) No approval or other action by any Governmental Authority is required in connection with the execution and performance by the Borrower of the Loan Documents to which the Borrower is a party.

(u) The Borrower has not made any contract or arrangement of any kind (which remains unpaid) the performance of which by the other party thereto would give rise to a Lien on the Project except for the Security Documents, Permitted

Encumbrances and other contracts with materialmen and subcontractors, and the Borrower is not in default under the Security Documents.

(v) There is no default under any Loan Document and no event which has occurred and is continuing which with the notice or passage of time or both would constitute a default under the Loan Documents.

(w) All of the proceeds of the Bonds disbursed to or upon the order of the Borrower shall be used solely for paying Qualified Costs of the Project.

(x) The Partnership Agreement provides, subject to the conditions therein contained, that the Investor Limited Partner is obligated to make equity contributions of not less than [Eleven Million Three Hundred Forty Thousand and no/100 Dollars (\$11,340,000.00)], [One Million Four Hundred Forty-five Thousand and no/100 Dollars (\$1,445,000.00)] of which shall be funded on or before the Closing Date (the "Initial Equity Requirement"), and not less than [Five Hundred Thirty-five Thousand and no/100 Dollars (\$535,000.00)] of which shall be funded in installments during construction, [Seven Million Twenty Thousand and no/100 Dollars (\$7,020,000.00)] of which shall be funded upon the completion of the Improvements, receipt of the final certificate of occupancy and cost certification (collectively, the "Supplemental Equity Requirement"), [Two Million Two Hundred Ten Thousand and no/100 Dollars (\$2,210,000.00)] of which shall be funded upon receipt of I.R.S. Form 8609, one hundred percent (100%) qualified occupancy and the Conversion Date (the "Final Equity Requirement"), and the balance upon the receipt of the 2009 partnership tax return.

(y) The Development Budget accurately reflects all of the Project Costs.

(z) The Borrower will comply with all terms, conditions and provisions of the Regulatory Agreement. All of the representations and warranties made by the Borrower in Regulatory Agreement and in the T.I.F. Agreement are incorporated herein by reference and are remade and confirmed herein by the Borrower.

Section 2.3 Covenants By The Borrower.

(a) Affirmative Covenants. The Borrower hereby covenants and agrees that, on and after the Closing Date, for so long as the Bonds remain outstanding or any amount is owing by the Borrower to the Trustee hereunder or under any other Basic Document, it will:

(i) Engage solely in the business of financing, owning and operating the Project, and activities incident thereto and preserve and maintain its existence, and good standing in the jurisdiction of its formation, and qualify and remain qualified, in each jurisdiction in which the failure to so qualify could result in a Material Adverse Change.

(ii) Do, or cause to be done, all things reasonably necessary to preserve and keep in full force and effect its existence as a limited partnership under the laws of the State of Illinois, and maintain all material rights, permits, approvals and privileges necessary for the conduct of its business including, without limitation, the Governmental Approvals.

(iii) Maintain, keep and preserve all of its properties (tangible and intangible) necessary or useful in the proper conduct of its business in good working order and condition, ordinary wear and tear excepted.

(iv) Continue to engage in a business of the same general type as conducted by it on the Closing Date.

(v) Maintain insurance policies as required by this Agreement.

(vi) Obtain and maintain all permits, licenses and other Governmental Approvals as may be necessary for the operation of its business.

(vii) Comply in all respects with all applicable Laws, rules, regulations, orders and Governmental Approvals necessary for the operation of the Borrower, except to the extent failure to comply would not result in a Material Adverse Change, such compliance to include, without limitation, paying before the same become delinquent all taxes, assessments and governmental charges imposed upon it or upon its property, except to the extent such taxes, assessments and governmental charges are the subject of a Good Faith Contest. Without limiting the generality of this section, comply in all material respects with all applicable Environmental Laws and immediately pay or cause to be paid all costs and expenses incurred in connection with such compliance.

(viii) Upon reasonable prior written notice and during normal business hours, permit the Servicer or any agent or representative thereof to examine and make copies of and abstracts from the records and books of account of, and visit the properties of, the Borrower to discuss the affairs, finances, and accounts of the Borrower with any of its respective officers and directors and independent accountants.

(ix) Comply in all respects with the requirements of the Code so that the Project meets the requirements of a "qualified low-income housing project" under Section 42(g) of the Code and of a "qualified residential rental project" under Section 142(d) of the Code.

(x) Furnish or caused to be furnished to the Servicer (provided, however, the items listed in subsection (E) below shall also be furnished to the Trustee):

(A) Annual Financial Statements. Within one hundred twenty (120) days after the close of each fiscal year audited financial statements of the Borrower,

including balance sheets and statements of operations and earnings and changes in financial position, each examined and reported upon by an independent certified public accounting firm satisfactory to the Servicer, prepared in accordance with G.A.A.P.;

(B) Entity Guarantors' Financial Statements. From the date hereof and until the Stabilization Date and within one hundred twenty (120) days after the close of each fiscal year audited financial statements of the Entity Guarantor including balance sheets and statements of operations and earnings and changes in financial position, each examined and reported upon by an independent certified public accounting firm satisfactory to the Servicer;

(C) Individual Guarantor's Statements. From the date hereof and until the Stabilization Date and within one hundred twenty (120) days after the close of each calendar year, certified financial statements of the Individual Guarantor on the Servicer's standard form (or other form acceptable to the Servicer);

(D) Notice Of Litigation. Promptly after the commencement thereof, notice of all actions, suits and proceedings before any court or governmental department, commission, board, bureau, agency, or instrumentality domestic or foreign, affecting the Borrower which, if determined adversely to the Borrower could result in a Material Adverse Change;

(E) Notice Of Defaults And Events Of Default. As soon as possible and in any event within seven (7) days after any officer of the General Partner has actual knowledge of the occurrence of each Default or Event of Default, a written notice setting forth the details of such Default or Event of Default and the action which is proposed to be taken by the Borrower with respect thereto;

(F) E.R.I.S.A. Reports. As soon as possible and in any event within seven (7) days after the Borrower knows that any Reportable Event or Prohibited Transaction has occurred with respect to any Plan or that the Borrower has instituted or will institute proceedings under Title IV of E.R.I.S.A. to terminate any Plan, the Borrower will deliver to the Servicer a certificate of its chief financial officer, setting forth details as to such Reportable Event or Prohibited Transaction or Plan termination and the action the Borrower proposes to take with respect thereto;

(G) Reports To Other Creditors. Upon the written request of the Servicer, promptly after the furnishing thereof, copies of any statement or report furnished by the Borrower to any other party pursuant to the terms of any indenture, loan, or credit or similar agreement and not otherwise required to be furnished to the Majority Owner, the Servicer or the Trustee pursuant to any other clause of this Section 2.3:

(H) Environmental. Promptly upon receipt thereof, copies of all Environmental Notices received by the Borrower;

(I) Material Adverse Change. As soon as possible and in any event within seven (7) days after actual knowledge of the occurrence of any event or circumstance which could result in or has resulted in a Material Adverse Change, written notice thereof;

(J) Plan. Promptly after establishing any Plan, notice of such Plan;

(K) Tax Returns. Within ten (10) days of the date of filing thereof, copies of the Borrower's federal income tax returns with all schedules thereto;

(L) Other Information. To the extent that the effect of the information contained therein would be materially adverse to the business or operation of the Borrower, promptly upon their becoming available, copies of any (i) financial statements, projections, non-routine reports, notices (other than routine correspondence), requests for waivers, in each case, delivered by the Borrower to any lending institution other than the Issuer, the Trustee and the Servicer; (ii) correspondence or notices received by the Borrower from any federal, state or local Governmental Authority which regulates the operations of the Borrower, relating to an actual or threatened change or development which would be materially adverse to the Borrower; (iii) written reports submitted by its independent accountants in connection with any annual or interim audit of the books of the Borrower made by such accountants; and (iv) any appraisals received by the Borrower with respect to the properties or assets of the Borrower; and

(M) General Information. Such other information respecting the condition or operations, financial or otherwise, of the Borrower as the Servicer may from time to time reasonably request.

(xi) Comply with all of its Organizational Documents.

(xii) Deliver to the Servicer copies of all leases (other than leases to residential tenants in the ordinary course of business and equipment leases in the ordinary course of business) of the Project, whether executed before or after the date of this Agreement.

(xiii) Confirm and assure that the Project, equipment, buildings, plans, offices, apparatus, devices, contracts, documents and other material papers relating thereto shall at all times be maintained in reasonable condition for proper audit and shall be subject to examination and inspection at any reasonable time, and upon reasonable advance notice by the Trustee, the Servicer, the Majority Owner or the duly authorized agent of any of them and shall keep copies of all written

contracts or other instruments which affect the Project, all or any of which shall be subject to inspection and examination at any reasonable time, and upon reasonable advance notice, by the Trustee, the Servicer, the Majority Owner or the duly authorized agent of any of them.

(b) Negative Covenants. The Borrower hereby covenants and agrees that, on and after the Closing Date, for so long as the Bonds remain outstanding or any amount is owing by the Borrower to the Trustee hereunder or under any other Loan Document, it will not:

(i) Without the prior written consent of the Servicer, create or incur any Debt, other than (1) as permitted or required under the Loan Documents or the Indenture, (2) trade indebtedness (which shall not include any borrowing, trade acceptances or notes given in settlement of trade indebtedness) incurred in the ordinary course of business and not more than thirty (30) days overdue, (3) deferred developer fees and other fees to Affiliates under the Partnership Agreement, or (4) other indebtedness incurred in the ordinary course of business and not exceeding the aggregate amount of One Hundred Thousand and no/ 100 Dollars (\$100,000.00) outstanding at anytime.

(ii) Merge or consolidate with, or sell, assign, lease, or otherwise dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired), to any Person, or acquire an ownership interest in or all or substantially all of the assets or the business of any Person.

(iii) Engage in any businesses other than those necessary for the ownership, management, leasing or operation of the Project and any business transaction with an Affiliate of the Borrower, or the General Partner, all of which shall be entered into upon terms and conditions that are substantially similar to those that would be available on an arms length basis with a third Person other than an Affiliate of the Borrower, or the General Partner; not make any loans or advances to any third Person (including any Affiliate of the Borrower); and not commingle the funds and other assets of the Borrower with those of any Affihate or any other Person or enter into any material activity that is not connected with the Project, nor operate the Project in a manner other than as permitted under the Loan Documents and the Indenture.

(iv) Sell, lease, assign, transfer or otherwise dispose of any of its now owned or hereafter acquired assets of any material nature, except as permitted under the Indenture and the Loan Documents.

(v) Except in connection with the Loan Documents and the Indenture, guaranty, endorse or otherwise in any way become responsible for the obligations of any Person except to the Issuer, the Trustee, the Servicer or the Majority Owner,

whether by agreement to purchase indebtedness, or agreements for furnishing funds through the purchase of goods, supplies or services (or by stock purchase), capital contribution, advance or loan for the purpose of paying or discharging any indebtedness or obligations of any other Person, or agreement to maintain capital or net worth of any other Person, or otherwise, excepting from the purview of this clause, endorsements of negotiable instruments for collection and guarantees to the Trustee or the Majority Owner.

(vi) Modify, amend, supplement or terminate, or agree to modify, amend, supplement or terminate, (1) any of its Organizational Document in any manner inconsistent with this Agreement or the other Loan Documents or which would have a material adverse effect on the rights and interests of the Bondholders as a class, without the prior written consent of Servicer, or (2) any agreements, which would have a material adverse effect on the rights of Bondholders as a class or the Servicer hereunder or evidences of indebtedness covered by any of the Loan Documents or the Indenture; or (3) make any material changes in its structure as a limited partnership or the General Partner's structure as a limited liability company, except as to a Permitted Partnership Transfer.

(vii) Own any subsidiary or make any investment in or acquire the obligations or securities of any other Person or entity.

(viii) Commingle its assets with the assets of any of its partners, members, shareholders, Affiliates or of any other Person or entity or transfer any assets to any such Person or entity other than distributions on account of equity interests in the Borrower permitted under the Loan Documents and properly accounted for.

(ix) Make any loans to any third party or any advancement to any third party which are not to be repaid in the ordinary course of business, including any shareholder, partner, member, principal or Affiliate.

(x) Fail to file its own tax returns or to use separate contracts, purchase orders, invoices and checks.

(xi) Fail either to hold itself to the public as a legal entity separate and distinct from any other entity or Person or to its conduct business solely in its own name in order not to (1) mislead others as to the entity with which such other party is transacting business, or (2) suggest that the Borrower is responsible for the debts of any third party (including any shareholder, partner, member, principal or Affiliate).

(xii) Fail to maintain adequate capital for the normal obligations reasonably foreseeable for any business of its size and character and in light of its contemplated business operations.

(xiii) (1) be or become subject at any time to any law, regulation, or list of any government agency, including without limitation the United States Office of Foreign Asset Control lists that prohibits or limits the Issuer for making any advance or extension of credit to the Borrower or from otherwise conducting business with the Borrower, or (2) fail to provide documentary or other evidence of the Borrower's identity as may be reasonably requested by the Issuer or the Servicer to comply with any law or regulation, including without limitation, Section 236 of the Patriot Act (U.S.C. Section 5318) applicable to the Servicer (if requested by the Servicer), or the Issuer (if requested by the Issuer).

(xiv) Fail to comply with the requirements of the Indenture, including, without limitation, as to the disbursement and use of Bond proceeds.

(xv) Except for Permitted Encumbrances, create or suffer to be created or to exist any easement, right-of-way, restriction, covenant, condition, license or other right in favor of any Person which affects or might affect title to the Project or the use and occupancy of the Project or any part thereof without obtaining the prior written consent of the Servicer.

(xvi) Take any action that would adversely affect the exclusion of interest on the Bonds from gross income for purposes of federal income taxation, nor omit or fail to take any action required to maintain the exclusion of interest on the Bonds from gross income for purposes of federal income taxation.

Article III.

Loan And Provisions For Repayment.

Section 3.1 Issuance Of Bonds And Delivery Of Notes And Other Loan Documents.

(a) In order to finance a portion of the Project Costs constituting Qualified Project Costs, the Issuer has issued and caused the Trustee to authenticate and deliver the Bonds pursuant to the Indenture to the initial Bondholders and has loaned the proceeds received from the sale of the Bonds to the Borrower, by causing such amounts to be deposited with the Trustee for application in accordance with the provisions of the Indenture and this Agreement.

(b) Upon receipt of a properly signed Requisition approved by the Servicer (which approval the Borrower acknowledges is expressly subject to the conditions and receipt by the Servicer of the items described on (Sub)Exhibit E hereto), the Trustee is authorized to act thereon without further inquiry. Neither the Trustee nor the

Issuer nor the Servicer shall be responsible for the application by the Borrower of monies properly disbursed from the Project Fund.

(c) Concurrently with the sale and delivery of the Bonds, and to evidence further the obligation to repay the Loan in accordance with the provisions of this Agreement, the Borrower has executed and delivered the Notes and the other Loan Documents.

Section 3.2 Loan Repayments.

(a) From and after the Closing Date, the Borrower shall pay, by wire transfer no later than one Business Day prior to each Interest Payment Date and any other date payments are required to be made to the Bondholders, to the Trustee for deposit into the applicable Subaccount of the Revenue Fund the amount necessary (after taking into account funds available for such purpose, if any, in the applicable Subaccount of the Capitalized Interest Account of the Project Fund, Principal Reserve Fund or other funds available for such purpose) to pay the principal, premium, if any, purchase price and interest on each series of Bonds due and payable on each Bond Payment Date and for deposit into the Tax and Insurance Fund, and the Replacement Reserve Fund as of such Bond Payment Date, the respective amounts required to be deposited therein. The Borrower shall also pay to the Trustee for deposit into the Principal Reserve Fund, the amounts set forth in the attached (Sub)Exhibit H, as such schedule may be amended from time to time (the "Principal Reserve Fund Schedule"), subject to the next sentence, with the prior consent of the Servicer, and if there is no Servicer, with the prior consent by the Majority Owner. In addition, upon a prepayment of the Bonds other than in connection with a prepayment from Principal Reserve Fund payments, the Servicer shall adjust, without consent of the Bondholders, the Principal Reserve Fund Schedule in order to reduce future Principal Reserve Fund payments pro rata to take into account the prepayment of the Bonds. Amounts so paid to the Trustee by the Borrower shall be in immediately available funds or shall be such that on the Bond Payment Date they are available funds.

(b) The Trustee shall provide a written invoice to the Borrower at least two (2) Business Days prior to each Interest Payment Date or each Bond Payment Date, as applicable, of the amounts due pursuant to Section 3.2(a) above; provided that in the event such amounts cannot be determined within such time frame, the Trustee shall provide a written invoice to the Borrower at least one (1) Business Day prior to each Interest Payment Date or each Bond Payment Date, as applicable, of the amounts due pursuant to Section 3.2(a) above.

(c) The Borrower agrees to repay the Loan at the times and in the amounts necessary to enable the Trustee, on behalf of the Issuer, to pay all amounts payable with respect to the Bonds, when due, whether at maturity or upon redemption, acceleration, tender, purchase or otherwise.

(d) The Borrower agrees to pay on demand to the Servicer and the Majority Owner all reasonable, out-of-pocket third (3rd) party costs and expenses incurred by Majority Owner (other than in its capacity as a Bondholder) or Servicer (including, but not limited to, reasonable fees and expenses of counsel) in connection with or related to the Loan Documents; provided, however, that the Servicer shall provide five (5) days written notice to the Borrower of such expenditures, unless such expenditures should be reasonably anticipated by the Borrower, or delaying incurring the expenditures would be detrimental to the Bondholders. In addition, Borrower shall pay all fees, costs and expenses of the Majority Owner and/or the Servicer with respect to or in connection with the enforcement of any and all of the Loan Documents. Notwithstanding the foregoing, the Borrower will not be obligated to pay the Servicer any ongoing annual fee of the Servicer for its duties as Servicer under the Loan Documents (the "Servicing Fee") unless and until an Event of Default shall have occurred.

(e) In the event the Borrower shall fail to make any of the payments required in this Article III with respect to any Bonds, the payment so in default shall continue as an obligation of the Borrower until the amount in default shall have been fully paid and the Borrower will continue to pay all amounts due on the Bonds and otherwise due hereunder during such time until paid.

(f) All payments, interest, fees and other amounts payable by the Borrower hereunder, under the Indenture and the Loan Documents, shall be made in immediately available funds by 2:00 P.M., (prevailing Eastern time), on the date required under this Agreement, the Indenture or the Loan Documents, as the case may be, free and clear of, and without deduction for, any taxes, withholdings or other charges imposed on such payment. Should any such taxes, withholdings or other charges be imposed on any such payment, the Borrower will pay them and remit to the Trustee an amount equal to what the Trustee would have received had such a tax, withholding or other charge not been imposed, together with receipts evidencing payment of same.

Section 3.3 Payments Pledged And Assigned.

It is understood and agreed that the Loan Documents and certain other documents and property and all payments required to be made by the Borrower pursuant hereto (except payments to be made to the Servicer and the Majority Owner under the Loan Documents and Indenture) have been assigned to the Trustee simultaneously herewith pursuant to the Indenture as and for security for the Bonds. The Borrower hereby consents to such assignment and recognizes the assignee of the Issuer, or the further as assignee, to the extent of the assignment, as the Issuer for purposes of said documents and property.

Section 3.4 Exercise Of Remedies.

Borrower, Servicer, Majority Owner, Trustee and Issuer agree that the Trustee has the right to exercise certain remedies and take certain actions in connection with an Event of Default under the Loan Documents and that Trustee shall exercise such remedies and/or take such actions at the written direction of the Servicer; provided, however, if a Servicer does not exist, Trustee shall exercise such remedies and take such actions subject to the provisions of the Loan Documents, in accordance with the terms of the Indenture.

Section 3.5 Obligations Of Borrower Hereunder Unconditional.

The obligations of the Borrower to make any payments required by the terms of this Agreement and the other Loan Documents, including, without limitation, the payments required in Section 3.2 hereof, and to perform and observe the other agreements on its part contained herein and in the other Loan Documents shall be absolute and unconditional and shall not be subject to any defense (other than payment) or any right of set-off, counterclaim, abatement or otherwise and, until such time as the principal of, and interest and premium, if any, on the Bonds shall have been fully paid or provision for the payment thereof shall have been made in accordance with the Indenture; the Borrower (i) will not suspend or discontinue, or permit the suspension or discontinuance of, any payments provided for herein or in the other Loan Documents, (ii) will perform and observe all of its other agreements contained herein and the other Loan Documents and (iii) will not suspend the performance of its obligations hereunder and under the other Loan Documents for any cause including, without limiting the generality of the foregoing, failure to complete construction of the Project, any acts or circumstances that may constitute failure of consideration, failure of or a defect of title to the Project or any part thereof, eviction or constructive eviction, destruction of or damage to the Project, commercial frustration of purpose, any change in the tax or other laws or administrative rulings of or administrative actions by the United States of America or the State or any political subdivision of either, or any failure of the Issuer to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with this Agreement or the other Loan Documents. The Borrower may, at its own cost and expense and in its own name or in the name of the Issuer (provided the Issuer is a necessary party and consents thereto), prosecute or defend any action or proceeding or take any other action involving third persons which the Borrower deems reasonably necessary in order to secure or protect its rights hereunder, and in such event the Issuer, subject to the provisions of the Indenture, hereby agrees to cooperate fully with the Borrower and to take all action (at the Borrower's cost and expense) necessary to effect the substitution of the Borrower for the Issuer in any such action or proceeding if the Borrower shall so request.

*Article IV.**Advances.*

Section 4.1 Requisition.

(a) At such time as the Borrower shall desire to obtain an advance from the Project Fund, the Borrower shall complete, execute and deliver a Requisition to the Servicer and the Trustee, in the form attached hereto as (Sub)Exhibit C. The Borrower shall use the proceeds of the Bonds solely for the purpose of paying for Project Costs. Subject to compliance by Borrower with the terms, provisions and conditions of this Agreement, including the requirement set forth in (Sub)Exhibit E, the Servicer shall provide its written consent for the Trustee to make advances of the Project Fund to the disbursing account set forth in the Escrow and Disbursement Agreement for the benefit of the Borrower pursuant to the Requisition, subject to the Retainage, (i) for direct construction costs incurred by the Borrower in connection with the construction of the Improvements (hereinafter referred to as "Direct Construction Costs"), as itemized in a trade breakdown schedule reviewed and accepted by the Servicer and the Construction Consultant (hereinafter referred to as the "Trade Breakdown Schedule"), as the same may be revised from time to time after the date hereof with the prior review and acceptance of the Servicer and the Construction Consultant, and (ii) for costs, other than Direct Construction Costs, incurred by the Borrower in connection with the Bonds or the construction of the Improvements (hereinafter referred to as "Other Project Costs"), as itemized in a schedule reviewed and accepted by the Servicer (hereinafter referred to as the "Schedule of Other Project Costs"), as the same may be revised from time to time after the date hereof with the prior review and acceptance of the Servicer. If there is a savings in a particular line item set forth in the Trade Breakdown Schedule or in the Schedule of Other Project Costs, and if such savings is substantiated by evidence satisfactory to the Servicer, the Borrower shall have the right, upon prior approval of the Servicer, to reallocate such savings to other line items in the Trade Breakdown Schedule and the Schedule of Other Project Costs with respect to which additional costs have been incurred or to the Contingency Reserve (as hereinafter defined), provided, however, that the Borrower shall in no event or under any circumstance have the right to reallocate any portion of the Contingency Reserve (as hereinafter defined) without in each instance obtaining the prior approval of the Servicer, which approval may be withheld in the sole and absolute discretion of the Servicer, or to cause a reallocation to occur which in the opinion of the Servicer will adversely affect or impair in any manner whatsoever the lien or priority of lien of the Mortgage. Except as hereinafter specifically provided to the contrary in Section 4.8 of this Agreement, the Servicer shall not be required to consent to any advances of the fund proceeds for costs incurred by the Borrower with respect to materials stored on or off the Premises unless the Servicer shall, in its sole discretion, deem it advisable to do so. The Servicer shall not be obligated to consent to, and the

Trustee shall not be obligated to make, advances of Loan proceeds more frequently than once every thirty (30) days. Each Requisition shall in each case be signed by a duly Authorized Representative of the Borrower and shall be delivered to the Servicer not less than ten (10) Business Days prior to the date upon which an advance of Loan proceeds is requested. Each Requisition shall be signed by a duly Authorized Representative of the Borrower and shall be based upon the Trade Breakdown Schedule and the Schedule of Other Project Costs and shall be accompanied by (i) a currently dated sworn statement and request for partial payment from the Contractor or in such other form as may be acceptable to the Servicer, as approved by the Construction Consultant, and accompanied by a waiver of lien from the Contractor in form satisfactory to the Servicer, (ii) such waivers of lien and other documents and instruments as may be requested or required by the Servicer with respect to subcontractors and materialmen engaged in the construction of the Improvements, (iii) at the request of the Servicer, the requisitions for payment from subcontractors and materialmen engaged in the construction of the Improvements, and (iv) such other information and documents as may be requested or required by the Servicer or the Construction Consultant. All Requisitions shall be approved by the Borrower and the Contractor and recommended for payment by the Construction Consultant. The Servicer shall not be obligated to consent to any Requisition in excess of the amount, from time to time, of Project Costs, unless the Servicer, in its reasonable discretion, deems it advisable to do so. The Servicer shall not be obligated to authorize the Trustee to make an advance of the Loan proceeds unless the Servicer is satisfied, in its reasonable discretion, that the conditions precedent to the making of such advance as set forth in this Agreement, including in (Sub)Exhibit E, have been satisfied by the Borrower. Anything in this Agreement or any other agreement made with respect to the Bonds to the contrary notwithstanding, any advance of the Construction Fund or approval or acceptance given by the Servicer or the Construction Consultant, herein or therein, whether or not before or after a site observation of the Improvements by the Construction Consultant or otherwise, shall not be deemed to be an approval or acceptance by the Servicer or the Construction Consultant of any work performed thereon or approval or acceptance by the Servicer or the Construction Consultant of any work or materials done or furnished with respect thereto or a representation by the Servicer or the Construction Consultant as to fitness of such work and materials. Except as permitted under the terms of the Developer Fee Pledge, the Borrower may not requisition or receive any Requisition for any amounts designated for or allocated to the payment of a "developer's fee" prior to the date on which the Project has achieved Stabilization without the Servicer's specific written acknowledgment and consent to the proposed Requisition in addition to the actual Requisition. "Developer's fee" does not include items designated as "overhead" in the Development Budget. Notwithstanding anything to the contrary contained herein, advances from the Project Fund shall not be disbursed until the Project has been approved to receive all building permits necessary for the commencement of construction of the Improvements.

(b) Supplemental Advance. The Borrower shall certify to the Servicer, Trustee and Bondholder that there exists no Default or Event of Default on the date of the proposed Supplemental Advance and the Servicer shall confirm to the Bondholder that no Deficiency then exists.

Section 4.2 Trust Fund.

The Borrower shall receive the advances of the Project Fund and shall hold the right to receive such advances of the Project Fund as a trust fund to be applied first for the purpose of paying the cost of the Improvements, and the Borrower shall apply the same first to the payment of the cost of the Improvements before using any part of the same for any other purpose.

Section 4.3 Interest Reserve.

The Capitalized Interest Account shall contain sufficient funds in order to cover payment of interest incurred and fees payable to the Trustee and the Issuer by Borrower in the amount of not less than \$_____ and shall not be advanced for any other purpose unless otherwise agreed to the contrary by the Servicer.

Section 4.4 Deficiency.

(a) The Servicer shall not be obligated to authorize the Trustee to make any advance of the Project Fund if, in the reasonable opinion of the Servicer, the balance of the Project Fund yet to be advanced, the balance of the other committed funding sources available to the Borrower during construction (actual or unconditionally committed) and the undisbursed balance of the Required Equity Funds are at any time less (the amount by which it is less being hereinafter referred to as the "Deficiency") than the actual sum, as estimated by the Servicer, which will be required (x) to complete the construction of the Improvements in accordance with the Plans and Specifications and this Agreement and to pay all Direct Construction Costs, Other Project Costs and all other costs and expenses of any nature whatsoever (except deferred developer fees) which will be incurred in connection with the completion of construction of the Improvements, and (y) to cover the payment of all operating deficits of the Project (inclusive of debt service in connection with the Bonds) through the date upon which the Servicer reasonably anticipates that the actual gross cash flow of the Project will be sufficient to cover all operating expenses of the Project, inclusive of debt service in connection with the Bonds.

(b) The Borrower shall within fifteen (15) days after being notified by the Servicer that there is or will be a Deficiency, either (i) invest in the Improvements in a manner satisfactory to the Servicer an amount equal to the Deficiency and deliver

to the Servicer evidence satisfactory to the Servicer of such investment, which investment shall remain invested in the Improvements until the Stabilization Date, or (ii) deposit with the Trustee an amount sufficient to eliminate the Deficiency. Any amounts deposited by the Borrower with the Trustee pursuant to clause (ii) of the preceding sentence of this paragraph to cover a Deficiency shall be disbursed by the Trustee upon the direction of the Servicer to the Borrower in accordance with the terms of this Agreement and the Indenture and shall be applied by the Borrower to cover the payment of Direct Construction Costs and Other Project Costs incurred in connection with the construction of the improvements, and until so disbursed shall be held by the Trustee in the Construction Fund. If an Event of Default (as hereinafter defined) shall occur and be continuing, the Servicer, in addition to all other rights which it may have, shall have the absolute and unconditional right in its reasonable discretion to instruct the Trustee in writing to apply the undisbursed balance of any Deficiency deposit, together with interest earned thereon, in whole or in part to the payment of the Loan in such order, priority and proportion as the Servicer in its reasonable discretion deems to be appropriate.

Section 4.5 Completion Of Improvements.

(a) The Borrower has submitted to the Servicer and the Construction Consultant a set of final Plans and Specifications for the Improvements prepared by the Architect, which Plans and Specifications have been reviewed and accepted by the Servicer and the Construction Consultant. The Borrower acknowledges that (i) the Construction Consultant has been retained by the Servicer to act as a consultant and only as a consultant to the Servicer in connection with the construction of the Improvements, (ii) the Construction Consultant shall in no event or under any circumstance have any power or authority to make any decision or to give any approval or consent or to do any other act or thing which is binding upon the Servicer or the Majority Owner and any such purported decision, approval, consent, act or thing by the Construction Consultant on behalf of the Servicer or the Majority Owner shall be void and of no force or effect, (iii) the Servicer reserves the right to make any and all decisions required to be made by the Servicer under this Agreement and to give or refrain from giving any and all consents or approvals required to be given by the Servicer under this Agreement and to accept or not accept any matter or thing required to be accepted by the Servicer under this Agreement, in each instance in its reasonable discretion, and without in any instance being bound or limited in any manner or under any circumstance whatsoever by any opinion expressed or not expressed, or advice given or not given, or information, certificate or report provided or not provided, by the Construction Consultant to the Servicer or any other person or party with respect thereto, (iv) the Servicer reserves the right in its sole and absolute discretion to disregard or disagree, in whole or in part, with any opinion expressed, advice given or information, certificate or report furnished or provided by the Construction Consultant to the Servicer or any other person or party, (v) the Servicer reserves the right in its sole and absolute discretion to replace the Construction Consultant with

another construction consultant selected by the Servicer and approved by the Borrower at any time and (vi) Borrower shall not in any event rely upon any purported decision, approval, consent, act or thing by the Construction Consultant. The Borrower represents and warrants to the Servicer that the Plans and Specifications are complete in all material respects and have been submitted to the Contractor, and the Contractor has agreed to perform its obligations under the Construction Contract in a manner consistent with the requirements of the Plans and Specifications. The Borrower represents and warrants to the Servicer and Majority Owner that (A) the Borrower has obtained from the appropriate Governmental Authorities all required approvals (including, without limitation, all environmental approvals) with respect to the Plans and Specifications and the Improvements, and (B) all necessary permits, certificates, licenses and other approvals required for the construction of the Improvements have been issued or obtained from the appropriate Governmental Authorities, and (C) all necessary permits, certificates, licenses, and other approvals required for construction of the Improvements shall be unconditional, valid, final, and shall fully authorize Borrower to commence and complete the Project substantially in accordance with the Plans and Specifications. Subject to the provisions of Section 4.9 of this Agreement, each substantial or material addition or modification to the Plans and Specifications or to the Construction Contract must be acceptable to the Servicer, the Construction Consultant and, to the extent required by law, shall be approved and permitted by the appropriate Governmental Authorities. The Borrower shall not commence any work on any stage or phase of the Improvements unless all required permits, certificates, licenses and approvals therefor have been issued or obtained from appropriate Governmental Authorities. The Borrower shall construct and equip the Improvements substantially in accordance with the Plans and Specifications free and clear of all mechanics' liens, notices of intention to file mechanic's lien, notices of pendency, stop orders or comparable liens or filings and all other liens, encumbrances and security instruments of any nature whatsoever (other than the Mortgage, Permitted Encumbrances, liens that have been transferred to bond, and other exceptions to title specifically set forth in the policy of title insurance insuring the lien of the Mortgage or as may otherwise be specifically approved by the Servicer). The Servicer and Majority Owner shall without additional cost or expense have the use of the Plans and Specifications as accepted by the Servicer and the Construction Consultant upon the occurrence beyond any applicable grace and cure period of an Event of Default. The Improvements shall be constructed and equipped in compliance with the requirements of the Governmental Authorities and the appropriate Board of Fire Underwriters, if any, or other similar body, if any, acting in and for the locality in which the Project is situated. Compliance with the provisions of this section and any other provisions of this Agreement relating to the construction and equipping of the Improvements shall be determined by the Servicer in its reasonable discretion. At all times and without notice, the Servicer, the Construction Consultant and their respective agents and employees, shall have the right-of-entry and free access to the Land to inspect the Improvements, and to any off-site location to inspect any off-site stored materials for which the Servicer is permitting money to be advanced hereunder.

(b) Subject to subsection (c) below, construction of the Improvements shall be completed substantially in accordance with the Plans and Specifications and the provisions of this Agreement on or before the Completion Date. For the purposes of this Agreement, the Improvements shall not be deemed to have been completed until (i) the Improvements have, in the opinion of the Servicer and the Construction Consultant, been completed substantially in accordance with the Plans and Specifications, (ii) the Improvements shall contain all furniture, fixtures and equipment required for the use and operation of the Improvements or which may be required by any Governmental Authority or by any law, regulation or rule of any Governmental Authority, (iii) all permanent certificates of occupancy (or their local equivalent) and all other certificates, licenses, consents and approvals required for the use and operation of the Improvements shall have been issued by or obtained from the appropriate Governmental Authorities, (iv) all Direct Construction Costs, Other Project Costs, and other costs and expenses incurred in connection with the construction and equipping of the Improvements, shall have been paid in full, or as to contested or punchlist items, one hundred fifty percent (150%) of the value as estimated by the Construction Consultant shall have been escrowed with the Trustee.

(c) The Completion Date shall be extended for a period of time equal to the number of days during which the Borrower is prevented from proceeding with the construction of the Improvements by reason of force majeure, provided that (i) no default shall have occurred and shall be continuing under the this Agreement, the Loan Documents and the Indenture, (ii) the aggregate of any such respective extensions of each of the Completion Date and the Stabilization Date pursuant to the provisions of this paragraph shall in no event be for a period of time in excess of sixty (60) days, and (iii) the Borrower notifies the Servicer of the events constituting such force majeure within fifteen (15) days after the Borrower has knowledge of their occurrence. No extension of the Completion Date pursuant to this paragraph shall be construed as extending the maturity date of the Notes. If the Completion Date is extended by reason of force majeure pursuant to the provisions of this paragraph and if subsequent to such extension the Borrower makes up all or any portion of such force majeure delay, such extension of the Completion Date shall be reduced by the number of days the Borrower is able to make up after the occurrence of such force majeure delay. The term "force majeure" as used in this paragraph shall include acts of God, flooding, strikes, lockouts or other labor trouble, materially adverse weather conditions, fire or other casualty, governmental preemption in connection with a national emergency, any rule, order or regulation of any governmental agency or any department or subdivision thereof, or inability to secure materials or labor because of any such emergency, rule, order, regulation, war, civil disturbance, acts of terrorism or other emergency, cause or event beyond the reasonable control of the Borrower.

(d) Servicer shall prepare, on or before the earlier of the Stabilization Date or _____, 20__ [thirty (30) months] a Principal Reserve Fund Schedule in accordance with (Sub)Exhibit H attached hereto.

Section 4.6 Contingency.

A portion of the Project Fund in the amount of [One Million Four Hundred Fifty Thousand and no/100 Dollars (\$1,450,000.00)] (hereinafter referred to as the "Contingency Reserve") shall be reserved to cover the payment of hard cost contingencies incurred in connection with the construction of the Improvements (including, without limitation, the payment of additional unanticipated costs incurred with respect to particular line items set forth in the Trade Breakdown Schedule and the Schedule of Other Project Costs and additional costs incurred in connection with change orders entered into in conformity with the provisions of this Agreement), and shall not be advanced for any other purpose prior to the completion of construction of the Improvements pursuant to this Agreement unless agreed to the contrary by the Servicer in its sole and absolute discretion. All advances from the Contingency Reserve shall be subject to specific prior review and approval in all respects by the Servicer.

Section 4.7 Stored Materials.

Notwithstanding anything to the contrary contained in this Agreement, the Servicer may consent to disbursements of funds (subject to the Retainage) to pay for Direct Construction Costs actually incurred by the Borrower for Stored Materials up to Fifty Thousand and no/100 Dollars (\$50,000.00), provided that (i) such Stored Materials are in accordance with the Plans and Specifications approved by the Servicer and the Construction Consultant, (ii) such Stored Materials are securely stored, properly inventoried, and clearly stenciled or otherwise marked to indicate that they are the property of the Borrower, (iii) such Stored Materials if they are stored off-site, are stored in a bonded warehouse or with a contractor, materialman or fabricator who bears the risk of loss until delivery and installation of such materials in the construction of the Improvements as part of the work in place, and who has supplied a bond securing such contractor's, materialman's or fabricator's obligation to so deliver and install such Stored Materials, which bond shall be issued by a company, shall be in an amount and shall be in form and substance satisfactory to the Servicer and shall name the Trustee as a dual obligee, (iv) the bills of sale and contracts under which such Stored Materials are being provided shall be in form and substance satisfactory to the Servicer and the Construction Consultant, (v) such Stored Materials are insured against casualty, loss and theft in a manner satisfactory to the Servicer, (vi) the Borrower owns such Stored Materials free and clear of all liens and encumbrances of any nature whatsoever and establishes such ownership by evidence satisfactory to the Servicer, (vii) the

Borrower executes and delivers to the Servicer such additional security documents as the Servicer shall deem necessary to create and perfect a first lien in such Stored Materials as additional security for repayment of the Bonds, and (viii) the aggregate amount of such disbursements for such Stored Materials shall in no event at any time exceed the actual Direct Construction Costs incurred by the Borrower for such Stored Materials as verified by the Construction Consultant pursuant to the provisions of this Agreement. The Servicer shall in no event or under any circumstance have any obligation to authorize the Trustee to make any advance of the funds for materials which are stored off-site unless the Servicer shall agree to the contrary in its sole and absolute discretion.

Section 4.8 Restriction On Change Orders; Completion In Accordance With Plans And Specifications.

Notwithstanding anything to the contrary contained in this Agreement, the Borrower shall have the right to enter into or to authorize the entering into of change orders with respect to the Improvements without obtaining the Servicer's or the Construction Consultant's prior acceptance, provided that (i) no such change order will substantially change the scope or design of the work or materially change the gross square feet or the net usable square feet space to be contained in the Improvements, or the basic layout of the Improvements, or the number of parking spaces to be located on the Property after completion of construction of the Improvements, or involve the use of materials, furniture, fixtures or equipment which will not be at least equal in quality to the materials, furniture, fixtures and equipment originally specified in or required by the Plans and Specifications, as accepted by the Servicer and the Construction Consultant, (ii) no such change order shall, in a single instance, result in an increase or decrease in the cost of constructing the Improvements of more than [Fifty Thousand and no/100 Dollars (\$50,000.00)], and (iii) the aggregate cost of all such change orders which have not been accepted by the Servicer and the Construction Consultant shall not, at any given time, result in an increase or decrease in the cost of constructing the Improvements of more than [One Hundred Thousand and no/100 Dollars (\$100,000.00)], it being agreed that such aggregate [One Hundred Thousand and no/100 Dollars (\$100,000.00)] maximum increase or decrease in the cost of constructing the Improvements as a result of such change orders shall not include the cost of any change order entered into without the prior acceptance of the Servicer and the Construction Consultant pursuant to this section with respect to which the acceptance of the Servicer and the Construction Consultant shall have been subsequently obtained. The Borrower shall submit to the Servicer and the Construction Consultant copies of all change orders entered into with respect to the Improvements within ten (10) days after the same are entered into and irrespective of whether the same require the prior acceptance of the Servicer and the Construction Consultant pursuant to this Agreement.

Article V.

Special Covenants Of The Borrower.

Section 5.1 Commencement And Completion Of Project Extension Of Completion Date.

The Borrower will commence construction of the Improvements on or prior to the Commencement Date, will diligently pursue construction of the Improvements and will attain Completion prior to the Completion Date, subject to Section 4.5(c). At the request of the Borrower and with the prior written approval of the Servicer, the Completion Date may be extended one or more times for such periods as the Servicer may approve, but in no event to a Completion Date later than three (3) months following the Completion Date, upon delivery of the following:

(i) to the Servicer, a revised Development Budget reflecting the new Completion Date and any other changes approved by the Servicer, which revised Development Budget shall, upon approval thereof by the Servicer, replace the Development Budget attached hereto originally as (Sub)Exhibit D and shall thereafter be treated as the Development Budget for all purposes hereunder; and

(ii) to the Trustee, for deposit into the [Loan Account] of the Project Fund, the amount (if any) required to be deposited therein pursuant to Section 4.4 hereof.

Section 5.2 Records And Accounts.

The Borrower will keep adequate records and books of account, in which complete entries will be made in accordance with G.A.A.P. consistently applied for all reporting periods, reflecting all financial transactions of the Borrower.

Section 5.3 Financial Statements And Information.

The Borrower will deliver, or cause to be delivered, to the Servicer:

- (a) all the information required under Section 2.3(a)(xi); and
- (b) from time to time such other financial data and information as the Servicer may reasonably request.

Section 5.4 Insurance.

(a) The Borrower, at its expense, shall maintain and deliver to the Issuer, the Trustee and the Servicer evidence of policies of insurance providing the following:

(i) Commercial General Liability Insurance with limits of not less than [One Million and no/100 Dollars (\$1,000,000.00)] per occurrence combined single limit and [Two Million and no/100 Dollars (\$2,000,000.00)] in the aggregate for the policy period, or in whatever higher amounts as may be required by Lender from time to time by notice to Borrower, and extended to cover: (i) Contractual Liability assumed by Borrower with defense provided in addition to policy limits for indemnities of the named insured, (ii) if any of the work is subcontracted, Independent Contractors Liability providing coverage in connection with such portion of the work which may be subcontracted, (iii) Broad Form Project Damage Liability, (iv) Products and Completed Operations for coverage, such coverage to apply for two (2) years following completion of construction, (v) waiver of subrogation against all parties named additional insureds, (vi) severability of interest provision, and (vii) Personal Injury and Advertisers Liability.

(ii) Automobile Liability including coverage on owned, hired, and non-owned automobiles and other vehicles, if used in connection with the performance of the work, with Bodily Injury and Property Damage limits of not less than [One Million and no/100 Dollars (\$1,000,000.00)] per occurrence combined single limit, with a waiver of subrogation against all parties named as additional insured.

(iii) Borrower will maintain Umbrella/Excess Liability in excess of Commercial General Liability, Automobile Liability and Employers' Liability coverages which is at least as broad as these underlying policies with a limit of liability of [Ten Million and no/100 Dollars (\$10,000,000.00)].

(iv) All-Risk Property (Special Cause of Loss) Insurance on the Improvements in an amount not less than the full insurable value on a replacement cost basis of the insured Improvements and personal property related thereto. During the construction period, such policy shall be written in the so-called "Builder's Risk Completed Value Non-Reporting Form" with no coinsurance requirement and shall contain a provision granting the insured permission to occupy prior to completion. This policy must also list the Lender as mortgagee and loss payee.

(v) Workers' Compensation and Employer's Liability Insurance in accordance with the applicable laws of the state in which the work is to be performed or of the state in which Borrower is obligated to pay compensation to employees engaged in the performance of the work. The policy limit under the Employer's Liability Insurance section shall not be less than [One Million and no/100 Dollars (\$1,000,000.00)] for any one accident.

(vi) If the Premises, or any part thereof, lies within a "special flood hazard area" as designated on maps prepared by the Department of Housing and Urban Development, a National Flood Insurance Association standard flood insurance policy, plus insurance from a private insurance carrier if necessary, for the duration of the Loan in the amount of the full insurable value of the Improvements.

(vii) Such other insurance as Lender may require, which may include, without limitation, errors and omissions insurance with respect to the contractors, architects and engineers, earthquake insurance, rent abatement and/or business loss.

(b) All insurance policies shall (i) be issued by an insurance company licensed to do business in the State having a rating of "A"-VIII or better by A.M. Best Co., in Best's Rating Guide, (ii) name the Issuer, the Trustee and the Servicer as additional insureds on all liability insurance and as mortgagee and loss payee on all All-Risk Project insurance, (iii) be endorsed to show that Borrower's insurance shall be primary and any insurance carried by the Servicer is strictly excess and secondary and shall not contribute with Borrower's insurance, (iv) provide that the Trustee and the Servicer are to receive thirty (30) days written notice prior to non-renewal or cancellation, (v) be evidenced by a certificate of insurance to be provided to the Issuer, the Trustee and the Servicer, (vi) include either policy or binder numbers on the Accord form, and (vii) be in form and amounts acceptable to the Issuer, the Trustee and the Servicer.

Section 5.5 Appraisal.

The Servicer shall obtain, at Borrower's sale cost and expense, an Appraisal conducted at the Borrower's expense by an independent third party appraiser satisfactory to the Servicer. The Servicer shall have the right to order new Appraisals of the Project from time to time. Each Appraisal is subject to review and approval by the Servicer. The Borrower agrees upon demand to pay to the Servicer the cost and expense of such Appraisals. The Borrower's obligation to pay such costs and expense shall be limited to one Appraisal per year unless the Appraisal is ordered after the occurrence of an Event of Default, or is required by applicable law or regulation.

Section 5.6 Signs.

At the request of the Servicer, the Borrower shall, subject to Issuer approval in accordance with Section 3.10 of the T.I.F. Agreement, place a sign on the Land reciting, among other things, the source of construction financing for the Improvements, which sign shall be provided at the expense of the Borrower and shall remain in place until the completion of construction of the Improvements.

Section 5.7 Further Assurances.

The Borrower shall, at its sole cost and without expense to the Servicer, on demand, do, execute, acknowledge and deliver all and every such further acts, deeds, conveyances, mortgages, assignments, notices of assignment, transfers and assurances as the Servicer shall from time to time require to preserve and protect the Collateral at any time securing or intended to secure the obligations of the Borrower under the Loan Documents, and to carry out to their reasonable satisfaction the transactions contemplated by the Loan Documents.

Section 5.8 Management Contract.

(a) At all times during the term of this Agreement, the Borrower will enter into a management contract cancelable on thirty (30) days notice. Borrower shall not enter into any property management agreements without the prior written consent of the Servicer, which consent shall not be unreasonably withheld or delayed. The initial property manager shall be Holsten Management Corporation or such other entity approved by the Servicer. The property manager shall not be replaced without the prior written consent of the Servicer.

(b) On or before the Completion Date, the Borrower shall deliver to the Trustee an assignment of property management agreement in form and substance acceptable to the Servicer.

Section 5.9 Arbitrage And Tax Matters.

(a) The Borrower covenants with the Issuer and for and on behalf of the purchasers and Owners of the Bonds from time to time outstanding that so long as any Bonds remain outstanding, monies on deposit in any fund, or account in connection with the Bonds, whether or not such monies were derived from the proceeds of the sale of the Bonds or from any other sources, and monies pledged directly or indirectly to the payment or for the securing of the Bonds, will not be used by or for the Borrower in a manner which will cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code. The Borrower expressly recognizes that, to the extent required by Section 148 of the Code, "proceeds" of the Bonds (including investment proceeds and "replacement" proceeds) may be required to be invested at a yield not exceeding the yield on the Bonds in order to comply with this Section 5.9. In furtherance of the covenant in this Section 5.9, therefore, the Borrower agrees that it will not direct any investments or reinvestments that would contravene either the investment representations made by the Issuer in its certification regarding arbitrage delivered in connection with the issuance of the Bonds or any investment directions provided by the Issuer and deemed reasonably necessary in the opinion of Bond Counsel to preserve the exclusion from gross income of interest on the Bonds for purposes of Federal income taxation.

(b) At any time when any amount required to be paid under Section 148(f) of the Code (the "Rebate Regulations") is due, the Borrower shall pay to the United States on behalf of the Issuer the full amount then required to be paid under the Rebate Regulations. Within sixty (60) days after the Bonds have been paid in full, the Borrower shall pay to the United States on behalf of the Issuer the full amount then required to be paid under the Rebate Regulations. Each such payment shall be made to such location specified by the Internal Revenue Service, accompanied by a Form 8038-T (or other appropriate information reporting form) prepared by the Borrower. No later than fifteen (15) days prior to each date on which a payment could become due under the Rebate Regulations ("Rebate Payment Date"), the Borrower shall deliver to the Issuer and the Trustee a certificate of a Rebate Analyst either summarizing the determination that no amount is required to be paid or specifying the amount then required to be paid, if the certificate specifies an amount to be paid, (A) such certificate shall be accompanied by a completed Form 8038-T, which is to be signed by an Authorized Representative of the Issuer, and shall include a certification by the Borrower that the Form 8038-T is accurate and complete, and (B) no later than ten (10) days after the Rebate Payment Date, the Borrower shall furnish to the Issuer and the Trustee a certificate stating that such amount has been timely paid. This Section 5.18(c) shall be construed so as to cause compliance with the Rebate Regulations. The Borrower covenants that all action taken under this Section 5.9 shall be taken in a manner that complies with the Rebate Regulations and that it shall neither take any action nor omit to take any action that would cause the Bonds to be "arbitrage bonds" by reason of the failure to comply with the Rebate Regulations. To the extent that any payment of rebatable arbitrage or penalty in lieu of rebate is not timely made to the United States, the Borrower shall pay to the United States on behalf of the Issuer any correction amount, interest, penalty or other amount necessary to prevent the Bonds from becoming "arbitrage bonds" within the meaning of Section 148 of the Code. The Borrower covenants that, to the extent necessary, it shall obtain the advice and assistance of a Rebate Analyst to aid it in complying with the Rebate Regulations.

Section 5.10 Release And Indemnification Covenants.

(a) The Borrower shall indemnify and hold the Servicer and the Issuer (including any official, agent, officer, director or employee thereof and counsel to the Issuer) harmless against any and all claims asserted by or on behalf of any person, firm, corporation, private or municipal, or other entity arising or resulting from, or in any way connected with (i) the financing, design, construction, installation, operation, use or maintenance of the Project, (ii) the violation by the Borrower of any agreement, warranty, covenant or condition of this Agreement, the Regulatory Agreement, any other contract, agreement or restriction relating to the Project, or any law, ordinance, regulation or court order affecting the Project or the ownership, occupancy or use thereof, (iii) any act, including negligent acts, failure to act or misrepresentation by any person, firm, corporation, governmental authority or other entity, in connection with the issuance, sale or delivery of the Bonds, but excluding

any losses, liabilities, claims, damages or liabilities incurred by reason of the gross negligence or willful misconduct of the person to be indemnified, (iv) any act, failure to act or unintentional misrepresentation by the Issuer in connection with, or in the performance of any obligation related to the issuance, sale and delivery of the Bonds or under this Agreement or the Indenture, or any other agreement executed by or on behalf of the Issuer, including all liabilities, costs and expenses, including attorneys' fees, incurred in any action or proceeding brought by reason of any such claim. If any action or proceeding is brought against the Issuer or the Servicer, as applicable, by reason of any such claim, such action or proceeding shall be defended against by counsel as the Issuer or the Servicer, as applicable, shall determine, and the Borrower shall indemnify the Issuer or the Servicer, as applicable, for costs of such counsel. The Borrower upon notice from the Issuer or the Servicer, as applicable, shall defend such an action or proceeding on behalf of the Issuer or the Servicer, as applicable. The Borrower shall also indemnify the Issuer or the Servicer, as applicable, from and against all costs and expenses, including attorneys' fees, lawfully incurred in enforcing any obligation of the Borrower under this Agreement.

(b) The Borrower shall indemnify and hold the Trustee, the Issuer, the Majority Owner and the Servicer, and any member, officer, director, official and employee of the Trustee, the Issuer, the Majority Owner and the Servicer (collectively called the "Indemnified Parties") harmless from and against, any and all claims, damages, demands, expenses, liabilities and losses of every kind, character and nature asserted by or on behalf of any person arising out of, resulting from, or in any way connected with, the condition, use, possession, conduct, management, planning, design, acquisition, construction, installation, renovation or sale of the Project or any part thereof, but excluding any losses, liabilities, claims, damages or liabilities incurred by reason of the gross negligence or willful misconduct of the person to be indemnified. The Borrower also covenants and agrees, at its expense, to pay, and to indemnify and hold the Indemnified Parties harmless of, from and against, all costs, reasonable attorneys' fees, expenses and liabilities incurred in any action or proceeding brought by reason of any such claim or demand. In the event that any action or proceeding is brought against the Indemnified Parties by reason of any such claim or demand, the Indemnified Parties shall immediately notify the Borrower, which shall defend any action or proceeding on behalf of the Indemnified Parties, including the employment of counsel, the payment of all expenses and the right to negotiate and consent to settlement. Anyone or more of the Indemnified Parties shall have the right to employ separate counsel in any such action and to participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such Indemnified Parties unless the employment of such counsel has been specifically authorized by the Borrower. If such separate counsel is employed, the Borrower may join in any such suit for the protection of its own interests. The Borrower shall not be liable for any settlement of any such action effected without consent, but if settled with the consent of the Borrower or if there be a final judgment for the plaintiff in any such action, the Borrower agrees to indemnify and hold harmless the Indemnified Parties

(c) The Borrower shall indemnify and hold each of the Indemnified Parties and their officers, directors, employees and agents harmless from and against, any and all claims, damages, demands, expenses, liabilities and losses of every kind, character and nature asserted by or on behalf of any person arising out of, resulting from, or in any way connected with its acceptance or exercise of the powers and duties of such office under the Indenture and, in the case of the Trustee, as the assignee, transferee and pledgee of all right, title and interest of the Issuer in and to this Agreement and sums payable hereunder, which are not due to negligence or willful misconduct of the party seeking indemnification, as well as the reasonable costs and expenses of defending against any claim of liability, including reasonable attorneys' fees and expenses.

(d) The obligations of the Borrower under this section shall survive the termination or expiration of this Agreement and the repayment of the Loan and shall continue in full force and effect so long as the possibility of such claim, action or suit exists. If, and to the extent that the obligations of the Borrower under this section are unenforceable for any reason, the Borrower hereby agrees to make the maximum contribution to the payment in satisfaction of such obligations which is permissible under applicable law.

Section 5.11 Sale Of Bonds And Securitization.

(a) At the request of the Majority Owner, the Borrower shall use its best efforts to satisfy the market standards to which the Majority Owner customarily adheres or which may be reasonably required in the marketplace or by the Rating Agencies in connection with the sale of the Bonds or participation therein or the first successful securitization (such sale and/or securitization, the "Securitization") of rated single or multi-class securities (the "Securities") secured by or evidencing ownership interests in the Bonds. [The Borrower shall have no responsibility for the payment of any remarketing, placement or other fees incurred by the Majority Owner in connection with the Securitization]. Without limiting the generality of the foregoing, Borrower shall use its best efforts to:

(i) provide financial and other information with respect to the Project, Borrower, the manager and any tenants (to the extent legally permissible) of the Project and provide business plans and budgets relating to the Project;

(ii) permit or cause to be permitted such site inspection, appraisals, market studies, environmental reviews and reports (Phase I's and, if appropriate, Phase II's), engineering reports and other due diligence investigations of the Project, as may be reasonably requested by the Majority Owner or the Rating Agencies or as may be necessary or appropriate in connection with the Securitization (the items provided to the Majority Owner pursuant to this paragraph (a) being called the "Provided Information"), together, if customary, with

appropriate verification of and/or consents to the Provided Information through letters of auditors or opinions of counsel of independent attorneys acceptable to the Majority Owner and the Rating Agencies;

(iii) permit counsel to render opinions as to non-consolidation, fraudulent conveyance, true sale and true contribution and any other opinion customary in securitization transactions with respect to the Project or the Borrower, which counsel and opinions shall be satisfactory to the Majority Owner and the Rating Agencies;

(iv) make such representations and warranties as of the closing date of the Securitization with respect to the Project, the Borrower and the Loan Documents as are customarily provided in securitization transactions and as may be reasonably requested by the Majority Owner or the Rating Agencies and consistent with the facts covered by such representations and warranties as they exist on the date thereof, including the representations and warranties made in the Loan Documents;

(v) provide current certificates of good standing and qualification with respect to Borrower from appropriate Governmental Authorities; and

(vi) execute such amendments to the Loan Documents as may be requested by the Majority Owner or the Rating Agencies or otherwise to effect the Securitization.

(b) The Borrower understands that certain of the Provided Information may be included in disclosure documents in connection with the Securitization, including a prospectus or private placement memorandum (each, a "Disclosure Document") and may also be included in filings with the Securities and Exchange Commission pursuant to the Securities Act of 1933, as amended (the "Securities Act"), or the Securities and Exchange Act of 1934, as amended (the "Exchange Act"), or provided or made available to investors or prospective investors in the Securities, the Rating Agencies, and service providers relating to the securitization. In the event that the Disclosure Document is required to be revised prior to the sale of all Securities, the Borrower shall cooperate with the Majority Owner in updating the Provided Information for inclusion or summary in the Disclosure Document by providing all current information pertaining to the Borrower and the Project necessary to keep the Disclosure Document accurate and complete in all material respects with respect to such matters.

(c) In connection with a preliminary and a final private placement memorandum or prospectus, as applicable, the Borrower agrees if requested by the Majority Owner, to certify in writing that the Borrower has carefully examined those portions of such memorandum or prospectus, as applicable, pertaining to the Borrower and the Project and, to the Borrower's knowledge, such sections (and any other sections

reasonably requested and pertaining to Borrower and the Project) do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statement made, in the light of the circumstances under which they were made, not misleading.

(d) The Borrower's liability under this Section 5.11 above shall be limited solely to the liabilities arising out of or based upon any such untrue statement or omission made therein in reliance upon and in conformity with information furnished to the Majority Owner by or on behalf of the Borrower in connection with the preparation of those portions of the Disclosure Document pertaining to the Borrower or the Project or in connection with the underwriting of the debt, including financial statements of the Borrower operating statements, rent rolls, environmental site assessment reports and property condition reports with respect to the Project, provided, however, Borrower shall not be liable for any statements knowingly provided by the Majority Owner to third parties regarding the Borrower or the Project to the extent that the Majority Owner had active and actual knowledge that such statements were untrue at the time the Majority Owner provided such statements.

Section 5.12 Funds.

The Borrower acknowledges the creation of the Replacement Reserve Fund, the Principal Reserve Fund and the Tax and Insurance Fund pursuant to the Indenture and the Supplemental Reserve Fund pursuant to the terms of this Agreement. The Replacement Reserve Fund, the Principal Reserve Fund and the Tax and Insurance Fund shall be disbursed in accordance with the provisions of the Indenture and this Section 5.12.

(a) On each Interest Payment Date beginning the first (1st) month after the earlier of the Conversion Date or _____, 20____, the Borrower shall deposit the Replacement Reserve Fund Requirement in the Replacement Reserve Fund. On the fifth (5th) anniversary of the date that Borrower commences making deposits into the Replacement Reserve Fund, the Construction Consultant will perform a physical needs assessment on the Mortgaged Property at the direction of the Servicer at the expense of Borrower, which expense may be paid of out of the Replacement Reserve Fund. If determined necessary by the Construction Consultant, the Replacement Reserve Fund Requirement shall be adjusted so that the Replacement Reserve Fund Requirement will create a Replacement Reserve Fund that will, in the Servicer's reasonable determination, be sufficient to meet required Replacements. The funds in the Replacement Reserve Fund shall be disbursed in accordance with the provisions of (Sub)Exhibit G.

(b) On each Interest Payment Date, beginning in the first month after the Conversion Date, the Borrower shall deposit funds into the Tax and Insurance Fund. The determination of the amount payable, and the fractional part of such

amount to be deposited monthly (such amount to be such that the aggregate of such deposits shall be sufficient for the payment of real estate taxes and insurance premiums) shall be made by the Servicer in its sole discretion. If one (1) month prior to the due date of any aforementioned obligations, the amounts then on deposit shall be insufficient for the payment of such obligation in full, the Borrower shall deposit the amount of the deficiency within ten (10) days after demand from the Servicer. Amounts held in the Tax and Insurance Fund shall be applied to the payment of real estate taxes and insurance premiums, in such order of priority as the Servicer shall determine in its sole discretion, on or before the respective dates on which the same or any of them would become delinquent.

(c) On each Interest Payment Date beginning the first month as set forth on the Principal Reserve Fund Schedule, the Borrower shall deposit funds in the Principal Reserve Fund in the amounts set forth on the Principal Reserve Fund Schedule. The funds shall be used by the Trustee subject to and in accordance with the Indenture.

(d) On or before the Conversion Date, the Borrower shall deposit the amount of [Four Hundred Ten Thousand and no/100 Dollars (\$410,000.00)] in the Operating Reserve Fund. Monies on deposit in the Operating Reserve Fund shall be disbursed only upon the authorization of the Servicer. To the extent that Project revenues are insufficient to pay Operating Expenses and/or the amount necessary to pay principal and interest on the Bonds as required pursuant to Section 3.2 hereof, the Borrower may make written request to the Servicer for disbursement of amounts in the Operating Reserve Fund for payment of such Operating Expenses and debt service on the Bonds. Following receipt of any such request, the Servicer may authorize the disbursement of such sums from the Operating Reserve Fund as it shall have approved from time to time.

(e) Upon the earlier of (i) receipt of the final installment under the T.I.F. Agreement or (ii) the second (2nd) anniversary of the Stabilization Date, the Borrower shall deposit the Supplemental Reserve Requirement in an account to be maintained with the Servicer (the "Supplemental Reserve Fund"). The Supplemental Reserve Fund shall be used by the Borrower for capital improvements, major repairs and unforeseen operating deficits.

Section 5.13 Tax Credits.

(a) The Servicer shall receive documentation satisfactory to the Servicer in its reasonable discretion evidencing the availability of federal low-income housing tax credits (the "Tax Credits") in an amount of not less than [One Million Three Hundred Thirty-six Thousand Ten and no/100 Dollars (\$1,336,010.00)] per year for not less than ten (10) years.

(b) With respect to the Tax Credits, the Borrower hereby agrees to comply with all of the following covenants:

(i) to observe and perform all obligations imposed on the Borrower in connection with the Tax Credits, and to operate the residential units of the Project, and to use the Borrower's best efforts to cause all appropriate parties to operate the same, in accordance with all requirements, statutes, and regulations governing the Tax Credits;

(ii) to preserve at all times the allocation and availability of the Tax Credits;

(iii) not to release, forego, alter, amend, or modify its rights to the Tax Credits without the Servicer's prior written consent, which the Servicer may give or withhold in the Servicer's reasonable discretion;

(iv) not to execute any residential lease of all or any portion of the Project which does not comply fully with all requirements, statutes, and regulations governing the Tax Credits, without the Servicer's prior written consent, which the Servicer may give or withhold in the Servicer's sole and absolute discretion;

(v) to cause to be kept all records, and cause to be made all elections and certifications, pertaining to the number and size of apartment units, occupancy thereof by tenants, income level of tenants, set-asides for low-income tenants, and any other matters now or hereafter required to qualify for and maintain the Tax Credits in connection with the low-income occupancy of the Project;

(vi) to comply with the appropriate minimum low-income set-aside requirements under the Code or Law applicable to the creation, maintenance and continued availability of the Tax Credits;

(vii) to certify compliance with the set-aside requirements and report the dollar amount of qualified basis and maximum applicable percentage, date of placement in service and any other information required for the Tax Credits at such time periods as required by Federal Laws or State Laws for such Tax Credits;

(viii) to set aside the appropriate number of units for households with incomes meeting the required standards of the median income of the county in which the Project is located to qualify for the Tax Credits (as determined pursuant to Section 42 of the Code and/or State Laws), adjusted for family size, and to operate and maintain all such units as "low-income units" qualifying for the Tax Credits under Section 42(i)(3) of the Code and/or Laws;

(ix) to exercise good faith in all activities relating to the operation and maintenance of the Project in accordance with the requirement of all applicable Laws; and

(x) to promptly deliver to the Servicer true and correct copies of all notices or other documents or communications received or given by the Borrower with regard to or relating in any way to the Borrower's partnership interests and/or the Tax Credits. Immediately upon receipt thereof, the Borrower shall deliver to the Servicer a copy of (i) the fully-executed allocation and final reservation of Tax Credits for the Project; (ii) the basis audit (as required by Section 42 of the Code) for the Project (including a certificate of the Borrower's accountant or attorneys if requested by the Servicer); (iii) the first annual income certification for all tenants of the Project showing that the tenants are qualified for purposes of the Borrower's obtaining Tax Credits, and (iv) the fully-completed Form 8609 (required by the Code) issued for the Project. The Borrower shall deliver promptly to the Servicer such other certificates, income certificates, reports and information as the Servicer may reasonably request.

Section 5.14 Leasing.

(a) The Servicer (and all other parties whose approval is required) must approve the Borrower's standard form of residential lease or rental agreement prior to its use by the Borrower. The Borrower may not materially modify the approved standard form of residential lease without the Servicer's prior written consent in each instance (which consent shall not be unreasonably withheld), together with the approval of all other parties whose consent is required. Each lease, other than leases on the Borrower's standard form of residential lease, of any part of the Project is subject to the Servicer's written approval as to form and substance prior to execution and delivery. Despite the foregoing, the Borrower may enter into residential leases (and amendments) in the ordinary course of business with bona fide third party tenants as more fully described in Section 5.15(a) hereof, without the Servicer's prior written consent if the Borrower uses the approved standard form of residential lease and:

(i) within fifteen (15) days after the Servicer's written request therefor, the Servicer receives a copy of the executed lease (accompanied by all financial information and certificates obtained by the Borrower pertaining to the tenant);

(ii) the Borrower, acting in good faith and exercising due diligence, has determined that the tenant qualifies as a low-income family for purposes of meeting the requirements for obtaining Tax Credits;

(iii) the lease meets the standards required by Section 42 of the Code;

(iv) the lease meets the requirements of the Servicer, the Issuer, and the Investor Limited Partner;

(v) the lease does not affect more than one residential unit within the Improvements and is for a minimum term of six (6) months and a maximum term of twelve (12) months, unless otherwise agreed in writing by the Servicer.

Section 5.15 Stabilization.

(a) Prior to the Stabilization Date, the Borrower shall deliver to the Servicer a fully executed Certificate substantially in the form of (Sub)Exhibit F, and a certification to project rent roll and operating statement (the "Stabilization Documents") for each of the three (3) consecutive full months of the Three Month Period, with each project rent roll and operating statement certified as true and correct by the Borrower and the manager of the Mortgaged Property and demonstrating that, in each of the three (3) months comprising the Three Month Period, not less than ninety percent (90%) of the residential rental units were physically occupied under acceptable leases with appropriate tenants. Acceptable leases means legally valid, binding and enforceable written lease agreements with bona fide tenants (excluding employees of the Borrower or any Affiliate of the Borrower other than employees entering into bona fide leases on terms and at rents offered to the general public) providing for the initial lease terms of not less than six (6) months and complying with all applicable laws.

(b) Upon receipt of the Stabilization Documents and all accompanying information requested by Servicer, Servicer shall determine whether Stabilization has been achieved. Servicer shall provide notification to the Borrower in the event Servicer determines that Stabilization has not been achieved. Servicer shall provide a Conversion Notice to the Borrower, the Issuer and the Trustee in the event Servicer determines that Stabilization has been achieved and also provide the Principal Reserve Fund Schedule to attach as (Sub)Exhibit H hereto. All reasonable, out-of-pocket third party costs and expenses incurred by Servicer in connection with its review of the Stabilization Documents and all accompanying information shall be paid by Borrower upon demand by Servicer.

(c) In the event Stabilization has not occurred prior to the Scheduled Conversion Date, the Borrower shall have a one time option, subject to the Servicer's prior approval, to extend the Conversion Date for a period of up to four (4) months, provided (i) the Architect has issued a certificate of substantial completion with respect to the Improvements, (ii) no Event of Default has occurred and is continuing under the Loan Documents, (iii) a portion of the Series 2007B Bonds shall have been redeemed so that the principal amount of the Series 2007B Bonds then Outstanding is no more than [Five Hundred Eighty Thousand and no/100 Dollars (\$580,000.00)] (iv) the Borrower gives the Issuer, the Trustee and the Servicer at least thirty (30) days prior written notice and (v) with that notice pays an extension fee to the Servicer equal to twenty-five (25) basis points of the Series 2007A Loan.

Section 5.16 Reporting Requirements.

(a) Following the Stabilization Date, Borrower shall furnish to the Servicer the following:

(i) Within one hundred twenty (120) days after the end of each fiscal year of Borrower, and at any other time upon Servicer's request, a rent schedule for the Project showing the name of each tenant, and for each tenant, the space occupied, the lease expiration date, the rent payable for the current month, the date through which rent has been paid, and any related information requested by Servicer.

(ii) Within one hundred twenty (120) days after the end of each fiscal year of Borrower, and at any other time upon Servicer's request, an accounting of all security deposits held pursuant to all Leases, including the name of the institution (if any) and the names and identification numbers of the accounts (if any) in which such security deposits are held and the name of the person to contact at such financial institution, along with any authority or release necessary for Servicer to access information regarding such accounts.

(iii) Within one hundred twenty (120) days after the end of each fiscal year of Borrower, and at any other time upon Servicer's request, a statement that identifies all owners of any interest in Borrower and the interest held by each, if Borrower is a corporation, all officers and directors of Borrower, and if Borrower is a limited liability company, all managers who are not members.

(iv) Upon Servicer's or Trustee's request, a monthly property management report for the Project, showing the number of inquiries made and the rental applications received from tenants or prospective tenants and deposits received from tenants and any other information requested by Servicer.

(v) Upon Servicer's or Trustee's request, a balance sheet, a statement of income and expenses for Borrower and a statement of changes in financial position of Borrower for Borrower's most recent fiscal year.

(vi) If required by Servicer or Trustee, a statement of income and expenses for the Project for the prior month or quarter.

(b) Each of the statements, schedules and reports required by Section 5.16(a) shall be certified to be complete and accurate by an individual having authority to bind Borrower, and shall be in such form and contain such detail as Servicer may reasonably require.

(c) If Borrower fails to provide in a timely manner the statements, schedules and reports required by Section 5.16(a), Servicer shall have the right to have Borrower's

books and records audited, at Borrower's expense, by independent certified public accountants selected by Servicer in order to obtain such statements, schedules and reports, and all related costs and expenses of Servicer shall become immediately due and payable.

(d) If an Event of Default has occurred and is continuing, Borrower shall deliver to Servicer and Trustee upon written demand copies of all books and records relating to the Mortgaged Property or its operation.

(e) Borrower authorizes Servicer to obtain a credit report on Borrower at any time.

(f) If an Event of Default has occurred and Servicer or Trustee has not previously required Borrower to furnish a quarterly statement of income and expense for the Mortgaged Property, Servicer or Trustee may require Borrower to furnish such a statement within forty-five (45) days after the end of each fiscal quarter of Borrower following such Event of Default.

Section 5.17 Fees.

Reference is hereby made to Section 7.04 of the Indenture which sets forth the compensation and reimbursement to which the Trustee is entitled for ordinary fees and expenses. The Borrower agrees to pay, whether out of the proceeds of the Notes or other funds, (i) the fees and reasonable expenses of the Trustee (to the extent not paid in accordance with Section 7.04 of the Indenture), the rebate analyst and the dissemination agent, if any (including the reasonable fees and expenses of their counsel) in connection with the issuance of the Bonds and the performance of their duties in connection with the transactions contemplated hereby, including, without limitation, all costs of recording and filing, to the extent such fees and expenses are not otherwise paid from the Costs of Issuance Account in accordance with Section 5.01 of the Indenture; and (ii) an administrative fee of the Issuer to be assessed monthly in the amount of [_____] % of the outstanding principal amount of the Bonds, provided such fee does not exceed the maximum amount permitted under Section 148 of the Code to avoid characterization of the Bonds as "arbitrage bonds" as defined in such Section 148. All such amounts shall be paid directly to the parties entitled thereto for their own account as and when such amounts become due and payable. The Borrower will also pay any and all expenses in connection with any redemption of the Bonds. Specifically, and without limiting the foregoing, the Borrower agrees to pay to the Issuer or to any payee designated by the Issuer, within thirty (30) days after receipt of request for payment thereof, all expenses of the Issuer related to the Project and the financing thereof which are not paid from the funds held under the Indenture, including, without limitation, legal fees and expenses incurred in connection with the interpretation, performance, enforcement or amendment of any documents relating to the Project or the Bonds or in connection with questions or other matters arising under such documents.

The obligations of the Borrower under this section shall survive the termination of this Agreement and the payment and performance of all of the other obligations of the Borrower under the Loan Documents.

Article VI.

Option And Obligations Of Borrower To Prepay.

Section 6.1 Optional Prepayment.

(a) The Notes are subject to prepayment in order to effect the redemption of the Bonds under [Sections 4.03(a) and 4.03(b)] of the Indenture at the option of the Borrower in whole but not in part at the times (and not before the times) and at the redemption prices plus accrued interest to the redemption date of the Bonds, as set forth in such Section of the Indenture. The Notes are not otherwise subject to optional prepayment by the Borrower.

(b) The options granted to the Borrower in this Section 6.1 shall be exercisable only (i) in the event and to the extent the Bonds are subject to redemption in accordance with the Indenture and (ii) if no Event of Default under any of the Loan Documents shall have occurred and be then continuing or if all costs associated with any existing Event of Default (including, without limitation, late fees, penalties, costs of enforcement, protective advances, interest on such amounts) which are then due and owing under the Loan Documents are paid in full in connection with such prepayment.

Section 6.2 Mandatory Prepayment.

The Notes and amounts due under Section 3.2 hereof shall be prepaid in whole or in part in order to effect the mandatory redemption of the Bonds at the times and in the amounts specified in Section 4.01 of the Indenture.

Section 6.3 Amounts Required For Prepayment.

(a) The amount payable by the Borrower hereunder upon either (i) the exercise of the option granted to the Borrower in Section 6.1 hereof, or (ii) the mandatory prepayment of the Notes by the Borrower in Section 6.2 hereof shall be, to the extent applicable and except as otherwise provided, the sum of the following:

(i) the amount of money necessary to pay the redemption price of the Bonds to be redeemed specified in Section 4.03 of the Indenture, in the case of optional redemption and Section 4.01 of the Indenture in the case of mandatory redemption, together with all interest specified therein payable up to and including said redemption date and all expenses of the redemption; plus

(ii) in the event of a redemption in whole, an amount of money equal to the Majority Owner's and the Servicer's fees and expenses payable pursuant to Section 3.2(c) of this Agreement, and the Trustee's and Issuer's fees and expenses under the Indenture and the Loan Agreement accrued and to accrue until the final payment and redemption of the Bonds; plus

(iii) in the event of any prepayment during the existence and continuance of an Event of Default, the amounts described in Section 6.1(b)(ii) hereof.

(b) Any prepayment made pursuant to Section 6.1 or 6.2 hereof shall be deposited into the Revenue Fund. No prepayment or investment of the proceeds thereof shall be made which shall cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code.

Section 6.4 Cancellation At Expiration Of Term.

At the acceleration, termination or expiration of the term of this Agreement and following full payment of the Bonds or provision for payment thereof in accordance with Article IX of the Indenture and of all other fees and charges of all parties having been made in accordance with the provisions of this Agreement and the Indenture, the Issuer shall deliver to the Borrower any documents and take or cause the Trustee to take such actions as may be necessary to effectuate the cancellation and evidence the termination of this Agreement and the Loan Documents (other than the Regulatory Agreement, which shall not terminate except in accordance with the terms thereof).

Article VII.

Events Of Default And Remedies.

Section 7.1 Events Of Default.

The following shall be "Events of Default" under this Agreement, and the term "Event of Default" means, whenever it is used in this Agreement, any one or more of the following events:

(a) failure by the Borrower to pay any amounts required to be paid on the Notes when due;

(b) any failure by the Borrower to pay as and when due and payable any other sums to be paid by the Borrower under this Agreement and the continuation of such failure for a period of five (5) business days after notice;

(c) any representation or warranty made or deemed made in the Loan Documents or which is contained in any certificate, document, opinion, or financial or other statement furnished by the Borrower at any time under or in connection with the Loan Documents shall prove to have been incorrect in any material respect on or as of the date made;

(d) the Borrower shall fail to perform or observe any term, covenant or agreement contained in this Agreement, the Indenture or in any of the Loan Documents to which it is a party on its part to be performed or observed, and in such case such failure shall remain unremedied for thirty (30) consecutive calendar days after the occurrence thereof provided, however, such failure shall not constitute an Event of Default hereunder if such failure is subject to cure but cannot be reasonably remedied within said thirty (30) day period and the Borrower shall have commenced to cure such failure within said thirty (30) day period and shall thereafter diligently and expeditiously proceed with such cure, the thirty (30) day period shall be extended for so long as it shall require the Borrower in the exercise of due diligence to cure the default, it being agreed that no such extension shall be for a period in excess of one hundred twenty (120) days or shall be construed as having the effect of extending the Completion Date;

(e) except where being contested by a Good Faith Contest by appropriate proceedings, the Borrower or any Guarantor shall: (a) fail to pay when due (whether by scheduled maturity, required prepayment, acceleration, demand, or otherwise) any Debt in excess of One Hundred Thousand and no/100 Dollars (\$100,000.00) of the Borrower; or (b) fail to perform or observe any term, covenant, or condition on its part to be performed or observed under any agreement or instrument relating to any such indebtedness, when required to be performed or observed (after the expiration of any grace or cure period applicable thereto), if the effect of such failure to perform or observe is to cause the acceleration of such indebtedness, or any such indebtedness shall be declared to be due and payable, or required to be prepaid (other than by a regularly scheduled required prepayment), prior to the stated maturity thereof;

(f) the Borrower or any Guarantor (a) shall generally not, or shall be unable to, or shall admit in writing its inability to pay its debts as such debts become due; or (b) shall make an assignment for the benefit of creditors, petition or apply to any tribunal for the appointment of a custodian, receiver, or trustee for it or a substantial part of its assets; or (c) shall commence any proceeding under any

bankruptcy, reorganization, arrangements, readjustment of debt, dissolution, or liquidation law or statute of any jurisdiction, whether now or hereafter in effect; (d) shall have any such petition or application filed or any such proceeding commenced against it, in which an order for relief is entered or adjudication or appointment is made and which remains undismissed for a period of sixty (60) days or more; or (e) by any act or omission shall indicate its consent to, approval of, or acquiescence in any such petition, application, or proceeding, or order for relief, or the appointment of a custodian, receiver, or trustee for all or any substantial part of its properties; or (f) shall suffer any such custodianship, receivership, or trusteeship to continue undischarged for a period of sixty (60) days or more;

(g) one or more judgments, decrees, or orders for the payment of money in excess of One Hundred Thousand and no/100 Dollars (\$100,000.00) in the aggregate shall be rendered against the Borrower or any Guarantor and such judgments, decrees, or orders shall continue unsatisfied and in effect for a period of thirty (30) consecutive days without being vacated, discharged, satisfied, or stayed or bonded pending appeal;

(h) Any of the following events occur or exist with respect to the Borrower or any E.R.I.S.A. Affiliate: (a) any Prohibited Transaction involving any Plan; (b) any Reportable Event with respect to any Plan; (c) the filing under Section 4041 of E.R.I.S.A. of a notice of intent to terminate any Plan or the termination of any Plan; (d) any event or circumstance that might constitute grounds entitling the P.B.G.C. to institute proceedings under Section 4042 of E.R.I.S.A. for the termination of, or for the appointment of a trustee to administer, any Plan, or the institution by the P.B.G.C. of any such proceedings; (e) complete or partial withdrawal under Section 4201 or 4204 of E.R.I.S.A. from a Multiemployer Plan or the reorganization, insolvency, or termination of any Multiemployer Plan; and in each case above, such event or condition, together with all other events or conditions, if any, could in the opinion of the Servicer subject the Borrower to any tax, penalty, or other liability to a Plan, a Multiemployer Plan, the P.B.G.C., or otherwise (or any combination thereof) which in the aggregate exceeds or may exceed Twenty-five Thousand and no/100 Dollars (\$25,000.00);

(i) the Security Documents shall at any time and for any reason cease: (a) to create a valid and perfected Lien in and to the property purported to be subject to the Security Documents and in the priority therein set forth; or (b) to be in full force and effect or shall be declared null and void, or the validity or enforceability thereof shall be contested by the party thereto, or the party thereto shall deny it has any further liability or obligation under the Security Documents; or (c) any party to the Security Documents shall fail to perform any of their respective obligations thereunder after the expiration of any grace or cure period applicable thereto;

(j) the Loan Documents shall at any time and for any reason cease: (a) to create a valid and perfected Lien in and to the property purported to be subject to the Loan Documents and in the priority therein set forth; or (b) to be in full force and effect or shall be declared null and void, or the validity or enforceability thereof shall be contested by any party thereto, or any party thereto shall deny that it has any further liability or obligation thereunder, or any party to the Loan Documents shall fail to perform any of its respective obligations thereunder;

(k) any "Event of Default" or "Default" (as defined or specified therein) shall occur under any of the Bonds or any of the Loan Documents after the giving of any notice and the expiration of any grace period provided for therein, if the effect thereof is to permit the acceleration of the Bonds;

(l) the Borrower shall become subject to any injunction or other order prohibiting it from operating under any material license, permit, certificate, consent, approval, authorization or agreement and such injunction or order is not fully terminated, dissolved or rescinded within thirty (30) days thereafter or otherwise stayed by legal proceedings;

(m) any violation of or failure by the Borrower to comply with any of the agreements and conditions of the Indenture for an advance of the Project Fund;

(n) if the Borrower does not commence construction by the Commencement Date or if construction of the improvements is suspended for a period of thirty (30) consecutive days other than by reason of the occurrence of an event of force majeure;

(o) if the Borrower shall fail to cover any Deficiency in the manner and within the time period specified in Section 4.4; if the Borrower shall fail to fund any reserve fund payment in the manner and within the time period specified in Section 5.12; if the Borrower shall do any act or fail to do any act which constitutes or causes a violation under any Law governing the granting of the Tax Credits causing the loss of the Tax Credits;

(p) if there is any change in the General Partner or controlling interest in the General Partner (other than by reason of death or incompetence) except a Permitted Partnership Transfer; if the General Partner or Investor Limited Partner shall be in default in any respect beyond the passage of any applicable notice and/or grace period with respect to their respective obligations under the Partnership Agreement which default shall materially and adversely affect the Borrower's ability to repay the Series 2007A Loan and/or the Series 2007B Loan;

(q) except for leases of individual residential rental units in the ordinary course of business, if the Borrower shall sell, sign, transfer, convey or otherwise dispose of the Mortgaged Property, or any part thereof or any interest in the Borrower other than a Permitted Partnership Transfer;

(r) if the Mortgaged Property shall become subject (a) to any tax lien, other than a lien for local real estate taxes and assessments not yet delinquent, or (b) any lis pendens, notice of pendency, stop work order, notice of intention to file mechanic's or materialman's lien, or other lien of any nature whatsoever and the same shall not either be discharged of record or in the alternative insured over to the satisfaction of the Servicer by the Title Company insuring the lien of the Mortgage within thirty (30) days after the same is filed or recorded, and irrespective of whether the same is superior or subordinate to the lien of the Mortgage, and irrespective of whether the same constitutes a perfected or inchoate lien or encumbrances on the Mortgaged Property or is only a matter of record or notice;

(s) the Stabilization Date shall not occur prior to the Scheduled Conversion Date, subject to extensions of the Stabilization Date in accordance with Section 5.15 (c); provided, however, Stabilization must occur by the Outside Stabilization Date;

(t) if the Borrower shall be in default under any of the A.H.P. Loan Documents, or any provision of the T.I.F. Agreement beyond any applicable notice and/or cure period;

(u) if the proceeds from the T.I.F. Agreement are not invested by the General Partner as a capital contribution in the Borrower as and when received.

Section 7.2 Remedies On Default.

(a) Whenever any Event of Default referred to in Section 7.1 hereof shall have occurred and be continuing, the Trustee, subject to Section 3.4 of this Agreement and the provisions of the Indenture, shall:

(i) declare the obligations of the Servicer to approve Requisitions to be terminated, whereupon such obligations shall terminate; and

(ii) by notice in writing to the Borrower declare the unpaid indebtedness under any of or all of the Loan Documents to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable; and

(iii) take whatever action at law or in equity or under any of the Loan Documents, as may appear necessary or desirable to collect the payments and other amounts then due and thereafter to become due hereunder or thereunder or under the Notes, or to exercise any right or remedy or to enforce performance and observance of any obligation, agreement or covenant of the Borrower under this Agreement, the Notes or any other Loan Document; and

(iv) cause the Project to be completed and construct, equip and complete the Project in accordance with the Plans and Specifications, with such changes therein as the Servicer may, from time to time reasonably deem appropriate.

(b) Any amounts collected pursuant to action taken under this section shall, after the payment of the costs and expenses of the proceedings resulting in the collection of such monies and of the expenses, liabilities and advances incurred or made by the Issuer, the Trustee, the Servicer or Majority Owner and their respective counsel, be paid into the Revenue Fund (unless otherwise provided in this Agreement) and applied in accordance with the provisions of the Indenture. No action taken pursuant to this Section 7.2 shall relieve the Borrower from the Borrower's obligations pursuant to Section 3.2 hereof, except to the extent applied to the obligations otherwise due thereunder with the Servicer's prior written consent.

Section 7.3 No Remedy Exclusive.

No remedy conferred herein or in any other Loan Document upon or reserved to the Issuer, the Trustee, the Servicer or the Majority Owner is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Issuer, the Trustee, the Servicer or the Majority Owner to exercise any remedy reserved to it herein or in any other Loan Document, it shall not be necessary to give any notice, other than such notice as may be herein expressly required.

Section 7.4 No Additional Waiver Implied By One Waiver; Consents To Waivers.

In the event any agreement contained in this Agreement should be breached by the Borrower and thereafter waived, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder. No waiver shall be effective unless in writing and signed by the party making the waiver.

Section 7.5 Remedies Subject To Applicable Law.

All rights, remedies, and powers provided by this article may be exercised only to the extent that the exercise thereof does not violate any applicable provisions of law

in the Land, and all the provisions of this article are intended to be subject to all applicable mandatory provisions of law which may be controlling in the Land and to be limited to the extent necessary so that they will not render this Agreement invalid, unenforceable, or not entitled to be recorded, registered, or filed under the provisions of any applicable law.

Section 7.6 Cure Rights.

The Issuer, the Trustee, the Servicer and the [Majority Owner] hereby agree that a cure of any Event of Default made or tendered by the Investor Limited Partner and/or the Guarantors shall be deemed to be a cure by the Borrower and shall be accepted or rejected on the same basis as if made or tendered by the Borrower, provided, however, nothing in this section shall be deemed to extend the applicable notice and/or cure period set forth in this Agreement.

Section 7.7 Issuer Exercise Of Remedies.

Notwithstanding anything to the contrary contained herein, the Issuer may enforce its rights under the Regulatory Agreement and its Reserved Rights hereunder and exercise the permitted remedies with respect thereto against the Borrower; provided that the Issuer shall not commence or direct the Trustee to commence any action to declare the outstanding balance of the Bonds or the Loan to be due and neither the Issuer nor the Trustee shall take any action in respect of Reserved Rights (i) to foreclose to take similar action under the Mortgage or otherwise in respect of any liens upon or security interests in the Project or other property pledged to secure the Borrower's obligations under the Loan Documents; (ii) to appoint a receiver; (iii) to enforce any similar remedy against the Project or other property pledged to secure the Borrower's obligations under the Loan Documents; or (iv) to enforce any other remedy which would cause any liens or security interests granted under the Loan Documents to be discharged or materially impaired thereby.

Article VIII.

Miscellaneous.

Section 8.1 General Provisions.

(a) The following provisions shall be applicable at all times throughout the term of this Agreement: all documentation and proceedings deemed by the Issuer, the

Trustee, the Servicer, the Majority Owner or the Borrower to be necessary or required in connection with this Agreement and the documents relating hereto shall be subject to the prior approval of, and must be satisfactory to, the Issuer, the Trustee, the Borrower, the Servicer or the Majority Owner, both as to form and substance. In addition, the persons or parties responsible for the execution and delivery of and signatories to, all of such documentation, including but not limited to corporate officers or partners, sureties and insurers, shall be acceptable to, and subject to the approval of the Trustee and the Servicer. The Trustee and the Servicer shall receive copies of all documents which they may require in connection with this transaction.

(b) The Bonds and the obligations and undertakings of the Issuer hereunder do not constitute a general obligation of the Issuer or the State or any political subdivision thereof, and recourse on the Bonds and on the instruments and documents executed and delivered by or on behalf of the Issuer in connection with the transactions contemplated hereby may be had solely and only from the Trust Estate or against certain monies due and to become due under the Loan Documents (and not against any monies due or to become due to the Issuer pursuant to the Reserved Rights). No recourse shall be had for the payment of the principal of, premium, if any, or interest on, the Bonds, or for any claim based thereon or on this Agreement or any other Loan Document, any Issuer Document or any instrument or document executed and delivered by or on behalf of the Issuer in connection with the transactions contemplated hereby, against the Issuer or any official, member of the governing body, commissioner, officer, employee, agent, attorney or other elected or appointed official, past, present or future, of the Issuer or any successor body, including any person executing this Agreement on behalf of the Issuer, as such, either directly or through the Issuer or any such successor body, under any constitutional provision, statute or rule of law, or by the enforcement of any assessment or penalty or by any legal or equitable proceeding or otherwise and all such liability of the Issuer or any such official, member of the governing body, commissioner, officer, agent, employee, attorney or other elected or appointed official, past, present or future, of the Issuer or any successor body, including any person executing this Agreement on behalf of the Issuer as such is hereby expressly waived and released as a condition of and consideration for the adoption of the resolution authorizing the execution of the Issuer Documents and issuance of the Bonds and the delivery of other documents in connection herewith. No official, member of the governing body, commissioner, officer, agent, employee, attorney or other elected or appointed official, past, present or future, of the Issuer or any successor body, including any person executing this Agreement on behalf of the Issuer shall be personally liable on the Issuer Documents, the Bonds or any other documents in connection herewith, nor shall the issuance of the Bonds be considered as misfeasance or malfeasance in office. The faith and credit of the State or of any political subdivision of the State are not pledged to the payment of the principal of or interest on the Bonds. No Holder of any Bond has the right to compel any exercise of the taxing power of the Issuer to pay the principal of, interest on, or premium, if any, on the Bonds and the Bonds shall not constitute an indebtedness

of the Issuer or a loan of credit thereof within the meaning of any constitutional or statutory provisions.

Section 8.2 Authorized Representative Of The Borrower.

Upon request, the Borrower shall provide Trustee, Servicer and Majority Owner certain incumbency certificates from time to time appointing certain authorized individuals as an Authorized Representative of the Borrower for the purpose of taking all actions and making all certificates required to be taken and made by the Authorized Representative of the Borrower under the provisions of the Loan Documents. Whenever under the provisions of any Loan Document the approval of the Borrower is required or any party is required to take some action at the request of the Borrower, such approval or such request shall be made by the Authorized Representative of the Borrower, unless otherwise specified in this Agreement, and the Issuer, the Trustee, the Servicer and the Majority Owner shall be authorized to act on any such approval or request and the Borrower shall have no complaint against any such party as a result of any such action taken in conformity with such approval or request by the Authorized Representative of the Borrower.

Section 8.3 Binding Effect.

This Agreement shall inure to the benefit of and shall be binding upon the Issuer, the Trustee and the Borrower and their respective successors and permitted assigns. The Owners of the Bonds, including the Majority Owner, and the Servicer shall be beneficiaries of this Agreement.

Section 8.4 Execution In Counterparts.

This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 8.5 Amendments, Changes And Modifications.

Subsequent to the issuance of the Bonds and prior to payment or provision for the payment of the Bonds in full (including interest and premium, if any, thereon) in accordance with the provisions of the Indenture and except as otherwise provided herein, the Loan Documents may not be amended, changed, modified, altered or terminated by the Issuer, the Trustee or the Borrower except in compliance with Article VIII of the Indenture.

Section 8.6 Severability.

In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof and such invalid or unenforceable provision shall be deemed no longer to be contained in this Agreement.

Section 8.7 Notices.

All notices, demands, requests, consents, approvals, certificates or other communications hereunder shall be sufficiently given and shall be deemed given (a) three (3) days after mailing by certified mail, first class postage prepaid, (b) the Business Day after sending by expedited overnight delivery service, (c) the date of receipt if delivered by personal delivery, (d) if sent by facsimile transmission, the date of transmission, if receipt of such transmission is telephonically confirmed on such day, addressed as follows:

To The Issuer:

City of Chicago Department of Housing
33 North LaSalle Street
Chicago, Illinois 60602
Attention: Commissioner

with copies to:

City of Chicago Office of Corporation
Counsel
121 North LaSalle Street
Chicago, Illinois 60602
Attention: Finance and Economic
Development Division

and:

City of Chicago Office of the Chief
Financial Officer
33 North LaSalle Street
Chicago, Illinois 60602
Attention: Chief Financial Officer

To The Borrower:

Lawndale H&A Bond, L.P.
in care of Holsten Real Estate
Development Corporation
1333 North Kingsbury Street, Suite 305
Chicago, Illinois 60622
Attention: Peter M. Holsten

with copies to:

Applegate & Thome-Thomsen
322 South Green Street, Suite 400
Chicago, Illinois 60607
Attention: Mark W. Burns, Esq.

and:

Attention: _____

and:

[Investor Limited Partner]

Attention: _____

To The Majority Owner:

JPMorgan Chase Bank, N.A.
In care of Community Development Real
Estate
10 South Dearborn, IL 1-0953
Chicago, Illinois 60670
Attention: John D. Bernhard, Vice
President

with copies to:

JPMorgan Securities Inc.

Attention: _____

and:

Phillips Lytle L.L.P.
1400 Federal Plaza
Rochester, New York 14614
Attention: Thomas R. Burns, Esq.

To The Trustee:

Attention: _____

with a copy to:

Kevin Cahill, Esq.
40 North Wells Street, Suite 300
Chicago, Illinois 60603

To The Servicer:

JPMorgan Chase Bank, N.A.
In care of Community Development
Real Estate
Chase Tower
10 South Dearborn Street
Mail Code IL 1-0953
Chicago, Illinois 60603
Attention: John D. Bernhard, Vice
President

with a copy to:

JPMorgan Chase Bank, N.A.
Legal Department
270 Park Avenue, 39th Floor
New York, New York 10017
Attention: Michael R. Zients, Vice
President and Assistant
General Counsel

A duplicate copy of each notice, certificate or other communication given hereunder by either the Issuer or the Borrower to the other shall also be given to the Trustee, the Majority Owner and the Servicer. The Issuer, the Borrower, the

Majority Owner, the Servicer and the Trustee may, by ten (10) days prior written notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent. No notice need be given to any party if such party is no longer a party to the transactions contemplated by this Agreement.

Section 8.8 Applicable Law.

This Agreement shall be governed exclusively by and construed in accordance with the laws of the State of Illinois.

Section 8.9 Debtor-Creditor Relationship.

It is expressly understood and agreed that the relationship between the Issuer and the Borrower established by the transaction contemplated by this Agreement and by all of the other Loan Documents is exclusively that of creditor or lender, on the part of the Issuer, and debtor or borrower, on the part of the Borrower and is not to be construed as a partnership or joint venture of any kind. It is further understood that all payments by the Borrower under the Loan Documents shall be exclusively on account of the said debtor/creditor relationship.

Section 8.10 Usury; Total Interest.

This Agreement is subject to the express condition, and it is agreed that at no time shall payments hereunder, under the Notes or under the other Loan Documents that are or are construed to be payments of interest on the unpaid principal amount of the Loan reflect interest that is borne at a rate in excess of the maximum permitted by law. The Borrower shall not be obligated or required to pay, nor shall the Issuer be permitted to charge or collect, interest borne at a rate in excess of such maximum rate permitted by law. If by the terms of this Agreement or the other Loan Documents the Borrower is required to make such payments reflecting interest borne at a rate in excess of such maximum rate, such payments shall be deemed to be reduced immediately and automatically to reflect such maximum rate. This Agreement is also subject to the condition that amounts paid hereunder representing late payment or penalty charges or the like shall only be payable to the extent permitted by law.

Section 8.11 Term Of This Agreement.

This Agreement shall be in full force and effect from its date to and including such date as all of the Bonds issued under the Indenture shall have been fully paid or retired in accordance with their terms and the terms of the Indenture (or provision

for such payment shall have been made as provided in the Indenture), except, however, that the covenants and provisions relating to the Reserved Rights of the Issuer and the covenants relating to the preservation of exclusion from gross income of interest on the Bonds for purposes of federal income taxation shall survive the termination hereof.

Section 8.12 Non-Recourse.

Anything contained in any provision of this Agreement, the Mortgage, the Regulatory Agreement or the Notes notwithstanding, in the event of any proceeding to foreclose the Mortgage or otherwise to enforce the provisions of the Notes, this Agreement, the Mortgage or the Regulatory Agreement, after the Conversion Date neither the Issuer, nor the Trustee or other holder of the Notes (collectively, the "Noteholder"), nor any Bondholder, nor any beneficiary of, nor the trustee under the Mortgage shall be entitled to take any action to procure any personal money judgment or any deficiency decree against the Borrower or any partner of the Borrower or its or their heirs, personal representatives, successors and assigns, it being understood and agreed that recourse hereon and under the Mortgage, the Regulatory Agreement and the Notes after the Conversion Date shall be limited to the assets of the Borrower which are pledged as security from time to time provided with respect to the Notes and this Agreement; provided, however, nothing herein contained shall limit or be construed to limit or impair the enforcement against the Project or any other additional security as may from time to time be given to the beneficiary hereof as security for the performance of this Agreement, the Mortgage, Regulatory, the Notes, or any other instrument now or hereafter securing the Notes or this Agreement, or the rights and remedies of the Trustee or the beneficiary, its successors and assigns, under this Agreement, the Mortgage, Regulatory Agreement or the Notes or any other instruments. Notwithstanding the foregoing, the provisions of this section shall be null and void and have no force and effect to the extent of any loss suffered by the Issuer, the Trustee, any Bondholder or any beneficiary of or the trustee under the Mortgage as a result of the Borrower's or General Partner's: (a) committing any act of fraud or intentional material misrepresentation; (b) misapplication of any condemnation award or casualty insurance proceeds or intentional material misrepresentation; (c) failure to apply Rents (as defined in the Mortgage), first, to the payment of reasonable operating expenses (other than property management fees that are not currently payable pursuant to the terms of any Assignment of Management Agreement executed by the Borrower and the management company for the Project) and then to amounts (the "Debt Service Amounts") payable under the Notes, the Mortgage or any other Loan Document (except that the Borrower will not be personally liable (i) to the extent that the Borrower lacks the legal right to direct the disbursement of such sums because of a bankruptcy, receivership or similar judicial proceeding; or (ii) with respect to Rents that are distributed in any calendar year if the Borrower has paid all operating expenses and Debt Service Amounts for that calendar year); or (d) violation of any Environmental Laws. Nothing herein shall be deemed to prohibit

the naming of the Borrower in an action to realize upon the remedies provided herein either at law or in equity, subject to the foregoing limitation against a personal money judgment or deficiency decree against the Borrower, the partners of the Borrower or their heirs, personal representatives, successors and assigns, or to prohibit the naming of any person in any action to realize upon the remedies provided in the Security Documents.

Section 8.13 References To Servicer And Majority Owner Under The Loan Documents.

(a) Trustee shall retain a Servicer and shall use its best efforts to ensure that a Servicer is in place throughout the term of this Agreement in order to perform all obligations of the Servicer under the Loan Documents. Trustee shall retain and terminate the Servicer at the written direction of and in accordance with instructions from the Majority Owner. In the event that there is no Majority Owner, Trustee shall use its best efforts to retain a Servicer that has existing established servicing capabilities for multi-family real estate loans. The Servicer shall act at the direction of and in accordance with instructions from the Majority Owner. In the event that there is no Majority Owner, Servicer shall act at the direction of and in accordance with instructions from the Trustee, acting on behalf of the Bondholders. The performance of the Trustee's duties shall be subject to the provisions of the Loan Documents.

(b) On the date hereof and through the Conversion Date, the Servicer shall be JPMorgan Chase Bank, N.A., a national banking association, and such Servicer shall not be replaced prior to the Conversion Date without the prior consent of the Majority Owner, which consent shall not unreasonably be withheld, conditioned or delayed. Following the Conversion Date, the Majority Owner may act as Servicer so long as the Majority Owner or its Affiliate has existing established servicing capabilities for multi-family real estate loans.

(c) Any request, consent, direction, approval, objection or other instrument required to be signed, or action to be taken, by the Majority Owner pursuant to the Loan Documents, may be signed or taken, as the case may be, at the direction of the Majority Owner sent to the Trustee indicating that the Majority Owner has delegated such acts to the Servicer, by the Servicer on behalf of the Majority Owner, and with respect to any such acts all rights, benefits, fees and expenses payable to the Majority Owner shall be for the benefit of the Servicer and the Servicer shall be entitled thereto as if it was the Majority Owner; provided, however, that, on or prior to the Conversion Date, in the event the Majority Owner is not JPMorgan Chase Bank, N.A., or, upon notice from the Servicer to the Trustee and the Borrower, the Bonds are not held in trust pursuant to an arrangement where JPMorgan Chase Bank, N.A. is not able to directly or indirectly control the remedies relating to the Bonds, the Servicer shall sign, take or direct the Trustee in place of the Majority Owner.

(d) In the event that there is no Majority Owner, any request, consent, direction, approval, objection or other instrument required to be signed, or action to be taken, by the Majority Owner pursuant to this Agreement, shall be signed or taken, as the case may be, by the Owners of at least fifty-one percent (51%) in aggregate principal amount of Outstanding Bonds. For purposes of this Section 8.13(d), except for signatures or actions required to be taken pursuant to Article VII, the failure of an Owner to respond to a written notice of a request, consent, direction, approval, objection or other instrument required to be signed, or an action to be taken, by the Owners of at least fifty-one percent (51%) in aggregate principal amount of Outstanding Bonds within thirty (30) days of such written notice shall be deemed to be the consent of such Owner.

Section 8.14 Patriot Act.

The Servicer hereby notifies the Borrower that pursuant to the requirements of the Patriot Act it is required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow the Servicer to identify the Borrower in accordance with the Patriot Act.

Section 8.15 Continuing Disclosure.

The Borrower agrees to cooperate in complying with the federal securities laws relating to continuing disclosures that are applicable to the Bonds, including, without limitation, Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as such rule may be amended from time to time.

Section 8.16 Third Party Beneficiary.

Notwithstanding anything herein to the contrary, the parties hereto acknowledge and agree that in consideration of the Servicer agreeing to undertake the servicing and the Majority Owner agreeing to take actions under the Financing Documents, not in its capacity of Bondholder, that Servicer and the Majority Owner are each independently third party beneficiaries of this Agreement and the other Loan Documents, and shall be entitled to, and shall have the right to enforce all the rights, benefits and privileges provided in the Loan Documents for the Servicer, and the Majority Owner, as applicable, and the Trustee shall assist in the enforcement of the rights of the Servicer and/or Majority Owner to the extent necessary to fulfill the purposes of this Section 8.16.

Section 8.17 Waiver Of Special Damages.

To the full extent permitted by applicable Law, the Borrower shall not assert, and hereby waives, any claim against the Issuer, the Servicer, the Trustee or the Majority Owner on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as the result of, this Agreement or any agreement or instrument contemplated hereby, the transactions, the Loan Documents, the Indenture, or the use of the proceeds thereof.

Section 8.18 No Liability Of Issuer.

The Bonds are issued pursuant to Article VII, Section 6 of the 1970 Constitution of the State and pursuant to the Ordinance and shall be limited obligations of the Issuer payable solely as provided in the Indenture. No owner of any Bond has the right to compel any exercise of the taxing power of the Issuer to pay the principal of, interest on, or premium, if any, on, the Bonds and the Bonds shall not constitute an indebtedness of the Issuer or a loan of credit thereof within the meaning of any constitutional or statutory provisions. No covenant or agreement contained in the Indenture, the Bonds or this Agreement shall be deemed to be a covenant or agreement of any official or of any officer or employee of the Issuer in his or her individual capacity, and neither the members of the governing body of the Issuer nor any officer of the Issuer signing the Indenture, the Bonds, the Tax Regulatory Agreement, the Regulatory Agreement, the T.I.F. Agreement or this Agreement shall be liable personally or be subject to any personal liability or accountability by reason of the execution thereof.

In Witness Whereof, The Issuer, the Trustee and the Borrower have caused this Agreement to be executed in their respective names, all as of the date first above written.

City of Chicago

By: _____
Paul A. Volpe,
Chief Financial Officer

[Seal]

Attest: _____
City Clerk

9/27/2007

REPORTS OF COMMITTEES

8505

[Trustee]

By: _____
_____, Vice President

[Seal]

Attest: _____

Name: _____

Title: _____

Lawndale H&A Bond L.P.
an Illinois limited partnership

By: Lawndale H&A Bond
Development, L.L.C.
an Illinois limited liability
company, its general partner

By: _____

I, _____, the attorney for Lawndale H&A Bond, L.P., an Illinois limited partnership, certify that the signature appearing above is the genuine signature of _____.

[(Sub)Exhibit "D" referred to in this Loan Agreement
unavailable at time of printing.]

(Sub)Exhibits "A", "B-1", "B-2", "C", "E", "F", "G" and "H" referred to in this Loan Agreement read as follows:

(Sub)Exhibit "A".
(To Loan Agreement)

Legal Description Of Real Estate.

Parcel 1:

Lot 3 and the east half of Lot 4 in Shaw, Kerrigan and Salomon's Subdivision of Block 6 in Circuit Court Partition of the east half of the northeast quarter and that part of the east half of the southeast quarter lying north of the centerline of Ogden Avenue, in Section 23, Township 39 North, Range 13 East of the Third Principal Meridian, in Cook County, Illinois.

Common Address:

3239 West Douglas Boulevard
Chicago, Illinois.

Permanent Tax Number:

16-23-220-006-0000.

Parcel 2:

Lot 14 in Block 2 in Prescott's Douglas Park Addition to Chicago, being a subdivision of Block 2 in Circuit Court Partition of the east half of the northeast quarter and that part of the east half of the southeast quarter lying north of the centerline of Ogden Avenue, in Section 23, Township 39 North, Range 13 East of the Third Principal Meridian, in Cook County, Illinois.

Common Address:

3234 West Douglas Boulevard
Chicago, Illinois.

Permanent Tax Number:

16-23-212-034-0000.

Parcel 3:

Lots 16, 17, 18 and 19 (except the west 5 feet) in Block 2 of Prescott's Douglas Park Addition to Chicago, being a subdivision of Block 1 in Circuit Court Partition of the east half of the northeast quarter and that part of the east half of the southeast quarter lying north of the centerline of Ogden Avenue, in Section 23, Township 39 North, Range 13 East of the Third Principal Meridian, in Cook County, Illinois.

Common Address:

3206 West Douglas Boulevard
Chicago, Illinois.

Permanent Tax Number:

16-23-213-027-0000.

Parcel 4:

The west 51 feet of the east 300 feet of Block 1 in Douglas Park Addition to Chicago, a subdivision of the east half of the southeast quarter of Section 23 that lies south of the Southwestern Plank Road; also of Lots 4 and 5 of Circuit Court Partition of the west half of the west half of Section 24, Township 39 North, Range 13 East of the Third Principal Meridian, in Cook County, Illinois.

Common Address:

3122 West Douglas Boulevard
Chicago, Illinois.

Permanent Tax Number:

16-24-103-032-0000.

Parcel 5:

Lots 1, 2, 3, 4, 5 and 6 in the subdivision of Lots 1 to 6 in the subdivision of

Lots 27 to 36 and vacated alley in Block 3 in Douglas Park Addition to Chicago in the west half of the northwest quarter of Section 24, Township 39 North, Range 13 East of the Third Principal Meridian, in Cook County, Illinois.

Common Address:

1501 South Kedzie Avenue
Chicago, Illinois.

Permanent Tax Number:

16-24-105-001-0000.

Parcel 6:

Lots 26, 27, 28 and 29 in Givins and Gilbert's Subdivision of the south 15 acres of the east half of the east half of the southwest quarter of Section 14, Township 39 North, Range 13 East of the Third Principal Meridian, in Cook County, Illinois.

Common Addresses:

1136 -- 1142 South Central Park Avenue; and

3601 -- 3609 West Grenshaw Street
Chicago, Illinois.

Permanent Tax Numbers:

16-14-328-038-0000; and

16-14-328-039-0000.

Parcel 7:

Lot 1 in Rissman's Resubdivision of Lots 25, 26, 27, 28, 29 and the west 21 feet of Lot 30 in Block 3 in D. Goodwin's Subdivision of the northwest quarter of the northeast quarter of Section 23, Township 39 North, Range 13 East of the Third Principal Meridian, in Cook County, Illinois.

Common Address:

1259 South Central Park Avenue
Chicago, Illinois.

Permanent Tax Number:

16-23-202-020-0000.

Parcel 8:

Lots 47 and 48 in Block 3 in Lambert Tree's Subdivision of the west half of the northwest quarter of Section 14, Township 39 North, Range 13 East of the Third Principal Meridian, in Cook County, Illinois.

Common Address:

3900 West Wilcox Street
Chicago, Illinois.

Permanent Tax Number:

16-14-102-032-0000.

Parcel 9:

Lots 14 and 15 in Block 3 in Our Home Addition to Chicago, being a subdivision of the east half of the northeast quarter of Section 22, Township 39 North, Range 13 East of the Third Principal Meridian (except the north 50 acres thereof), in Cook County, Illinois.

Common Address:

4118 West 15th Street
Chicago, Illinois.

Permanent Tax Number:

16-22-220-022-0000.

Parcel 10:

Lots 8 through 11 in Sherman and Walter's Subdivision of Block 7 in Circuit Court Partition of the east half of the northeast quarter and that part of the east half of the southeast quarter lying north of the centerline of Ogden Avenue, in Section 23, Township 39 North, Range 13 East of the Third Principal Meridian, in Cook County, Illinois.

Common Address:

3219 -- 3229 West Douglas Boulevard
Chicago, Illinois.

Permanent Tax Number:

16-23-221-037-0000.

*(Sub)Exhibit "B-1".
(To Loan Agreement)*

Form Of Series 2007A Note.

\$ _____, 2007.

The Undersigned, For Value Received, promises to pay to the order of City of Chicago (the "Issuer"), at the principal office of its assignee [Trustee], as Trustee, at its office at _____, the principal amount of _____ Dollars (\$ _____), or if less, the aggregate unpaid principal balance of the Series 2007A Loan (as defined in the hereafter defined Loan Agreement) made by the Issuer to the undersigned pursuant to the Loan Agreement, due and payable on _____, 20____ or at such earlier time as provided in the Loan Agreement.

The undersigned also promises to pay interest on the unpaid principal amount hereof from time to time outstanding from the date hereof until maturity (whether by acceleration or otherwise) and, after maturity, until paid, at the rates per annum and on the dates specified in the Loan Agreement.

Payments of principal and interest are to be made in lawful money of the United States of America in same day or immediately available funds.

This Series 2007A Note is the "Series 2007A Note" described in, and is subject to the terms and provisions of, a Loan Agreement, dated as of _____ 2007 (as the same may at any time be amended or modified and in effect, the "Loan Agreement"), between the undersigned and the Issuer and Trustee, and payment of this Series 2007A Note is secured as described in the Loan Agreement. Reference is hereby made to the Loan Agreement for a statement of the prepayment rights and obligations of the undersigned, a description of the nature and extent of the security, and the rights of the parties to the related documents in respect of such security, and for a statement of the terms and conditions under which the due date of this Series 2007A Note may be accelerated. Upon the occurrence of any Event of Default as specified in the Loan Agreement, the unpaid principal balance hereof, and interest accrued hereon, may be declared to be forthwith due and payable.

In addition to, and not in limitation of, the foregoing and the provisions of the Loan Agreement, the undersigned further agree, subject only to any limitation imposed by applicable law, to pay all reasonable expenses, including, but not limited to, attorneys' fees and legal expenses, incurred by the registered owner of this Series 2007A Note in endeavoring to collect any amounts payable hereunder which are not paid when due, whether by acceleration or otherwise.

All parties hereto, whether as makers, endorsers or otherwise severally waive presentment for payment, demand, protest and notice of dishonor.

Lawndale H&A Bond L.P.,
an Illinois limited partnership

By: Lawndale H&A Bond Development,
L.L.C. an Illinois limited liability
company, its general partner

By: _____

(Sub)Exhibit "B-2".
(To Loan Agreement)

Form Of Series 2007B Note.

\$ _____, 2007.

The Undersigned, For Value Received, promises to pay to the order of City of Chicago (the "Issuer"), at the principal office of its assignee [Trustee], as Trustee, at

its office at _____, the principal amount of _____ Dollars (\$ _____), or if less, the aggregate unpaid principal balance of the Series 2007A Loan (as defined in the hereafter defined Loan Agreement) made by the Issuer to the undersigned pursuant to the Loan Agreement, due and payable on _____, 20____ or at such earlier time as provided in the Loan Agreement.

The undersigned also promises to pay interest on the unpaid principal amount hereof from time to time outstanding from the date hereof until maturity (whether by acceleration or otherwise) and, after maturity, until paid, at the rates per annum and on the dates specified in the Loan Agreement.

Payments of principal and interest are to be made in lawful money of the United States of America in same day or immediately available funds.

This Series 2007B Note is the "Series 2007B Note" described in, and is subject to the terms and provisions of, a Loan Agreement, dated as of _____, 2007 (as the same may at any time be amended or modified and in effect, the "Loan Agreement"), between the undersigned and the Issuer and Trustee, and payment of this Series 2007B Note is secured as described in the Loan Agreement. Reference is hereby made to the Loan Agreement for a statement of the prepayment rights and obligations of the undersigned, a description of the nature and extent of the security, and the rights of the parties to the related documents in respect of such security, and for a statement of the terms and conditions under which the due date of this Series 2007B Note may be accelerated. Upon the occurrence of any Event of Default as specified in the Loan Agreement, the unpaid principal balance hereof, and interest accrued hereon, may be declared to be forthwith due and payable.

In addition to, and not in limitation of, the foregoing and the provisions of the Loan Agreement, the undersigned further agree, subject only to any limitation imposed by applicable law, to pay all reasonable expenses, including, but not limited to, attorneys' fees and legal expenses, incurred by the registered owner of this Series 2007B Note in endeavoring to collect any amounts payable hereunder which are not paid when due, whether by acceleration or otherwise.

All parties hereto, whether as makers, endorsers or otherwise severally waive presentment for payment, demand, protest and notice of dishonor.

Lawndale H&A Bond L.P.,
an Illinois limited partnership

By: Lawndale H&A Bond Development,
L.L.C. an Illinois limited liability
company, its general partner

By: _____

(Sub)Exhibit "C".
(To Loan Agreement)

Form Of Requisition.

Draw Number: _____

Project Name : _____

JPMorgan Chase Bank, N.A., Servicer
Commercial Real Estate Lending

_____, as Trustee
222 South Riverside Plaza, 20th Floor
Chicago, Illinois 60606
Attention: Victoria Y. Douyon, Vice President

Re: Request for advance in connection with loans in the aggregate principal amount of \$_____ under that certain Loan Agreement dated as of _____, 2007 ("Agreement") by and among City of Chicago ("Issuer"), [Trustee] ("Trustee"), and Lawndale H&A Bond L.P. ("Borrower").

1. Borrower hereby requests an advance under the Agreement in the amount of \$_____ from the Project Fund. Borrower acknowledges that this amount is subject to inspection, verification and available funds.
2. Borrower agrees to provide, if requested by Servicer, a listing of all vendors showing the name and the amount currently due each party to whom the Borrower is obligated for labor, material and/or services supplied. This information would be provided in support of the disbursements requested in this Request for Advance.
3. Borrower represents and warrants to Issuer, Trustee and Servicer that:
 - (a) it has complied with all of its duties and obligations under the terms of the Agreement;
 - (b) no Event of Default as defined in the Agreement has occurred and is continuing;

- (c) all change orders or changes to the project budget have been submitted to and approved by Servicer;
 - (d) all previous loan advances have been used solely for the purposes set forth in the Agreement;
 - (e) all outstanding claims for labor, materials and/or services furnished prior to this draw period have been paid;
 - (f) all construction prior to the date hereof has been in accordance with the plans and specifications;
 - (g) all of the requested advance will be used solely to pay obligations set forth on the attachment hereto;
 - (h) there are no liens outstanding against the Project, except for Permitted Encumbrances;
 - (i) the amount of undisbursed loan proceeds is sufficient to pay the cost of completing the Project in accordance with the plans and specifications originally submitted to Servicer or as modified and approved by Servicer through approved change orders;
 - (j) borrower understands this Request for Advance is made for the purpose of inducing Servicer to authorize an advance to Borrower and that, in authorizing such advance, Servicer will rely upon the accuracy of the matters stated herein;
 - (k) the expenditure of the requested advance when added to all previous advances will result in (i) not less than ninety-five percent (95%) of all advances from Net Proceeds of the Bonds having been used to pay or reimburse Borrower for Qualified Costs of the Project, and (ii) not more than two percent (2%) of all advances from sales proceeds of the Bonds having been used to pay or reimburse Borrower for Costs of Issuance.
4. Disbursement of the requested advance may be subject to the receipt by Servicer of a certificate from a title company stating that no claims have been filed of record which adversely affect the title of Borrower to the property subsequent to the filing of the deed of trust or mortgage securing the Loan.
5. Undefined terms used herein shall have the same meaning as in the Agreement.

- 6. Borrower certifies that the statements made herein and in any documents submitted herewith are true and has duly caused this Request for Advance to be signed on its behalf by the undersigned, thereto duly authorized.

Date: _____

Lawndale H&A Bond L.P.

By: _____
(Authorized Signer)

Printed Name: _____

Title: _____

(Sub)Exhibit "E".
(To Loan Agreement)

Servicer Disbursement Approval Requirements.

The right of the Borrower to draw any funds from the Project Fund shall be subject to the satisfaction of the following conditions precedent, in a manner, and by documentation, satisfactory to the Servicer:

- 1. The Borrower shall invest in the Project an amount equal to the Required Equity Funds (when such amounts are required to be paid under the Partnership Agreement) in a manner satisfactory to the Servicer and shall invest an amount equal to the Initial Equity Requirement in the Project, prior to any advance of Project Fund proceeds for Direct Construction Costs, Other Project Costs or for any other reason whatsoever. The investment by the Borrower in the Project shall be substantiated by evidence satisfactory to the Servicer. That portion of the Required Equity Funds yet to be expended as of the Closing Date shall be deposited with the Trustee at the time as the same shall be invested in the Borrower and held by the Trustee to be disbursed in accordance with the provisions of this Agreement (including this (Sub)Exhibit E), and the Indenture. Such account shall be and the Borrower hereby pledges the same as additional collateral security for the Obligations. The Required Equity Funds shall remain invested in the Project until Stabilization.

2. Each Requisition shall be accompanied by a certificate or report of the Consulting Engineer to the Servicer in which the Consulting Engineer shall in substance (i) verify that the portion of the Improvements completed as of the date of such site observation has been completed substantially in accordance with the Plans and Specifications, (ii) state its estimate of (aa) the percentage of construction of the Improvements completed as of the date of such site observation on the basis of work in place as part of the Improvements and the Trade Breakdown Schedule, (bb) Direct Construction Costs actually incurred for work in place as part of the Improvements as of the date of such site observation, (cc) the sum necessary to complete construction of the Improvements in accordance with the Plans and Specifications, and (dd) the amount of time from the date of such inspection which will be required to complete construction of the Improvements in accordance with the Plans and Specifications, and (iii) provide, upon request of Servicer, copies of bills or invoices documenting the proposed expenditure (with paid receipts or other evidence of payment for such expenditure to be provided to the Servicer before the next requested requisition and in any event within ten (10) days of disbursement to the Borrower of the requested payment).

3. Prior to each advance of the Project Fund, the Title Company shall have issued (i) a written continuation of title showing title to the Property to be vested in the Borrower and no exceptions to the title of the Property other than those exceptions previously approved by the Servicer in writing, and (ii) a written commitment to insure the priority of the lien of the Mortgage, subject only to exceptions previously approved by the Servicer in writing, for an amount equal to the full amount of each advance. The Title Policy insuring the lien of the Mortgage shall contain all endorsements required by the Servicer. If required by the Servicer, such continuations of title shall contain affirmative insurance that covenants and restrictions, if any, reported against the Land have not been violated by the Improvements.

4. Prior to each advance of the Project Fund to the Borrower, the Borrower shall, upon request of the Servicer, furnish the Servicer with evidence satisfactory to the Servicer, showing payment of all bills and charges for which advances of the Project Fund have been previously made. The Borrower shall also deliver to the Servicer, upon request, such bills, receipts, invoices and other evidence as may reasonably be required by the Servicer to substantiate the actual incurrence by the Borrower of Project Costs.

5. The Borrower shall, if required by the Servicer, deliver to the Servicer a written statement executed by the Contractor certifying that the Contractor has received payment in full of all monies owed to the Contractor or evidence that the Contractor has delivered and filed effective mechanics lien waivers prior to the commencement of work or, if such waivers were not delivered and filed, a release of liens in connection with all work performed.

6. The Borrower shall, if required by the Servicer, deliver to the Servicer a written statement executed by each subcontractor and materialman engaged in the construction of the Improvements on behalf of the Contractor or the Borrower certifying that each such subcontractor and materialman has received payment in full of all monies owed to each such subcontractor and materialman by the Contractor or by the Borrower.

7. Construction of the Improvements shall comply with all applicable laws, rules, restrictions, orders and regulations of the Governmental Authorities.

8. The Borrower shall have delivered to the Servicer all necessary certificates, authorizations, permits and licenses which are required to permit the construction of the Improvements for which an advance is requested, as issued by the appropriate Governmental Authorities. The Borrower, to the full extent permitted by applicable law, hereby assigns to the Trustee as additional security for the Obligations and the observance and performance by the Borrower of the terms, covenants and provisions of the Loan Documents and the Indenture, all right, title and interest which the Borrower may now have or may hereafter acquire in and to such certificates, authorization, permits and licenses.

9. The Borrower shall make available to the Consulting Engineer, upon request, all shop and related drawings used in connection with the Plans and Specifications and the construction of the Improvements at the office and location where the same are kept.

10. The Servicer and the Consulting Engineer shall be of the opinion that the Improvements can be completed by the Completion Date, as the same may be extended pursuant to Section 5.1 of this Agreement.

11. If the advance includes funds for the purchase of equipment, the Borrower shall have delivered UCC financing statements or assignment statements in form satisfactory to the Servicer, perfecting the Trustee's security interest in such equipment, wherever located.

12. The Borrower shall have delivered to the Servicer and the Consulting Engineer a copy of the Construction Contract, which Construction Contract shall be either a negotiated guaranteed maximum price contract, or a fixed price contract, and shall otherwise be in form and substance satisfactory in all respects to the Servicer. The Borrower hereby assigns to the Trustee, as additional security for the repayment of its obligations and the observance and performance by the Borrower of the terms, covenants and provisions of this Agreement, all right, title and interest which the Borrower may now have or may hereafter acquire in and to the Construction Contract. Except as may otherwise be permitted by this Agreement, the Borrower shall not agree to any modification or to any termination of the Construction Contract without the prior approval of the Servicer. The

Borrower shall furnish the Servicer with such information regarding the Contractor as the Majority Owner may request.

13. The Borrower shall (to the extent required by the Servicer) have delivered to the Servicer and the Consulting Engineer copies of all Major Subcontracts, now or hereafter entered into, each of which such subcontracts shall be in form and substance satisfactory in all respects to the Servicer. The Borrower hereby assigns to the Trustee as additional security for the payment of the Obligations and the observance and performance by the Borrower of the terms, covenants and provisions of this Agreement all right, title and interest which the Borrower may now have or may hereafter acquire in and to the Major Subcontracts. Except as may otherwise be permitted by this Agreement, the Borrower shall not agree to any modification or to any termination of any Major Subcontract without the prior approval of the Servicer.

14. The Borrower shall (to the extent required by the Servicer) make available for inspection at all times by the Consulting Engineer and the Servicer copies of all other subcontracts, and shall furnish to the Consulting Engineer and the Servicer, upon request, copies of the same. The Borrower hereby assigns to the Trustee as additional security for the payment of the Obligations and the observance and performance by the Borrower of the terms, covenants and provisions of the Loan Documents and the Indenture to which the Borrower is a party, all right, title and interest which the Borrower may now have or may hereafter acquire in and to such other subcontracts. Except as may otherwise be permitted by this Agreement, the Borrower shall not agree to any modification or to any termination of the other subcontracts without the prior approval of the Servicer.

15. The Major Subcontracts and the other subcontracts, to the extent not already awarded as of the date hereof, shall be awarded in accordance with a time table acceptable to the Servicer and the Consulting Engineer. The Borrower shall cause the Contractor, the Architect and, to the extent required by the Servicer, any architect hired by the Contractor, the subcontractors and materialmen under the Major Subcontracts to respectively execute and deliver to the Servicer, contemporaneously with the execution and delivery of their respective contracts, letter agreements pursuant to the provisions of which the Contractor, any such architect and such subcontractors and materialmen shall agree to perform their respective contracts at no additional cost or expense for the benefit of the Servicer, its nominee, or wholly-owned subsidiary, in the event of a default under the Loan Agreement or any of the other Loan Documents or a foreclosure of the Mortgage or the Mortgage, which letter agreements shall be in form and substance satisfactory to the Servicer.

16. The Borrower shall cause the Contractor (and those Major Subcontractors designated by the Servicer) to provide Payment and Performance Bonds in amounts and in form and content satisfactory to the Servicer. The Trustee shall be named as a dual obligee on the Payment and Performance Bonds.

17. The Borrower shall observe and perform all of the terms, covenants and conditions of the Construction Contract, the Major Subcontracts and the other subcontracts on the Borrower's part to be observed or performed.

18. The Servicer shall not be obligated to authorize the Trustee to make an advance of the Project Fund with respect to any contractor, subcontractor or materialman providing work or materials with respect to the Improvements unless such subcontractor or materialman is providing such work or materials under a signed contract or purchase order.

19. The Borrower shall have delivered to the Servicer and the Consulting Engineer a copy of the Architect's Agreement, which the Borrower hereby assigns to the Trustee as additional collateral security for the payment of the Obligations and the observance and performance by the Borrower of the terms, covenants and provisions of this Agreement.

20. The Servicer shall have received a report from the Consulting Engineer satisfactory to the Servicer in all respects indicating that the Plans and Specifications are substantially complete and that the Improvements can be completed on time and within budget in accordance with the Plans and Specifications.

21. All of the terms, conditions and provisions of the Loan Documents insofar as they pertain to the obligation of the Servicer to authorize the Trustee to make any advance of the Bond proceeds shall have been complied with to the satisfaction of the Servicer and its counsel and no Event of Default exists.

22. The Servicer's obligation to approve the initial advance or any subsequent advance of the Project Fund is conditioned on the Servicer's receipt of the following, all in form and substance satisfactory to Servicer:

- (i) a commitment for a title insurance policy in the amount of the Bonds covering all of the real property and fixtures that are part of the Land and Improvements. The commitment shall be issued by the Title Company and shall be for an ALTA form of mortgage loan policy to be issued without standard exceptions or reservation for creditor's rights and assuring that, upon satisfaction of the requirements listed herein, the Mortgage will be a valid first priority mortgage lien on real property and fixtures conforming to the requirements of the commitment. The commitment shall include a

pending disbursements clause satisfactory to the Servicer. The title commitment must be accompanied by complete copies of all documents referred to therein as exceptions to or encumbrances on title. The Servicer reserves the right to require such additional endorsements to the commitment as it may deem appropriate;

- (ii) three (3) prints of a current certified surveys by a licensed surveyor acceptable to the Servicer with such certification being addressed to the Trustee and to the Title Company. The survey shall show the land and any matters affecting the same, including the location and area covered by all building setback lines, the location and area of all easements encumbering and/or benefiting the land, the relation of the land to public thoroughfares and access thereto, the location of all physical conditions (including existing structures or foundations, utility lines, walks, drives, rights-of-way and parking areas) on the land, the proposed location of the Improvements (or the foundation thereof) and any encroachments of the Improvements (or the foundation thereof) or other physical conditions upon any easements, building lines or property boundary lines. The survey shall also state whether the land or any portion thereof is located on a federally designated flood plain area or wetland and shall also indicate the zoning classification of the land. The state of facts shown in the preliminary survey shall be satisfactory in all respects to the Servicer and its counsel, the Consulting Engineer and the Title Company;
- (iii) the Borrower shall deliver to the Servicer (a) an as-built survey of the Improvements within sixty (60) days after the completion of Improvements, and (b) any additional surveys requested or required by the Servicer, the Consulting Engineer or the Title Company within sixty (60) days after request, it being agreed that any change in the state of facts shown in any such updated survey shall be satisfactory in all respects to the Servicer, its counsel, the Consulting Engineer and the Title Company.

All conditions and requirements of this Agreement relating to the obligation of the Servicer to authorize the Trustee to make advances of the Project Fund are for the sole benefit of the Servicer, the Trustee and the Majority Owner and no other person or party (including, without limitation, the Contractor and subcontractors and materialmen engaged in the construction of the Improvements) shall have the right to rely on the satisfaction of such conditions and requirements by the Borrower as a condition precedent to the Servicer authorize the Trustee making an advance of the Project Fund. The Servicer shall have the right, in its sole and absolute discretion, to waive any such condition or requirement as a condition precedent to authorize the Trustee making an advance of the Project Fund.

(Sub)Exhibit "F".
(To Loan Agreement)

Form Of Stabilization Certificate.

_____, 20__.

JPMorgan Chase Bank, N.A.
Community Development Real Estate

Attention: _____

Re: Lawndale Apartments (the "Project")

Ladies and Gentlemen:

The undersigned, being the owner of the Project, hereby certifies to _____, as trustee (the "Trustee") and _____ (as servicer, acting on behalf of the Majority Owner of the bonds issued in connection with the Project, the "Servicer") that:

The undersigned hereby represents and warrants that:

1. The Improvements are ___ % occupied by tenants meeting the requirements of the Loan Documents in each of three (3) prior consecutive months.
2. The Debt Service Coverage Ratio ("D.S.C.R.") for the three (3) consecutive months prior to the date hereof is _____ to _____.
3. Stabilization [has/has not] occurred.
4. Attached hereto is the calculation of Stabilization.

Capitalized terms used herein and not defined shall have the meanings ascribed thereto in the Loan Agreement dated as of _____ 1, 2007 by and among the City of Chicago, the Trustee and the undersigned.

Lawndale H&A Bond L.P.,
an Illinois limited partnership

By: Lawndale H&A Bond Development,
L.L.C., an Illinois limited liability
company

Its: General Partner

By: _____

Authorized Agent

[Stabilization Spreadsheet referred to in this Form
of Stabilization Certificate unavailable
at time of printing.]

(Sub)Exhibit "G".
(To Loan Agreement)

Replacement Reserves.

(a) Disbursements From Replacement Reserve.

(i) Upon written request from Borrower and satisfaction of the requirements set forth herein, Servicer shall direct the Trustee in writing to disburse to Borrower amounts from the Replacement Reserve Fund necessary to reimburse Borrower for the actual approved costs of the Replacements. Servicer shall not approve such disbursements from the Replacement Reserve to reimburse Borrower for the costs of routine maintenance to the Mortgaged Property. In no event shall Trustee be obligated to disburse funds from the Replacement Reserve Fund if a default or Event of Default exists under the Loan Agreement or any of the other Loan Documents.

(ii) Each request for disbursement from the Replacement Reserve Fund shall be in a form specified or approved by Servicer and shall include (A) the specific Replacements for which the disbursement is requested, (B) the quantity and price of each item purchased, if the Replacement includes the purchase or replacement of specific items, (C) the price of all materials (grouped by type or category) used in

any Replacement other than the purchase or replacement of specific items, and (D) the cost of all contracted labor or other services applicable to each Replacement for which such request for disbursement is made. With each request, Borrower shall certify that all Replacements have been made in accordance with all applicable laws, ordinances and regulations of any governmental office or authority having jurisdiction over the Mortgaged Property. Each request for disbursement shall include copies of invoices for all items or materials purchased and all contracted labor or services provided and, unless Servicer has agreed to issue joint checks in connection with a particular Replacement, each request shall include evidence satisfactory to Servicer of payment of all such amounts.

(iii) Each request for disbursement from the Replacement Reserve Fund shall be made only after completion of the Replacement for which disbursement is requested. Borrower shall provide Servicer evidence satisfactory to Servicer, in its reasonable judgment, of completion.

(iv) If the cost of a Replacement exceeds Fifty Thousand Dollars (\$50,000) and the contractor performing the Replacement requires periodic payments pursuant to the terms of a written contract, Servicer at its discretion may approve in writing periodic payments for work performed under such contract. A request for reimbursement from the Replacement Reserve Fund may be made after completion of a portion of the work under such contract, provided (A) such contract requires payment upon completion of such portion of work, (B) the materials for which the request is made are on site at the Mortgaged Property and are properly secured or have been installed in the Mortgaged Property, (C) all other conditions in this Agreement for disbursement have been satisfied, (D) amounts remaining in the Replacement Reserve Funds are, in Servicer's judgment, sufficient to complete such Replacement and the other Replacements when required and (E) if required by Servicer, each contractor or subcontractor receiving payments under such contract shall provide a waiver of lien with respect to amounts which have been paid to that contractor or subcontractor.

(v) Borrower shall not make a request for disbursement from the Replacement Reserve more frequently than once a month and (except in connection with the final disbursement) the total cost of all Replacements in any request shall not be less than Five Thousand Dollars (\$5,000).

(vi) In the event Borrower requests a disbursement from the Replacement Reserve Fund to reimburse Borrower for labor or materials for replacements other than the Replacements specified on the attached Schedule 1, Borrower shall disclose in writing to Servicer why funds in the Replacement Reserve Fund should be used to pay for such replacements. If Servicer determines that such replacements are of the type intended to be covered by this Agreement, the costs for such replacements are reasonable, and all other conditions for disbursement under this Agreement have been met, Servicer may at its discretion disburse funds from the Replacement Reserve Fund.

(b) Performance Of Replacements.

(i) Workmanlike Completion.

(A) Borrower shall make each Replacement when required in order to keep the Mortgaged Property in good order and repair and in a good marketable condition and to keep the Mortgaged Property or any portion thereof from deteriorating. Borrower shall complete all Replacements in a good and workmanlike manner as soon as practicable following the commencement of making each such Replacement.

(B) Servicer shall have the right to approve all contracts or work orders with materialmen, mechanics, suppliers, subcontractors, contractors or other parties providing labor or materials in connection with the Replacements. Upon Servicer's request, Borrower shall assign any contract or subcontract to the Trustee.

(C) In the event the Servicer determines in its sole discretion that any Replacement is not being performed or completed in a workmanlike or timely manner, the Servicer shall have the option to withhold disbursement for such unsatisfactory Replacement, and may proceed under existing contracts or contract with third parties to complete such Replacement and to apply the Replacement Reserve Fund toward the labor and materials necessary to complete such Replacement, without providing any prior notice to Borrower.

(D) If at any time during the term of the Loan the Servicer determines that replacements not listed on the attached Schedule 1 are advisable to keep the Mortgaged Property in good order and repair and in a good marketable condition, or to prevent deterioration of the Mortgaged Property (the "Additional Replacements"), the Servicer may send Borrower written notice of the need for making such Additional Replacements. Borrower shall promptly commence making such Additional Replacements in accordance with all the requirements of this Agreement. Reimbursement from the Replacement Reserve Fund for such Additional Replacements shall not be made unless the Servicer has determined to do so pursuant to Section (a)(vi) above. Except for Section (a), all references in this exhibit to "Replacements" shall include the "Additional Replacements".

(E) In order to facilitate Servicer's completion or making the Replacements pursuant to subsections (C) and (D) above, Servicer is granted the right to enter onto the Mortgaged Property and perform any and all work and labor necessary to complete or make the Replacements and employ watchmen to protect the Mortgaged Property from damage. All sums so expended by Servicer shall be deemed to have been advanced to Borrower and secured by the Security Documents. For this purpose Borrower constitutes and appoints Servicer its true and lawful attorney-in-fact with full power of substitution to complete or undertake the Replacements in the name of Borrower. Borrower empowers said attorney-in-fact as follows: (i) to use any funds in the Replacement Reserve Fund

for the purpose of making or completing the Replacements; (ii) to make such additions, changes and corrections to the Replacements as shall be necessary or desirable to complete the Replacements; (iii) to employ such contractors, subcontractors, agents, architects and inspectors as shall be required for such purposes; (iv) to pay, settle or compromise all existing bills and claims which are or may become liens against the Mortgaged Property, or as may be necessary or desirable for the completion of the Replacements, or for the clearance of title; (v) to execute all applications and certificates in the name of Borrower which may be required by any of the contract documents; (vi) to prosecute and defend all actions or proceedings in connection with the Mortgaged Property or the rehabilitation and repair of the Mortgaged Property; and (vii) to do any and every act which Borrower might do in its own behalf to fulfill the terms of this Agreement. It is further understood and agreed that this power of attorney, which shall be deemed to be a power coupled with an interest, cannot be revoked. Borrower specifically agrees that all power granted to Servicer under this Agreement may be assigned by it to its successors or assigns.

(F) Nothing in this Section (b) shall make Servicer responsible for making or completing the Replacements, require Servicer to expend funds in addition to the Replacement Reserve Fund to make or complete any Replacement, obligate Servicer to proceed with the Replacements, or obligate Servicer to demand from Borrower additional sums to make or complete any Replacement.

(ii) Entry Onto Property; Inspections.

(A) Borrower shall permit Servicer or Servicer's representatives (including an independent person such as an engineer, architect or inspector) or third parties making Replacements pursuant to Section (b)(i), to enter onto the Mortgaged Property during normal business hours (subject to the rights of tenants under their leases) to inspect the progress of any Replacements and all materials being used in connection therewith, to examine all plans and shop drawings relating to such Replacements which are or may be kept at the Mortgaged Property, and to complete any Replacements made pursuant to Section (b)(i). Borrower agrees to cause all contractors and subcontractors reasonably to cooperate with Servicer or Servicer's representatives or such other persons described above in connection with inspections described in this Section (b)(ii) or the completion of Replacements pursuant to Section (b)(i).

(B) Servicer may inspect the Mortgaged Property in connection with any Replacement prior to disbursing funds from the Replacement Reserve Fund. Servicer, at Borrower's expense, also may require an inspection by an appropriate independent qualified professional selected by Servicer and a copy of a certificate of completion by an independent qualified professional acceptable to Servicer prior to the disbursement of any amounts from the Replacement Reserve Fund. Borrower shall pay Servicer a reasonable inspection fee not exceeding Five Hundred Dollars (\$500.00) for each such inspection.

(iii) Lien-Free Completion.

(A) Borrower covenants and agrees that each of the Replacements and all materials, equipment, fixtures or any other item comprising a part of any Replacement shall be constructed, installed or completed, as applicable, free and clear of all mechanic's, materialman's or other liens (except for those liens existing on the date of this Agreement which have been approved in writing by Servicer, if any).

(B) Prior to each disbursement from the Replacement Reserve Fund, Servicer may require Borrower to provide Servicer with a search of title to the Mortgaged Property effective to the date of the release, which search shows that no mechanic's or materialmen's liens or other liens of any nature have been placed against the Mortgaged Property since the date this Agreement (other than liens which Borrower is diligently contesting in good faith and which have been bonded off to the satisfaction of Servicer) and that title to the Mortgaged Property is free and clear of all liens (other than the lien of the Mortgage and any other liens previously approved in writing by Servicer, if any).

(C) In addition, as a condition to any disbursement, Servicer may require Borrower to obtain from each contractor, subcontractor or materialman an acknowledgement of payment and release of lien for work performed and materials supplied. Any such acknowledgement and release shall conform to the requirements of applicable law and shall cover all work performed and materials supplied (including equipment and fixtures) for the Mortgaged Property by that contractor, subcontractor or materialman through the date covered by the current reimbursement request (or, in the event that payment to such contractor, subcontractor or materialmen is to be made by a joint check, the release of lien shall be effective through the date covered by the previous release of funds request).

(iv) Compliance With Laws And Insurance Requirements.

(A) All Replacements shall comply with all applicable laws, ordinances, rules and regulations of all governmental authorities having jurisdiction over the Mortgaged Property and applicable insurance requirements including, without limitation, applicable building codes, special use permits, environmental regulations, and requirements of insurance underwriters.

(B) In addition to any insurance required under this Agreement, Borrower shall provide or cause to be provided worker's compensation insurance, builder's risk, and public liability insurance and other insurance to the extent required under applicable law in connection with a particular Replacement. All such policies shall be in form and amount satisfactory to Servicer. All such policies which can be endorsed with standard mortgagee clauses making loss payable to Trustee or its

assigns shall be so endorsed. The originals of such policies shall be delivered to Servicer with a copy to the Trustee.

Schedule 1 referred to in this Replacement Reserves reads as follows:

Schedule 1.
(To Replacement Reserves)

Replacements.

[Developer To Advise Of Any Nonapplicable Replacements]

Roofs

Landscaping

Site:

Parking areas

Driveways

Fence

Sidewalks

Light fixtures

Exterior Building:

Stucco

Painting

Shingles

Woods

Bricks

Interior Building:

Carpets

Painting

Security system

Walls

Smoke detectors

Stairs

Plumbing

Mechanical:

Boilers

Water heaters

Elevators

Amenities:

Laundry room

Interior Unit:

Carpets

Window treatments

Cabinets

Range and hood

Refrigerators

Dishwashers

- Air-conditioners
- Smoke detectors
- Counter tops
- Bath vanities
- Bathtubs
- Washer and dryers
- Garbage disposals
- Vinyl
- Light fixtures
- Electric system

(Sub)Exhibit "H".
(To Loan Agreement)

Principal Reserve Fund Schedule.

To be provided by the Servicer on the Stabilization Date, with the first payment on _____, 20__, based on a thirty-five year (35) amortization at the Fixed Rate based on the amount of Series A Bonds outstanding on the Stabilization Date.

Exhibit "E".
(To Ordinance)

City Of Chicago

And

As Trustee

And

*Lawndale H&A Bond, L.P., An
Illinois Limited Partnership,
As Owner*

Land-Use Restriction Agreement

Dated As Of _____ 1, 2007.

This Land-Use Restriction Agreement (this "Agreement"), entered into as of _____ 1, 2007, by and among the City of Chicago, a municipality and home rule unit of local government duly organized and validly existing under the Constitution and laws of the State of Illinois (the "Issuer"), _____, a [national banking association under the laws of the United States of America], as trustee (the "Trustee") under a Trust Indenture for the hereinafter defined Series 2007A Bonds dated as of _____ 1, 2007 (the "Series 2007 A Indenture"), from the Issuer to the Trustee, and under a Trust Indenture for the hereinafter defined Series 2007B Bonds dated as of _____ 1, 2007 (the "Series 2007B Indenture" and collectively with the Series 2007A Indenture, the "Indentures"), and Lawndale H&A Bond, L.P., an Illinois limited partnership (the "Owner").

Witnesseth.

Whereas, The Issuer is issuing its \$ _____ Multi-Family Housing Revenue Bonds (Lawndale H&A Project), Series 2007A (the "Series 2007A Bonds") and its \$ _____ Multi-Family Housing Revenue Bonds (Lawndale H&A Project), Series 2007B (the "Series 2007B Bonds" and collectively with the Series 2007A Bonds, the "Bonds"), for the purpose of providing financing to the Owner pursuant to a Loan Agreement dated as of _____ 1, 2007 (the "Series 2007A Loan Agreement"), among the Issuer, the Owner and the Trustee, and a Loan Agreement dated as of _____ 1, 2007 (the "Series 2007B Loan Agreement" and collectively with the Series 2007B Loan Agreement, the "Loan Agreements"), among the Issuer, the Owner and the Trustee, respectively, to pay a portion of the costs of financing the acquisition, construction rehabilitation and equipping, on the real property described on (Sub)Exhibit A attached hereto, of low-income residential facilities located at 4118 West 15th Street (the "West 15th Project"), 1134 -- 1142 South Central Park Avenue (the "1134 South Central Park Project"), 1259 South Central Park Avenue (the "1259 South Central Park Project"), [3122 West Douglas Boulevard, 3206 West Douglas Boulevard, 3219 -- 3229 West Douglas Boulevard, 3234 West Douglas Boulevard and 3239 West Douglas Boulevard (collectively, the "West Douglas Project")], 1501 South Kedzie Avenue (the

"South Kedzie Project") and 3900 West Wilcox Street (the "West Wilcox Project"), all within the City of Chicago, Illinois. For purposes of this Agreement, each of the foregoing Projects shall sometimes be referred to in this Agreement as a "Project" and, collectively, as the "Projects".

Whereas, In order to assure the Issuer and the owners of the Bonds that interest on the Bonds will be excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the "Code"), and to further the public purposes of the Issuer, certain restrictions on the use and occupancy of the Project under the Code must be established;

Now, Therefore, In consideration of the mutual promises and covenants hereinafter set forth, and of other valuable consideration, the Owner, the Issuer and the Trustee agree as follows:

Section 1. Term Of Restrictions.

(a) Occupancy Restrictions. With respect to each Project, the term of the Occupancy Restrictions set forth in Section 3 hereof shall commence on the later of the first day on which at least ten percent (10%) of the units in such Project are first occupied or the issue date of the Bonds, and shall end on the latest of (i) the date which is fifteen (15) years after the date on which at least fifty percent (50%) of the units in the Projects are first occupied; (ii) the first date on which no tax-exempt bond (including any refunding bond) issued with respect to the Projects is outstanding; or (iii) the date on which any housing assistance provided with respect to the Projects under Section 8 of the United States Housing Act of 1937, as amended, terminates (which period is hereinafter referred to, with respect to each Project, as the "Qualified Project Period" for that Project).

(b) Rental Restrictions. The Rental Restrictions set forth in Section 4 hereof shall remain in effect during the Qualified Project Period set forth in paragraph (a) of this Section 1.

(c) Involuntary Loss Or Substantial Destruction. The Occupancy Restrictions set forth in Section 3 hereof, and the Rental Restrictions set forth in Section 4 hereof, shall cease to apply to a Project in the event of involuntary noncompliance caused by fire, seizure, requisition, foreclosure, transfer of title by deed in lieu of foreclosure, change in federal law or an action of a federal agency after the date of delivery of the Bonds, which prevents the Issuer and the Trustee from enforcing the Occupancy Restrictions and the Rental Restrictions, or condemnation or similar event, but only if, within a reasonable time period, (i) the portion of the Bonds allocable to such Project (as determined by a firm of nationally recognized bond counsel acceptable to the Issuer and the Trustee) is promptly retired, or amounts received as a consequence of such event are used to provide a new project which meets all of the requirements of this Agreement, which new project is subject to new restrictions substantially equivalent to those contained in this

Agreement, and which is substituted in place of such Project by amendment of this Agreement; and (ii) an opinion from nationally recognized bond counsel (acceptable to the Issuer and the Trustee) is received to the effect that noncompliance with the Occupancy Restrictions and the Rental Restrictions as a result of such involuntary loss or substantial destruction resulting from an unforeseen event will not adversely affect the exclusion from the gross income of the owners thereof for purposes of federal income taxation of the interest on the Bonds; provided, however, that the preceding provisions of this paragraph shall cease to apply in the case of such involuntary noncompliance caused by foreclosure, transfer of title by deed in lieu of foreclosure or similar event if at any time during the Qualified Project Period subsequent to such event the Owner or any Related Party (as defined in Section 147(a)(2) of the Code) obtains an ownership interest in such Project for federal income tax purposes.

(d) Termination. This Agreement shall terminate upon the earliest of (i) termination of the Occupancy Restrictions and the Rental Restrictions, as provided in paragraphs (a) and (b) of this Section 1; or (ii) delivery to the Issuer, the Trustee and the Owner of an opinion of nationally recognized bond counsel (acceptable to the Issuer and the Trustee) to the effect that continued compliance with the Rental Restrictions and Occupancy Restrictions on the Projects is not required in order for interest on the Bonds to remain excludible from gross income of the owners thereof for federal income tax purposes.

(e) Certification. Upon termination of this Agreement, in whole or in part, the Owner and the Issuer shall execute, and the Trustee shall acknowledge and the parties shall cause to be recorded (at the Owner's expense), in all offices in which this Agreement was recorded, a certificate of termination, specifying which of the restrictions contained herein has terminated, and the portion of the Project to which such termination relates.

Section 2. Project Restrictions.

The Owner represents, warrants and covenants that:

(a) The Owner has reviewed the provisions of the Code, the Treasury Regulations thereunder (the "Regulations") and Internal Revenue Service rulings, procedures and pronouncements applicable to this Agreement (including, without limitation, Section 142(d) of the Code, Section 1.103-8(b) of the Regulations and IRS Revenue Procedure 2004-39, 2004-29 IRB 49) with its counsel and understands said provisions.

(b) Each Project is being constructed, acquired, rehabilitated and equipped for the purpose of providing a "qualified residential rental project" (within the meaning of Section 142(d) of the Code) and will, during the term of the Rental Restrictions and Occupancy Restrictions hereunder, continue to constitute a

“qualified residential rental project” under Section 142(d) of the Code and any Regulations heretofore or hereafter promulgated thereunder and applicable thereto.

(c) At least ninety-five percent (95%) of each Project will consist of a “building or structure” (as defined in Section 1.103-8(b)(8)(iv) of the Regulations), or several proximate buildings or structures of similar construction, each containing one or more similarly constructed residential units (as defined in Section 1.103-8(b)(8)(i) of the Regulations) located on a single tract of land or contiguous tracts of land (as defined in Section 1.103-8(b)(4)(ii)(b) of the Regulations), which will be owned, for federal tax purposes, at all times by the same person, and financed pursuant to a common plan (within the meaning of Section 1.103-8(b)(4)(ii) of the Regulations), together with functionally related and subordinate facilities (within the meaning of Section 1.103-8(b)(4)(iii) of the Regulations). Each such building or structure (or several proximate buildings or structures comprising the Project) shall contain five (5) or more similarly constructed units.

(d) None of the residential units in any Project will at any time be used on a transient basis, nor will any Project itself be used as a hotel, motel, dormitory, fraternity or sorority house, rooming house, hospital, nursing home, sanitarium, rest home or trailer park or court for use on a transient basis.

(e) In no event will continual or frequent nursing, medical or psychiatric services be made available at any Project, within the meaning of Revenue Ruling 98-47, 1998-2 CB 399, or any successor thereto.

(f) All of the residential units in each Project will be leased, rented, or available for lease or rental on a continuous basis to members of the general public (other than units for a resident manager or maintenance personnel and units which may be rented under the Section 8 assistance program which units (subject to the Section 8 assistance program) shall be leased to eligible tenants in accordance with Section 8 requirements), subject, however, to the requirements of Section 3(a) hereof. Each Qualifying Tenant (as hereinafter defined) occupying a residential unit in a Project shall be required to execute a written Lease Agreement with a stated term of not less than thirty (30) days nor more than one (1) year.

(g) Any functionally related and subordinate facilities (e.g., parking areas, swimming pools, tennis courts, et cetera) which are financed by the Bonds and are included as part of a Project will be of a character and size commensurate with the character and size of such Project, and will be made available to all tenants on an equal basis. Fees will only be charged with respect to the use thereof if the charging of fees is customary for the use of such facilities at similar residential rental properties in the surrounding area and then only in amounts commensurate with the fees being charged at similar residential rental

properties within such area. In any event, any fees charged will not be discriminatory or exclusionary as to the Qualifying Tenants (as defined in Section 3 hereof). No functionally related and subordinate facilities will be made available to persons other than tenants or their guests.

(h) Each residential unit in each Project will contain separate and complete facilities for living, sleeping, eating, cooking (including a refrigerator, sink, oven and range top) and sanitation for a single person or family.

(i) No portion of any Project will be used to provide any health club facility, any facility primarily used for gambling, or any store, the principal business of which is the sale of alcoholic beverages for consumption off premises, in violation of Section 147(e) of the Code.

Section 3. Occupancy Restrictions.

The Owner represents, warrants and covenants that:

(a) Pursuant to the election of the Issuer and the Owner in accordance with the provisions of Section 142(d)(1)(B) of the Code, at all times during the Qualified Project Period at least [forty percent (40%)] of the Available Units (as defined in Section 3(b) in each Project shall be continuously occupied (or treated as occupied as provided herein) or held available for occupancy by Qualifying Tenants as herein defined. For purposes of this Agreement, "Qualifying Tenants" means, subject to Section 3(f) hereof, individuals or families whose aggregate adjusted incomes do not exceed [sixty percent (60%)] of the applicable median gross income (adjusted for family size) for the area in which such Project is located, as such income and area median gross income are determined by the Secretary of the United States Treasury in a manner consistent with determinations of income and area median gross income under Section 8 of the United States Housing Act of 1937, as amended (or, if such program is terminated, under such program as in effect immediately before such termination).

(b) For purposes of this Agreement, "Available Units" means residential units in a Project that are actually occupied and residential units in such Project that are unoccupied and have been leased at least once after becoming available for occupancy, provided that (a) in the case of an acquisition of any existing residential rental projects such as the Projects, a residential unit that is unoccupied on the date of (i) the date each Project is acquired or (ii) the issue date of the Bonds, is not an Available Unit and does not become an Available Unit until it has been leased for the first time after such date, and (b) a residential unit that is not available for occupancy due to renovations is not an Available Unit and does not become an Available Unit until it has been leased for the first time after the renovations are completed.

(c) A special rule applies to the acquisition of existing residential rental projects such as the Projects, unless more than ninety percent (90%) of the residential units in a Project are not Available Units (for example, because residential units are not available for occupancy due to renovations) at any time within sixty (60) days after the later of (1) the date such Project is acquired or (2) the issue date of the Bonds. Under this special rule, for a period of twelve (12) months beginning on the issue date of the Bonds (the "Transition Period"), the failure to satisfy the set-aside requirements as described in Section 3(h) will not cause such Project to not be a qualified residential rental project. If the set-aside requirements described in Section 3(h) are not satisfied on the last date of the Transition Period, such failure will cause such Project not to be a qualified residential rental project as of the issue date of the Bonds unless all Bonds are redeemed as soon as possible, but in no event later than eighteen (18) months after the issue date of the Bonds.

(d) Prior to the commencement of occupancy of any unit to be occupied by a Qualifying Tenant, the prospective tenant's eligibility shall be established by execution and delivery by such prospective tenant of an Income Computation and Certification in the form attached hereto as (Sub)Exhibit B (the "Income Certification") evidencing that the aggregate adjusted income of such prospective tenant does not exceed the applicable income limit. In addition, such prospective tenant shall be required to provide whatever other information, documents or certifications are reasonably deemed necessary by the Owner or the Issuer to substantiate the Income Certification.

(e) Not less frequently than annually, the Owner shall determine whether the current aggregate adjusted income of each tenant occupying any unit being treated by the Owner as occupied by a Qualifying Tenant exceeds the applicable income limit. For such purpose the Owner shall require each such tenant to execute and deliver to the Owner the Income Certification attached hereto as (Sub)Exhibit B.

(f) Any unit vacated by a Qualifying Tenant shall be treated as continuing to be occupied by such tenant until reoccupied. Upon such unit being reoccupied, the Owner shall have thirty-one (31) days from such date to determine whether such unit is being occupied by a Qualifying Tenant.

(g) If an individual's or family's income exceeds the applicable income limit as of any date of determination, the income of such individual or family shall be treated as continuing not to exceed the applicable limit; provided that the income of such individual or family did not exceed the applicable income limit upon commencement of such tenant's occupancy, or as of any prior income determination; and provided, further, that if any individual's or family's income as of the most recent income determination exceeds one hundred forty percent (140%) of the applicable income limit, such individual or family shall cease to qualify as a Qualifying Tenant if, prior to the next income determination of such

individual or family, any unit in the Project of comparable or smaller size to such individual's or family's unit is occupied by any tenant other than a Qualifying Tenant.

(h) For purposes of satisfying the requirement that [forty percent (40%)] of the Available Units of each Project be occupied by Qualifying Tenants, the following principles shall apply: (i) upon the later of the first day on which at least ten percent (10%) of all of the residential units in a Project are occupied or the issue date of the Bonds, [forty percent (40%)] of the Available Units must be occupied by Qualifying Tenants; and (ii) after ten percent (10%) of the residential units in a Project are occupied, Qualifying Tenants must occupy Available Units in such Project in the number set forth in (Sub)Exhibit D hereto, and the Qualifying Tenants' occupancies must predate the non-Qualifying Tenants' occupancies.

(i) The lease agreement to be utilized by the Owner in renting any residential units in a Project to a prospective Qualifying Tenant shall provide for termination of the lease agreement and consent by such person to eviction following thirty (30) days' notice, subject to applicable provisions of Illinois law (including for such purpose all applicable home rule ordinances), for any material misrepresentation made by such person with respect to the Income Certification with the effect that such tenant is not a Qualifying Tenant.

(j) All Income Certifications will be maintained on file at each Project (or at an off-site storage location) so long as any Bonds are outstanding and for five (5) years thereafter with respect to each Qualifying Tenant who occupied a residential unit in a Project during the period the restrictions hereunder are applicable, and the Owner will, promptly upon receipt, file a copy thereof with the Issuer, and, at the written request of the Trustee, the Trustee.

(k) On the first day of the Qualified Project Period, on the fifteenth (15th) day of January, April, July and October of each year during the Qualified Project Period, and within thirty (30) days after the final day of each month in which there occurs any change in the occupancy of a residential unit in a Project, the Owner will submit to the Issuer and the Trustee the "Certificate of Continuing Program Compliance", in the form attached hereto as (Sub)Exhibit C, executed by the Owner.

(l) The Owner shall submit to the Secretary of the United States Treasury (at such time and in such manner as the Secretary shall prescribe) an annual certification as to whether the Projects continue to meet the requirements of Section 142(d) of the Code. Failure to comply with such requirement may subject the Owner to the penalty provided in Section 6652(j) of the Code. The Owner shall submit a copy of each such annual certification to the Issuer and the Trustee.

Section 4. Rental Restrictions.

The Owner represents, warrants and covenants that once available for occupancy, each residential unit in each Project will be rented or available for rental on a continuous basis to members of the general public (other than (a) units for a resident manager or maintenance personnel and (b) units for Qualifying Tenants as provided for in Section 3 hereof).

Section 5. Transfer Restrictions.

The Owner covenants and agrees that no conveyance, transfer, assignment or any other disposition of title to a Project (a "Transfer"), shall be made prior to the termination of the Rental Restrictions and Occupancy Restrictions hereunder, unless the transferee pursuant to the Transfer assumes in writing, in a form reasonably acceptable to the Issuer and the Trustee, all of the executory duties and obligations hereunder of the Owner, including this Section 5, and agrees to cause any subsequent transferee to assume such duties and obligations in the event of a subsequent Transfer by the transferee prior to the termination of the Rental Restrictions and Occupancy Restrictions hereunder (the "Assumption Agreement"). The Owner shall deliver the Assumption Agreement to the Issuer and the Trustee at least thirty (30) days prior to a proposed Transfer.

Section 6. Enforcement.

(a) The Owner shall, upon at least forty-eight (48) hours prior written notice and during regular business hours, permit all duly authorized representatives of the Issuer and the Trustee to inspect any books and records of the Owner regarding the Projects and the incomes of Qualifying Tenants which pertain to compliance with the provisions of this Agreement and Section 142(d) of the Code and the regulations heretofore or hereafter promulgated thereunder.

(b) In addition to the information provided for in Section 3(j) hereof, the Owner shall submit any other information, documents or certifications reasonably requested by the Issuer or the Trustee which the Issuer or the Trustee deems reasonably necessary to substantiate continuing compliance with the provisions of this Agreement and Section 142(d) of the Code and the regulations heretofore or hereafter promulgated thereunder.

(c) The Issuer, the Trustee and the Owner each covenants that it will not take or permit to be taken any action within its control that it knows would adversely affect the exclusion of interest on the Bonds from the gross income of the owners thereof for purposes of federal income taxation pursuant to Section 103 of the Code. Moreover, the Issuer and the Owner covenant to take any lawful action within their control and the Trustee each covenant to take any lawful action it is

directed to take by the Owner, the Issuer or nationally recognized bond counsel (including amendment of this Agreement as may be necessary, in the opinion of nationally recognized bond counsel acceptable to the Issuer and the Trustee) to comply fully with all applicable rules, rulings, policies, procedures, regulations or other official statements promulgated or proposed by the Department of the Treasury or the Internal Revenue Service from time to time pertaining to obligations issued under Section 142(d) of the Code and affecting the Projects.

(d) The Owner covenants and agrees to inform the Issuer and the Trustee by written notice of any violation of its obligations hereunder within five (5) days of first discovering any such violation. If any such violation is not corrected to the satisfaction of the Issuer and the Trustee within the period of time specified by either the Issuer or the Trustee, which shall be (A) the lesser of (i) forty-five (45) days after the effective date of any notice to or from the Owner, or (ii) sixty (60) days from the date such violation would have been discovered by the Owner by the exercise of reasonable diligence, or (B) such longer period as is specified in an opinion of nationally recognized bond counsel (acceptable to the Issuer and the Trustee) as will not result in the loss of such exclusion of interest on the Bonds, without further notice, the Issuer or the Trustee shall declare a default under this Agreement effective on the date of such declaration of default, and the Issuer or the Trustee shall apply to any court, state or federal, for specific performance of this Agreement or an injunction against any violation of this Agreement, or any other remedies at law or in equity or any such other actions as shall be necessary or desirable so as to correct noncompliance with this Agreement.

(e) The Owner, the Issuer and the Trustee each acknowledges that the primary purpose for requiring compliance with the restrictions provided in this Agreement is to preserve the exclusion of interest on the Bonds from gross income for purposes of federal income taxation, and that the Issuer or the Trustee, on behalf of the owners of the Bonds, who are declared to be third (3rd) party beneficiaries of this Agreement, shall be entitled for any breach of the provisions hereof, to all remedies both at law and in equity in the event of any default hereunder, which in the opinion of the Issuer and nationally recognized bond counsel could adversely affect the exclusion of interest on the Bonds from gross income for purposes of federal income taxation.

(f) In the enforcement of this Agreement, the Issuer and the Trustee may rely on any certificate delivered by or on behalf of the Owner or any tenant with respect to the Projects.

(g) Nothing in this section shall preclude the Issuer or the Trustee from exercising any remedies they might otherwise have, by contract, statute or otherwise, upon the occurrence of any violation hereunder, which in the opinion of the Issuer and nationally recognized bond counsel could adversely affect the exclusion of interest on the Bonds from gross income for purposes of federal income taxation.

Section 7. Covenants To Run With The Land.

The Owner hereby subjects the Projects to the covenants, reservations and restrictions set forth in this Agreement. The Issuer, the Trustee and the Owner hereby declare their express intent that the covenants, reservations and restrictions set forth herein shall be deemed covenants, reservations and restrictions running with the land to the extent permitted by law, and shall pass to and be binding upon the Owner's successors in title to the Projects throughout the term of this Agreement. Each and every contract, deed, mortgage, lease or other instrument hereafter executed covering or conveying a Project or any portion thereof or interest therein shall conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed, mortgage, lease or other instrument.

Section 8. Recording.

The Owner shall cause this Agreement and all amendments and supplements hereto to be recorded in the conveyance and real property records of Cook County, Illinois, and in such other places as the Issuer or the Trustee may reasonably request. The Owner shall pay all fees and charges incurred in connection with any such recording.

Section 9. Concerning The Trustee.

(a) The Trustee is executing and delivering this Agreement solely for the purposes of acknowledging the matters set forth herein, and being bound to undertake only those duties and responsibilities specifically set forth with respect to the Trustee. With respect to matters set forth in the remaining Sections of this Agreement, the Trustee has not made any investigation, does not make any representation and does not undertake any duties or responsibilities. No implied duties or responsibilities may be read into this Agreement against the Trustee, and the Trustee shall be entitled to the protections, privileges, exculpation and indemnities contemplated under the Indentures.

(b) In determining whether any default or lack of compliance by the Owner exists under this Agreement, the Trustee shall not be required to conduct any investigation into or review the operations or records of the Owner and, absent actual knowledge of any default or noncompliance, may assume compliance by the Owner with this Agreement unless otherwise specifically notified in writing.

(c) The permissive right of the Trustee to take actions permitted by this Agreement shall not be construed as an obligation or duty to do so.

(d) The Trustee shall not be under any duty to confirm or verify any financial or other statements, reports or certificates furnished pursuant to any provisions hereof, and shall not be under any other duty in respect of same except to retain the same in its files and permit the inspection of same at reasonable times by the Issuer.

(e) The Trustee has the right to appoint agents to carry out any of its duties and obligations hereunder, and shall, upon request, certify in writing to the other parties hereto any such agency appointment.

Section 10. No Conflict With Other Documents.

The Owner warrants and covenants that it has not and will not execute any other agreement with provisions inconsistent or in conflict with the provisions hereof (except documents that are subordinate to the provisions hereof), and the Owner agrees that the requirements of this Agreement are paramount and controlling as to the rights and obligations herein set forth, which supersede any other requirements in conflict herewith.

Section 11. Interpretation.

Any terms not defined in this Agreement shall have the same meaning as terms defined in the Series 2007A Indenture, the 2007A Loan Agreement or Section 142(d) of the Code and the regulations heretofore or hereafter promulgated thereunder.

Section 12. Amendment.

This Agreement may be amended by the parties hereto to, among other things, reflect changes in Section 142(d) of the Code, the regulations hereafter promulgated thereunder and revenue rulings or procedures promulgated thereunder, or in the interpretation thereof, subject to an opinion of nationally recognized bond counsel that such amendment will not adversely affect the exclusion of the interest on the Bonds from the gross income of the owners thereof for purposes of federal income taxation.

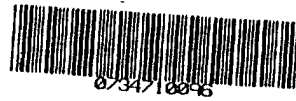
Section 13. Severability.

The invalidity of any clause, part or provision of this Agreement shall not affect the validity of the remaining portions thereof.

Section 14. Notices.

Any notice, demand or other communication required or permitted hereunder shall be in writing and shall be deemed to have been given if and when personally

[leave blank 3" x 5" space for recorder's office]



Doc#: 0734710096 Fee: \$186.00
Eugene "Gene" Moore RHSP Fee:\$10.00
Cook County Recorder of Deeds
Date: 12/13/2007 03:56 PM Pg: 1 of 82

This agreement was prepared by and
after recording return to
Saundra N Fried, Esq
City of Chicago Law Department
121 North LaSalle Street, Room 600
Chicago, IL 60602

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LAWDALE RESTORATION APARTMENTS REDEVELOPMENT AGREEMENT

This Lawndale Restoration Apartments Redevelopment Agreement (this "Agreement") is made as of this 1st day of December, 2007, by and between the City of Chicago, an Illinois municipal corporation (the "City"), through its Department of Planning and Development ("DPD"), Lawndale H&A Bond, LP, an Illinois limited partnership ("H&A"), and Lawndale H&A Bond Development, LLC, an Illinois limited liability company ("Lawndale H&A Bond Development" and collectively with H&A, the "Developer").

RECITALS

A. **Constitutional Authority:** As a home rule unit of government under Section 6(a), Article VII of the 1970 Constitution of the State of Illinois (the "State"), the City has the power to regulate for the protection of the public health, safety, morals and welfare of its inhabitants, and pursuant thereto, has the power to encourage private development in order to enhance the local tax base, create employment opportunities and to enter into contractual agreements with private parties in order to achieve these goals.

B. **Statutory Authority:** The City is authorized under the provisions of the **Tax Increment Allocation Redevelopment Act**, 65 ILCS 5/11-74.4-1 et seq., as amended from time to

time (the "Act"), to finance projects that eradicate blighted conditions and conservation area factors through the use of tax increment allocation financing for redevelopment projects.

C. **City Council Authority:** To induce redevelopment pursuant to the Act, the City Council of the City (the "City Council") adopted the following ordinances on May 17, 2000: (1) "Approval of Midwest Tax Increment Redevelopment Plan for Redevelopment Project Area;" (2) "Designation of Midwest Redevelopment Area as Tax Increment Financing District;" and (3) "Adoption of Tax Increment Allocation Financing for Midwest Redevelopment Project Area" (the "TIF Adoption Ordinance"), (collectively referred to herein as the "TIF Ordinances"). The redevelopment project area referred to above (the "Redevelopment Area") is legally described in **Exhibit A** hereto.

D. **The Project:** The Developer intends to commence and complete rehabilitation of 143 affordable multi-family rental units (the "Facility") with respect to certain property owned by H&A located within the Redevelopment Area located in the City generally at 1136-42 South Central Park/3601-09 West Grenshaw, 1259 South Central Park, 3122 West Douglas, 3206 West Douglas, 3219-29 West Douglas, 3234 West Douglas, 3239 West Douglas and 1501 South Kedzie and legally described on **Exhibit B** hereto (the "Property"), within the time frames set forth in **Section 3.01** hereof. The Facility and related improvements (including but not limited to those TIF-Funded Improvements as defined below and set forth on **Exhibit C**) are collectively referred to herein as the "Project." The completion of the Project would not reasonably be anticipated without the financing contemplated in this Agreement.

E. **Redevelopment Plan:** The Project is located in the Redevelopment Area and will be carried out in accordance with this Agreement and the City of Chicago Midwest Tax Increment Financing Redevelopment Plan (the "Redevelopment Plan") attached hereto as **Exhibit D**.

F. **City Financing:** The City agrees to use, in the amounts set forth in **Section 4.03(iii)** hereof, Available Incremental Taxes (as defined below), to pay for or reimburse the Developer for the costs of TIF-Funded Improvements pursuant to the terms and conditions of this Agreement. The City, as of the Closing Date, shall allocate and appropriate the amounts set forth in **Section 4.03(iii)** for payment of the Redevelopment Project Costs of the Project.

In addition, the City may, in its discretion, issue tax increment allocation bonds ("TIF Bonds") secured by Available Incremental Taxes (as defined below) pursuant to a TIF bond ordinance (the "TIF Bond Ordinance") at a later date as described in **Section 4.03(d)** hereof, the proceeds of which (the "TIF Bond Proceeds") may be used to pay for the costs of the TIF-Funded Improvements not previously paid for from Incremental Taxes, or in order to reimburse the City for the costs of TIF-Funded Improvements.

G. **Prior TIF Financing:** Pursuant to a bond ordinance adopted by the City Council on December 13, 2006 the City issued \$356,005,000 in aggregate principal amount of General Obligation Bonds Series 2007A-K (Modern Schools Across Chicago Project), for which ad valorem

taxes levied for repayment will be abated with, along with incremental taxes from various other redevelopment project areas, Incremental Taxes (the "Modern Schools Bonds").

Pursuant to a note ordinance adopted by the City Council on October 31, 2001, the City issued its Tax Increment Allocation Revenue Note (Midwest Redevelopment Project) Taxable Series 2002, dated March 5, 2002, in the amount of \$4,900,000 to Harris Bank, secured by the pledge of certain Incremental Taxes for the payment of redevelopment project costs in connection with the Small Business Improvement Fund and the Neighborhood Improvement Program (the "Harris Bank Note").

Pursuant to an ordinance adopted by the City Council on June 24, 2004, the City entered into a redevelopment agreement with Liberty Square Limited, dated as of June 1, 2004, whereby the City pledged certain Incremental Taxes for the payment of redevelopment project costs in connection with the Liberty Square Redevelopment Project in an amount not to exceed \$1,900,000 from the incremental taxes generated by the parcels occupying the Liberty Square Redevelopment Project (the "Liberty Square Obligation").

Pursuant to an ordinance adopted by the City Council on June 13, 2007, the City entered into a redevelopment agreement with RPA Limited Partnership, dated as of July 1, 2007, whereby the City pledged certain Incremental Taxes for the payment of redevelopment project costs in connection with the Renaissance Place Apartments Redevelopment Project in an amount not to exceed \$2,000,000 (the "Renaissance Place Apartments Obligation").

Pursuant to a note ordinance adopted by the City Council on April 6, 2005, the City entered into a redevelopment agreement with New West Kedzie, LLC, dated April 11, 2006, whereby the City issued its Tax Incremental Allocation Revenue Note (Midwest Redevelopment Project), Series 2006, dated April 12, 2006, in the amount of \$1,750,000, secured by the pledge of certain Incremental Taxes (the "New West Kedzie Note"), and pledged certain Incremental Taxes in an amount not to exceed \$1,750,000 and for the payment of redevelopment project costs, all in connection with the New West Kedzie, LLC Redevelopment Agreement (the "New West Kedzie Pledge" and, together with the New West Kedzie Note, the "West Kedzie Obligations"). The Modern Schools Bonds, the Harris Bank Note, the Liberty Square Obligation, the Renaissance Place Apartments Obligation and the West Kedzie Obligations are known collectively as the "Prior TIF Financings."

The Developer acknowledges that the Prior TIF Financings are prior liens on the Midwest TIF Fund and that the Developer has no claim on any monies except for monies which are Available Incremental Taxes.

Now, therefore, in consideration of the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. RECITALS

The foregoing recitals are hereby incorporated into this agreement by reference.

SECTION 2. DEFINITIONS

For purposes of this Agreement, in addition to the terms defined in the foregoing recitals, the following terms shall have the meanings set forth below:

“Act” shall have the meaning set forth in the Recitals hereof.

“Affiliate” shall mean any person or entity directly or indirectly controlling, controlled by or under common control with the Developer.

“Available Incremental Taxes” shall mean the Incremental Taxes then on deposit in the Midwest TIF Fund.

“Bond(s)” shall have the meaning set forth for such term in Section 8.05 hereof.

“Bond Ordinance” shall mean the City ordinance authorizing the issuance of Bonds.

“Certificate” shall mean the Certificate of Completion described in Section 7.01 hereof.

“Change Order” shall mean any amendment or modification to the Scope Drawings, Plans and Specifications or the Project Budget as described in Section 3.03, Section 3.04 and Section 3.05, respectively.

“City Council” shall have the meaning set forth in the Recitals hereof.

“City Funds” shall mean the funds described in Section 4.03(b) hereof.

“Closing Date” shall mean December 14, 2007.

“Construction Contract” shall mean that certain contract, substantially in the form attached hereto as Exhibit E, to be entered into between the Developer and the General Contractor providing for construction of the Project.

“Corporation Counsel” shall mean the City’s Office of Corporation Counsel.

“Employer(s)” shall have the meaning set forth in Section 10 hereof.

“Environmental Laws” shall mean any and all federal, state or local statutes, laws, regulations, ordinances, codes, rules, orders, licenses, judgments, decrees or requirements relating to

public health and safety and the environment now or hereafter in force, as amended and hereafter amended, including but not limited to (i) the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. Section 9601 et seq.); (ii) any so-called “**Superfund**” or “**Superlien**” law; (iii) the Hazardous Materials Transportation Act (49 U.S.C. Section 1802 et seq.); (iv) the Resource Conservation and Recovery Act (42 U.S.C. Section 6902 et seq.); (v) the Clean Air Act (42 U.S.C. Section 7401 et seq.); (vi) the Clean Water Act (33 U.S.C. Section 1251 et seq.); (vii) the Toxic Substances Control Act (15 U.S.C. Section 2601 et seq.); (viii) the Federal Insecticide, Fungicide and Rodenticide Act (7 U.S.C. Section 136 et seq.); (ix) the Illinois Environmental Protection Act (415 ILCS 5/1 et seq.); and (x) the Municipal Code of Chicago, including but not limited to the Municipal Code of Chicago, Sections 7-4-30, 7-28-390, 7-28-440, 11-4-1410, 11-4-1420, 11-4-1450, 11-4-1500, 11-4-1530, 11-4-1550, or 11-4-1560.

“**Equity**” shall mean funds of the Developer (other than funds derived from Lender Financing) irrevocably available for the Project, in the amount set forth in **Section 4.01** hereof, which amount may be increased pursuant to **Section 4.06** (Cost Overruns) or **Section 4.03(b)**.

“**Escrow**” shall mean the construction escrow established pursuant to the Escrow Agreement.

“**Escrow Agreement**” shall mean, with respect to each construction phase undertaken, the construction escrow agreement to be entered into by the Title Company (or an affiliate of, or Greater Illinois Title Company as an agent of, the Title Company), the General Contractor, the Developer, the Developer’s lender(s) and the City, substantially in the form of **Exhibit L** attached hereto, which shall govern the funding of the Equity, the Lender Financing, and the City Funds.

“**Event of Default**” shall have the meaning set forth in **Section 15** hereof.

“**Facility**” shall have the meaning set forth in the Recitals hereof.

“**Financial Statements**” shall mean complete audited financial statements of the Developer prepared by a certified public accountant in accordance with generally accepted accounting principles and practices consistently applied throughout the appropriate periods.

“**General Contractor**” shall mean the general contractor(s) hired by the Developer pursuant to **Section 6.01**.

“**Hazardous Materials**” shall mean any toxic substance, hazardous substance, hazardous material, hazardous chemical or hazardous, toxic or dangerous waste defined or qualifying as such in (or for the purposes of) any Environmental Law, or any pollutant or contaminant, and shall include, but not be limited to, petroleum (including crude oil), any radioactive material or by-product material, polychlorinated biphenyls, lead-bearing substance and asbestos in any form or condition.

“**Incremental Taxes**” shall mean such ad valorem taxes which, pursuant to the TIF Adoption Ordinance and Section 5/11-74.4-8(b) of the Act, are allocated to and when collected are paid to the

Treasurer of the City of Chicago for deposit by the Treasurer into the Midwest TIF Fund established to pay Redevelopment Project Costs and obligations incurred in the payment thereof.

"Lender" shall mean any provider of Lender Financing.

"Lender Financing" shall mean funds borrowed by either one of the Developer from any lender to fund costs of, and available to pay for, the Project, in the amount set forth in **Section 4.01** hereof.

"MBE(s)" shall mean a business identified in the Directory of Certified Minority Business Enterprises published by the City's Department of Procurement Services, or otherwise certified by the City's Department of Procurement Services as a minority-owned business enterprise, related to the Procurement Program or the Construction Program, as applicable.

"MBE/WBE Budget" shall mean the budget as described in **Section 10.03**.

"Midwest TIF Fund" shall mean the special tax allocation fund created by the City in connection with the Redevelopment Area into which the Incremental Taxes will be deposited.

"Municipal Code" shall mean the Municipal Code of the City of Chicago.

"Non-Governmental Charges" shall mean all non-governmental charges, liens, claims, or encumbrances relating to the Developer, the Property or the Project.

"Permitted Liens" shall mean those liens and encumbrances against the Property and/or the Project set forth on **Exhibit F** hereto.

"Plans and Specifications" shall mean final construction documents containing a site plan and working drawings and specifications for the Project, as submitted to the City as the basis for obtaining building permits for the Project.

"Prior Expenditure(s)" shall have the meaning set forth in **Section 4.05(a)** hereof.

"Project" shall have the meaning set forth in the Recitals hereof.

"Project Budget" shall mean the budget attached hereto as **Exhibit G**, showing the total cost of the Project by line item, furnished by the Developer to DPD, in accordance with **Section 3.03** hereof.

"Property" shall have the meaning set forth in the Recitals hereof.

"Redevelopment Area" shall have the meaning set forth in the Recitals hereof.

"Redevelopment Plan" shall have the meaning set forth in the Recitals hereof.

“Redevelopment Project Costs” shall mean redevelopment project costs as defined in Section 5/11-74.4-3(q) of the Act that are included in the budget set forth in the Redevelopment Plan or otherwise referenced in the Redevelopment Plan.

“Requisition Form” shall mean the document, in the form attached hereto as **Exhibit H**, to be delivered by the Developer to DPD pursuant to **Section 4.03** of this Agreement

“Scope Drawings” shall mean preliminary construction documents containing a site plan and preliminary drawings and specifications for the Project.

“Survey” shall mean a Class A plat of survey in the most recently revised form of ALTA/ACSM land title survey of the Property dated within 75 days prior to the Closing Date, acceptable in form and content to the City and the Title Company, prepared by a surveyor registered in the State of Illinois, certified to the City and the Title Company, and indicating whether the Property is in a flood hazard area as identified by the United States Federal Emergency Management Agency (and updates thereof to reflect improvements to the Property in connection with the construction of the Facility and related improvements as required by the City or Lender).

“Term of the Agreement” shall mean the period of time commencing on the Closing Date and ending on December 31, 2023, the date on which the Redevelopment Area is no longer in effect.

“TIF Adoption Ordinance” shall have the meaning set forth in the Recitals hereof.

“TIF Bonds” shall have the meaning set forth in the Recitals hereof.

“TIF Bond Ordinance” shall have the meaning set forth in the Recitals hereof.

“TIF-Funded Improvements” shall mean those improvements of the Project which (i) qualify as Redevelopment Project Costs, (ii) are eligible costs under the Redevelopment Plan and (iii) the City has agreed to reimburse out of the City Funds, subject to the terms of this Agreement. **Exhibit C** lists the TIF-Funded Improvements for the Project.

“TIF Ordinances” shall have the meaning set forth in the Recitals hereof.

“Title Company” shall mean Chicago Title Insurance Company.

“Title Policy” shall mean a title insurance policy in the most recently revised ALTA or equivalent form, showing the Developer as the insured, noting the recording of this Agreement as an encumbrance against the Property, and a subordination agreement in favor of the City with respect to previously recorded liens against the Property related to Lender Financing, if any, issued by the Title Company.

"WARN Act" shall mean the Worker Adjustment and Retraining Notification Act (29 U.S.C. Section 2101 et seq.).

"WBE(s)" shall mean a business identified in the Directory of Certified Women Business Enterprises published by the City's Department of Procurement Services, or otherwise certified by the City's Department of Procurement Services as a women-owned business enterprise, related to the Procurement Program or the Construction Program, as applicable.

SECTION 3. THE PROJECT

3.01 The Project. With respect to the Facility, the Developer shall, pursuant to the Plans and Specifications and subject to the provisions of Section 18.17 hereof: (i) commence rehabilitation no later than December 31, 2007; and (ii) complete rehabilitation no later than September 30, 2009.

3.02 Scope Drawings and Plans and Specifications. The Developer has delivered the Scope Drawings and Plans and Specifications to the City's Department of Housing ("DOH") and DOH has approved same. After such initial approval, subsequent proposed changes to the Scope Drawings or Plans and Specifications shall be submitted to DOH as a Change Order pursuant to Section 3.04 hereof. The Scope Drawings and Plans and Specifications shall at all times conform to the Redevelopment Plan as in effect on the date of this Agreement and all applicable federal, state and local laws, ordinances and regulations. The Developer shall submit all necessary documents to the City's Building Department, Department of Transportation and such other City departments or governmental authorities as may be necessary to acquire building permits and other required approvals for the Project.

3.03 Project Budget. The Developer has furnished to DOH, and DOH has approved, a Project Budget showing total costs for the Project in an amount not less than Twenty-Eight Million Seven Hundred Ninety-Six Thousand Four Hundred Seventy-Five Dollars and 00/100 (\$28,796,475). The Developer hereby certifies to the City that (a) the Lender Financing and Equity described in Section 4.02 hereof, shall be sufficient to complete the Project; and (b) the Project Budget is true, correct and complete in all material respects. The Developer shall promptly deliver to DOH certified copies of any Change Orders with respect to the Project Budget for approval pursuant to Section 3.04 hereof.

3.04 Change Orders. All Change Orders (and documentation substantiating the need and identifying the source of funding therefor) relating to material changes to the Project must be submitted by the Developer to DOH for DOH's prior written approval. The Developer shall not authorize or permit the performance of any work relating to any Change Order or the furnishing of materials in connection therewith prior to the receipt by the Developer of DOH's written approval. The Construction Contract, and each contract between the General Contractor and any subcontractor, shall contain a provision to this effect. An approved Change Order shall not be deemed to imply any

obligation on the part of the City to increase the amount of City Funds which the City has pledged pursuant to this Agreement or provide any other additional assistance to the Developer.

3.05 DOH Approval. Any approval granted by DOH of the Scope Drawings, Plans and Specifications and the Change Orders is for the purposes of this Agreement only and does not affect or constitute any approval required by any other City department or pursuant to any City ordinance, code, regulation or any other governmental approval, nor does any approval by DOH pursuant to this Agreement constitute approval of the quality, structural soundness or safety of the Property or the Project.

3.06 Other Approvals. Any DOH or DPD approval under this Agreement shall have no effect upon, nor shall it operate as a waiver of, the Developer's obligations to comply with the provisions of **Section 5.03** (Other Governmental Approvals) hereof. The Developer shall not commence construction of the Project until the Developer has obtained all necessary permits and approvals (including but not limited to DOH's approval of the Scope Drawings and Plans and Specifications) and proof of the General Contractor's and each subcontractor's bonding as required hereunder.

3.07 Progress Reports and Survey Updates. The Developer shall provide DOH with written monthly progress reports detailing the status of the Project, including a revised completion date, if necessary (with any change in completion date being considered a Change Order, requiring DOH's written approval pursuant to **Section 3.04**). The Developer shall provide three (3) copies of an updated Survey to DOH upon the request of DOH or any Lender, reflecting improvements made to the Property.

3.08 Inspecting Agent or Architect. An independent agent or architect (other than the Developer's architect) approved by DOH shall be selected to act as the inspecting agent or architect, at the Developer's expense, for the Project. The inspecting agent or architect shall perform periodic inspections with respect to the Project, providing certifications with respect thereto to DOH, prior to requests for disbursement for costs related to the Project. With the written consent of DOH, the inspecting architect may be the inspecting architect engaged by any Lender, provided that said architect is an independent architect licensed by the State of Illinois, or an inspecting agent of DOH.

3.09 Barricades. Prior to commencing any construction requiring barricades, the Developer shall install a construction barricade of a type and appearance satisfactory to the City and constructed in compliance with all applicable federal, state or City laws, ordinances and regulations. DOH retains the right to approve the maintenance, appearance, color scheme, painting, nature, type, content and design of all barricades.

3.10 Signs and Public Relations. The Developer shall erect a sign of size and style approved by the City in a conspicuous location on the Property during the Project, indicating that financing has been provided by the City. The City reserves the right to include the name, photograph, artistic rendering of the Project and other pertinent information regarding the Developer, the Property and the Project in the City's promotional literature and communications.

3.11 **Utility Connections.** The Developer may connect all on-site water, sanitary, storm and sewer lines constructed on the Property to City utility lines existing on or near the perimeter of the Property, provided the Developer first complies with all City requirements governing such connections, including the payment of customary fees and costs related thereto.

3.12 **Permit Fees.** In connection with the Project and subject to waivers authorized by City Council, the Developer shall be obligated to pay only those building, permit, engineering, tap on and inspection fees that are assessed on a uniform basis throughout the City of Chicago and are of general applicability to other property within the City of Chicago.

SECTION 4. FINANCING

4.01 **Total Project Cost and Sources of Funds.** The cost of the Project is estimated to be \$28,796,475, to be applied in the manner set forth in the Project Budget. Such costs shall be funded from the following sources:

Tax Exempt Bonds	\$ 6,200,000
TIF	\$ 8,950,000
FHLB AHP	\$ 1,185,000
Equity (subject to <u>Sections 4.03(b) and 4.06</u>)	\$12,461,475
ESTIMATED TOTAL	\$28,796,475

4.02 Reserved.

4.03 City Funds.

(a) **Uses of City Funds.** City Funds may only be used to pay directly or to reimburse the Lawndale H&A Bond Development for costs of TIF-Funded Improvements that constitute Redevelopment Project Costs. Exhibit C sets forth, by line item, the TIF-Funded Improvements for the Project, and the maximum amount of costs that may be reimbursed from City Funds for each line item therein (subject to Sections 4.03(b) and 4.07(d)), contingent upon receipt by the City of documentation satisfactory in form and substance to DPD evidencing such cost and its eligibility as a Redevelopment Project Cost.

(b) Payment of City Funds.

- i. Subject to the terms and conditions of this Agreement, including but not limited to this Section 4.03 and Section 5 hereof, the City hereby agrees to provide City funds (the "City Funds") from Incremental Taxes to reimburse Lawndale H&A Bond Development for the costs of the TIF-Funded Improvements in the amounts determined under Section 4.03(b)(iii).

- ii. The City's financial commitment to provide Available Incremental Taxes for such purposes (the "City Funds") shall be as follows:
 - a. \$4,000,000 shall be placed in Escrow from Available Incremental Taxes within fifteen (15) business days of the Closing Date;
 - b. \$2,500,000 shall be placed in Escrow from Available Incremental Taxes on or about March 1, 2008;
 - c. \$1,450,000 shall be placed in Escrow from Available Incremental Taxes on or about March 1, 2009; and
 - d. \$1,000,000 shall be placed in Escrow from Available Incremental Taxes on or about March 1, 2010.

To the extent Available Incremental Taxes are determined to be insufficient to meet the payment schedule set forth in (a) through (d) above, the City shall make such deposit(s) as such Available Incremental Taxes become available.

- iii. Subject to the terms and conditions of this Agreement, payment shall be made to Lawndale H&A Bond Development (each an "Installment") in accordance with the terms of the Escrow Agreement and upon Lawndale H&A Bond Development's submission of a draw request (the "Requisition Form") in accordance with Section 4.04. Such Installments shall be in the amounts set for in Section 4.03(c); provided, however, that the total amount of City Funds expended for TIF-Funded Improvements shall be an amount not to exceed Eight Million, Nine Hundred Fifty Thousand Dollars and 00/100 (\$8,950,000).
- iv. City Funds derived from Incremental Taxes and available to pay such costs and allocated for such purposes as of the Closing Date shall be paid in accordance with the terms of this Agreement and the Escrow Agreement only so long as no Event of Default or condition for which the giving of notice or the passage of time, or both, would constitute an Event of Default exists under this Agreement or the Escrow Agreement.

The Developer acknowledges and agrees that the City's obligation to pay any City Funds is contingent upon the conditions set forth in parts (i), (ii), (iii) and (iv) above, as well the Developer's satisfaction of all other applicable terms and conditions of this Agreement, including, without limitation, compliance with the covenants in Sections 8.20. In the event that such conditions are not fulfilled, the amount of Equity to be contributed by the Developer pursuant to Section 4.01 hereof shall increase proportionately.

(c) Payment Amount. The Installments to be paid pursuant to a draw request in accordance with the Escrow Agreement and upon submission of a Requisition Form shall be as follows (subject to Sections 8.20):

<u>Installment</u>	<u>Payment Trigger</u>	<u>Payment Amount</u>
One	Developer completion of 42 units in completed buildings on the Property	\$2,500,000
Two	Developer completion of 38 additional units in completed buildings on the Property	\$2,500,000
Three	Certificate of Completion Issued Pursuant to <u>Section 7.01</u> herein	\$2,950,000
Four	On any date after March 1, 2010, Installment Four Occupancy Covenant is met and Occupancy Report Approval Pursuant to (a) <u>Section 8.20</u> herein and (b) the Escrow Agreement	\$1,000,000

4.04 Construction Escrow. The City, the Developer and Lender shall enter into an Escrow Agreement. All disbursements of Project funds (except for Prior Expenditures) shall be made through the funding of draw requests with respect thereto pursuant to the Escrow Agreement and this Agreement. In case of any conflict between the terms of this Agreement and the Escrow Agreement with respect to the payment of City Funds hereunder, the terms of this Agreement shall control. The City must receive copies of any draw requests and related documents submitted to the Title Company for disbursements under the Escrow Agreement.

4.05 Treatment of Prior Expenditures and Subsequent Disbursements.

(a) Only those expenditures made by Lawndale H&A Bond Development with respect to the Project prior to the Closing Date, evidenced by documentation satisfactory to DPD and approved by DPD as satisfying costs covered in the Project Budget, shall be considered previously contributed Equity or Lender Financing hereunder (the "Prior Expenditures"). DPD shall have the right, in its sole discretion, to disallow any such expenditure as a Prior Expenditure. Exhibit I hereto sets forth the prior expenditures approved by DPD as of the date hereof as Prior Expenditures. Prior Expenditures made for items other than TIF-Funded Improvements shall not be reimbursed to Lawndale H&A Bond Development, but shall reduce the amount of Equity and/or Lender Financing required to be contributed by the Developer pursuant to Section 4.01 hereof.

(b) Disbursements for expenditures related to TIF-Funded Improvements may be allocated to and charged against the appropriate line only, with transfers of costs and expenses from one line item to another, without the prior written consent of DPD, being prohibited, subject to the terms of Section 3.04. DPD shall not unreasonably withhold its consent to such transfers so long as the Corporation Counsel has advised DPD that an expenditure qualifies as an eligible cost under the Act.

4.06 Cost Overruns. If the aggregate cost of the TIF-Funded Improvements exceeds City Funds available pursuant to **Section 4.03** hereof, or if the cost of completing the Project exceeds the Project Budget, the Developer shall be solely responsible for such excess cost, and shall hold the City harmless from any and all costs and expenses of completing the TIF-Funded Improvements in excess of City Funds and of completing the Project.

4.07 Preconditions of Disbursement. As a condition to the disbursement of City Funds hereunder, Lawndale H&A Bond Development shall submit, at the time of each submission of the Requisition Form in accordance with **Section 4.04**, documentation regarding the applicable expenditures to DPD, which shall be satisfactory to DPD in its sole discretion. Delivery by Lawndale H&A Bond Development to DPD of any request for disbursement of City Funds hereunder shall, in addition to the items therein expressly set forth, constitute a certification to the City, as of the date of such request for disbursement, that:

(a) the actual amount paid to the General Contractor and/or subcontractors who have performed work on the Project, and/or their payees is equal to or greater than the total amount of the disbursement request;

(b) all amounts shown as previous payments on the current Requisition Form have been paid to the parties entitled to such payment;

(c) the Developer has approved all work and materials for the current Requisition Form, and such work and materials conform to the Plans and Specifications;

(d) the representations and warranties contained in this Agreement are true and correct and the Developer is in compliance with all covenants contained herein;

(e) the Developer has received no notice and has no knowledge of any liens or claim of lien either filed or threatened against the Property except for the Permitted Liens and/or liens bonded by the Developer or insured by the Title Company; and

(f) no Event of Default or condition or event which, with the giving of notice or passage of time or both, would constitute an Event of Default exists or has occurred.

The City shall have the right, in its discretion, to require the Developer to submit further documentation as the City may require in order to verify that the matters certified to above are true and correct, and any disbursement by the City shall be subject to the City's review and approval of such documentation and its satisfaction that such certifications are true and correct; provided, however, that nothing in this sentence shall be deemed to prevent the City from relying on such certifications by the Developer. In addition, the Developer shall have satisfied all other preconditions of disbursement of City Funds for each disbursement, including but not limited to requirements set forth in the Bond Ordinance, the TIF Bond Ordinance, if any, the Bonds, the TIF Bonds, if any, the TIF Ordinances this Agreement and/or the Escrow Agreement.

4.08 Conditional Payment of City Funds. The City Funds being provided hereunder are being provided to Lawndale H&A Bond Development on a conditional basis, subject to the Developer's compliance with the provisions of this Agreement. The City Funds are subject to being reimbursed if the Property, or any portion thereof, ceases to be utilized as affordable rental housing during the Term of the Agreement. Furthermore, until the time of payment of Installment Four, it shall be in DPD's sole discretion to make any payment pursuant to this Agreement upon and after the occurrence of any action described in **Section 8.01(i)** for which the Developer did not receive the prior written consent of the City. The payment of City Funds is subject to being terminated and/or reimbursed as provided in **Section 15.**

SECTION 5. CONDITIONS PRECEDENT

The following conditions have been complied with to the City's satisfaction on or prior to the Closing Date:

5.01 Project Budget. The Developer has submitted to DOH, and DOH has approved, a Project Budget in accordance with the provisions of **Section 3.03** hereof.

5.02 Scope Drawings and Plans and Specifications. The Developer has submitted to DOH, and DOH has approved, the Scope Drawings and Plans and Specifications accordance with the provisions of **Section 3.02** hereof.

5.03 Other Governmental Approvals. The Developer has secured all other necessary approvals and permits required by any state, federal, or local statute, ordinance or regulation and has submitted evidence thereof to DPD. Such approvals shall include, without limitation, all building permits necessary for the Project.

5.04 Financing. The Developer has furnished proof reasonably acceptable to the City that the Developer has Equity and Lender Financing in the amounts set forth in **Section 4.01** hereof to complete the Project and satisfy its obligations under this Agreement. If a portion of such funds consists of Lender Financing, the Developer has furnished proof as of the Closing Date that the proceeds thereof are available to be drawn upon by the Developer as needed and are sufficient (along with other sources set forth in **Section 4.01**) to complete the Project. The Developer has delivered to the City a copy of the Escrow Agreement. Any liens against the Property in existence at the Closing Date have been subordinated to certain encumbrances of the City set forth herein pursuant to a Subordination Agreement, in a form acceptable to the City, executed on or prior to the Closing Date, which is to be recorded, at the expense of the Developer, with the Office of the Recorder of Deeds of Cook County.

5.05 Acquisition and Title. On the Closing Date, the Developer has furnished the City with a copy of the Title Policy for the Property, certified by the Title Company, showing H&A as the named insured. The Title Policy is dated as of the Closing Date and contains only those title exceptions listed as Permitted Liens on **Exhibit F** hereto and evidences the recording of this

Agreement pursuant to the provisions of **Section 8.17** hereof. The Title Policy also contains such endorsements as shall be required by Corporation Counsel, including but not limited to an owner's comprehensive endorsement and satisfactory endorsements regarding zoning, contiguity (as applicable), location, access and survey. The Developer has provided to DPD, on or prior to the Closing Date, documentation related to the purchase of the Property and certified copies of all easements and encumbrances of record with respect to the Property not addressed, to DPD's satisfaction, by the Title Policy and any endorsements thereto.

5.06 Evidence of Clean Title. The Developer, at its own expense, has provided the City with searches under (a) the Developer's name, (b) Holsten Real Estate Development Corporation and ACORN Housing Corporation of Illinois (collectively, the "Related Entities") as follows:

Secretary of State	UCC search
Secretary of State	Federal tax search
Cook County Recorder	UCC search
Cook County Recorder	Fixtures search
Cook County Recorder	Federal tax search
Cook County Recorder	State tax search
Cook County Recorder	Memoranda of judgments search
U.S. District Court	Pending suits and judgments (including bankruptcy)
Clerk of Circuit Court, Cook County	Pending suits and judgments

showing no liens against the Developer, the Property, the Related Entities or any fixtures now or hereafter affixed thereto, except for the Permitted Liens and/or liens bonded by the Developer or insured by the Title Company.

5.07 Surveys. The Developer has furnished the City with one (1) copy of the Survey.

5.08 Insurance. The Developer, at its own expense, has insured the Property in accordance with **Section 12** hereof, and has delivered certificates required pursuant to **Section 12** hereof evidencing the required coverages to DPD.

5.09 Opinion of the Developer's Counsel. On the Closing Date, the Developer has furnished the City with an opinion of counsel, substantially in the form attached hereto as **Exhibit J**, with such changes as required by or acceptable to Corporation Counsel.

5.10 Evidence of Prior Expenditures. The Developer has provided evidence satisfactory to DPD in its sole discretion of the Prior Expenditures in accordance with the provisions of **Section 4.05** hereof.

5.11 Financial Statements. The Developer has provided Financial Statements to DPD for its most recently completed fiscal year, and audited or unaudited interim financial statements for the period after the end of the most recently completed fiscal year.

5.12 Documentation. The Developer has provided documentation to DPD, satisfactory in form and substance to DPD, with respect to current employment matters.

5.13 Environmental. The Developer has provided DPD with copies of that certain phase I environmental audit completed with respect to the Property and any phase II environmental audit with respect to the Property required by the City. The Developer has provided the City with a letter from the environmental engineer(s) who completed such audit(s), authorizing the City to rely on such audits.

5.14 Organizational Documents; Economic Disclosure Statement. The Developer has provided a copy of its Articles of Incorporation or Certificate of Limited Partnership containing the original certification of the Secretary of State of its state of organization; certificates of good standing from the Secretary of State of its state of organization and all other states in which the Developer is qualified to do business; a secretary's certificate in such form and substance as the Corporation Counsel may require; by-laws of the corporation or Limited Partnership Agreement; and such other organizational documentation as the City has requested. The Developer has provided to the City an Economic Disclosure Statement, in the City's then current form, dated as of the Closing Date.

5.15 Litigation. The Developer has provided to Corporation Counsel and DPD, a description of all pending or threatened litigation or administrative proceedings involving the Developer, specifying, in each case, the amount of each claim, an estimate of probable liability, the amount of any reserves taken in connection therewith and whether (and to what extent) such potential liability is covered by insurance.

SECTION 6. AGREEMENTS WITH CONTRACTORS

6.01 Bid Requirement for General Contractor and Subcontractors. The City has approved the Developer's selection of Staalsen Construction Company, an Illinois corporation and Universal Asbestos Removal, Inc., collectively, as the General Contractor. The Developer shall submit copies of the Construction Contract to DPD in accordance with Section 6.02 below. Photocopies of all subcontracts entered or to be entered into in connection with the TIF-Funded Improvements shall be provided to DPD within five (5) business days of the execution thereof. The Developer shall ensure that the General Contractor shall not (and shall cause the General Contractor to ensure that the subcontractors shall not) begin work on the Project until the Plans and Specifications have been approved by DPD and all requisite permits have been obtained.

6.02 Construction Contract. Prior to the execution thereof, the Developer shall deliver to DPD a copy of the proposed Construction Contract with the General Contractor selected to handle the Project in accordance with Section 6.01 above, for DPD's prior written approval, which shall be granted or denied within ten (10) business days after delivery thereof. Within ten (10) business days after execution of such contract by the Developer, the General Contractor and any other parties

thereto, the Developer shall deliver to DPD and Corporation Counsel a certified copy of such contract together with any modifications, amendments or supplements thereto.

6.03 Performance and Payment Bonds. Prior to the commencement of any portion of the Project which includes work on the public way, the Developer shall require that the General Contractor be bonded for its payment by sureties having an AA rating or better using a bond in a form acceptable to DPD or a letter of credit. The City shall be named as obligee or co-obligee on any such bonds.

6.04 Employment Opportunity. The Developer shall contractually obligate and cause the General Contractor and each subcontractor to agree to the provisions of **Section 10** hereof.

6.05 Other Provisions. In addition to the requirements of this **Section 6**, the Construction Contract and each contract with any subcontractor shall contain provisions required pursuant to **Section 3.04** (Change Orders), **Section 8.07** (Employment Profile), **Section 8.08** (Prevailing Wage), **Section 10.01(e)** (Employment Opportunity), **Section 10.02** (City Resident Employment Requirement), **Section 10.03** (MBE/WBE Requirements, as applicable), **Section 12** (Insurance) and **Section 14.01** (Books and Records) hereof. Photocopies of all contracts or subcontracts entered or to be entered into in connection with the TIF-Funded Improvements shall be provided to DPD within five (5) business days of the execution thereof.

SECTION 7. COMPLETION OF CONSTRUCTION OR REHABILITATION

7.01 Certificate of Completion.

(a) Upon (i) completion of the rehabilitation of the Project in accordance with the terms of this Agreement as evidenced by the submission to DPD of a Certificate of Occupancy for the Facility, (ii) the COC Occupancy Covenant is met and the Occupancy Report approved in accordance with **Section 8.20**, and (iii) upon Developer's written request, DPD shall issue to the Developer a Certificate in recordable form certifying that the Developer has fulfilled its obligation to complete the Project in accordance with the terms of this Agreement.

(b) DPD shall respond to the Developer's written request for a Certificate within forty-five (45) days by issuing either a Certificate or a written statement detailing the ways in which the Project does not conform to this Agreement or has not been satisfactorily completed, and the measures which must be taken by the Developer in order to obtain the Certificate. The Developer may resubmit a written request for a Certificate upon completion of such measures.

(c) Developer acknowledges that the City will not issue a Certificate until the following conditions have been met:

- (i) the Project, including all of the TIF-Funded Improvements, has been substantially completed; and

- (ii) Developer has provided DPD with evidence acceptable to DPD showing that Developer has completed the Project in compliance with building permit requirements, including, without limitation, receipt of one or more certificates of occupancy for the Project; and
- (iii) the City's monitoring unit has determined in writing that the Developer is in complete compliance with all requirements of Section 8.08 (Prevailing Wage) and Section 10 (Developer's Employment Obligations).
- (d) Developer acknowledges that the City will not issue a Certificate if there exists an Event of Default under Section 15.01 which has not been cured pursuant to Section 15.03 or Section 15.04.

7.02 Effect of Issuance of Certificate; Continuing Obligations. The Certificate relates only to the rehabilitation of the Project, and upon its issuance, the City will certify that the terms of the Agreement specifically related to the Developer's obligation to complete such activities have been satisfied. After the issuance of a Certificate, however, all executory terms and conditions of this Agreement and all representations and covenants contained herein will continue to remain in full force and effect throughout the Term of the Agreement as to the parties described in the following paragraph, and the issuance of the Certificate shall not be construed as a waiver by the City of any of its rights and remedies pursuant to such executory terms.

Those covenants specifically described at Sections 8.02, 8.18, 8.19 and 8.20 as covenants that run with the land are the only covenants in this Agreement intended to be binding upon any transferee of the Property (including an assignee as described in the following sentence) throughout the Term of the Agreement notwithstanding the issuance of a Certificate; provided, that upon the issuance of a Certificate, the covenants set forth in Section 8.02 shall be deemed to have been fulfilled; provided further, that upon the payment of Installment Four, the covenants set forth in Section 8.20 shall be deemed to have been fulfilled. The other executory terms of this Agreement that remain after the issuance of a Certificate shall be binding only upon the Developer or a permitted assignee of the Developer who, pursuant to Section 18.15 of this Agreement, has contracted to take an assignment of the Developer's rights under this Agreement and assume the Developer's liabilities hereunder.

7.03 Failure to Complete. If the Developer fails to complete the Project in accordance with the terms of this Agreement, then the City has, but shall not be limited to, any of the following rights and remedies:

(a) the right to terminate this Agreement and cease all disbursement of City Funds not yet disbursed pursuant hereto;

(b) the right (but not the obligation) to complete those TIF-Funded Improvements that are public improvements and to pay for the costs of such TIF-Funded Improvements (including interest

costs) out of City Funds or other City monies. In the event that the aggregate cost of completing such TIF-Funded Improvements exceeds the amount of City Funds available pursuant to Section 4.01, the Developer shall reimburse the City for all reasonable costs and expenses incurred by the City in completing such TIF-Funded Improvements in excess of the available City Funds; and

(c) the right to seek reimbursement of the City Funds from the Developer, provided that the City is entitled to rely on an opinion of counsel that such reimbursement will not jeopardize the tax-exempt status of the TIF Bonds, if any.

7.04 Notice of Expiration of Term of Agreement. Upon the expiration of the Term of the Agreement, DPD shall provide the Developer, at the Developer's written request, with a written notice in recordable form stating that the Term of the Agreement has expired.

SECTION 8. COVENANTS/REPRESENTATIONS/WARRANTIES OF THE DEVELOPER.

8.01 General. The Developer represents, warrants and covenants, as of the date of this Agreement and as of the date of each disbursement of City Funds hereunder, that:

(a) H&A is an Illinois limited partnership and Lawndale H&A Bond Development is an Illinois limited liability company, each duly organized, validly existing, qualified to do business in Illinois, and each licensed to do business in any other state where, due to the nature of its activities or properties, such qualification or license is required;

(b) each of H&A and Lawndale H&A Bond Development has the right, power and authority to enter into, execute, deliver and perform this Agreement;

(c) the execution, delivery and performance by the Developer of this Agreement has been duly authorized by all necessary action, and does not and will not violate (as applicable) its Articles of Incorporation, by-laws or partnership agreement as amended and supplemented, any applicable provision of law, or constitute a breach of, default under or require any consent under any agreement, instrument or document to which the Developer is now a party or by which the Developer is now or may become bound;

(d) unless otherwise permitted or not prohibited pursuant to or under the terms of this Agreement, the H&A shall acquire and shall maintain good, indefeasible and merchantable fee simple title to the Property (and all improvements thereon) free and clear of all liens (except for the Permitted Liens and/or liens bonded by the Developer or insured by the Title Company, Lender Financing as disclosed in the Project Budget and non-governmental charges that the Developer is contesting in good faith pursuant to Section 8.15 hereof);

(e) the Developer is now and for the Term of the Agreement shall remain solvent and able to pay its debts as they mature;

(f) there are no actions or proceedings by or before any court, governmental commission, board, bureau or any other administrative agency pending, threatened or affecting the Developer which would impair its ability to perform under this Agreement;

(g) the Developer has and shall maintain all government permits, certificates and consents (including, without limitation, appropriate environmental approvals) necessary to conduct its business and to construct, complete and operate the Project;

(h) the Developer is not in default with respect to any indenture, loan agreement, mortgage, deed, note or any other agreement or instrument related to the borrowing of money to which the Developer is a party or by which the Developer is bound;

(i) the Financial Statements are, and when hereafter required to be submitted will be, complete, correct in all material respects and accurately present the assets, liabilities, results of operations and financial condition of the Developer, and there has been no material adverse change in the assets, liabilities, results of operations or financial condition of the Developer since the date of the Developer's most recent Financial Statements;

(j) until the time of payment of Installment Four, the Developer shall not do any of the following without the prior written consent of DPD, which consent shall be in DPD's sole discretion: (1) be a party to any merger, liquidation or consolidation; (2) sell (including, without limitation, any sale and leaseback), transfer, convey, lease (except the lease of the Facility to tenants in accordance with Section 8.19 herein) or otherwise dispose of all or substantially all of its assets or any portion of the Property (including but not limited to any fixtures or equipment now or hereafter attached thereto); (3) enter into any transaction outside the ordinary course of the Developer's business; (4) assume, guarantee, endorse, or otherwise become liable in connection with the obligations of any other person or entity; or (5) enter into any transaction that would cause a material and detrimental change to the Developer's financial condition;

(k) the Developer has not incurred, and, prior to the time of payment of Installment Four, shall not, without the prior written consent of the Commissioner of DPD, allow the existence of any liens against the Property (or improvements thereon) other than the Permitted Liens and/or liens bonded by the Developer or insured by the Title Company; or incur any indebtedness, secured or to be secured by the Property (or improvements thereon) or any fixtures now or hereafter attached thereto, except Lender Financing disclosed in the Project Budget;

(l) has not made or caused to be made, directly or indirectly, any payment, gratuity or offer of employment in connection with the Agreement or any contract paid from the City treasury or pursuant to City ordinance, for services to any City agency ("City Contract") as an inducement for the City to enter into the Agreement or any City Contract with the Developer in violation of Chapter 2-156-120 of the Municipal Code of the City;

(m) neither the Developer nor any affiliate of the Developer is listed on any of the following lists maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the Bureau of Industry and Security of the U.S. Department of Commerce or their

successors, or on any other list of persons or entities with which the City may not do business under any applicable law, rule, regulation, order or judgment: the Specially Designated Nationals List, the Denied Persons List, the Unverified List, the Entity List and the Debarred List. For purposes of this subparagraph (m) only, the term "affiliate," when used to indicate a relationship with a specified person or entity, means a person or entity that, directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with such specified person or entity, and a person or entity shall be deemed to be controlled by another person or entity, if controlled in any manner whatsoever that results in control in fact by that other person or entity (or that other person or entity and any persons or entities with whom that other person or entity is acting jointly or in concert), whether directly or indirectly and whether through share ownership, a trust, a contract or otherwise; and

(n) Developer agrees that Developer, any person or entity who directly or indirectly has an ownership or beneficial interest in Developer of more than 7.5 percent ("**Owners**"), spouses and domestic partners of such Owners, Developer's contractors (i.e., any person or entity in direct contractual privity with Developer regarding the subject matter of this Agreement) ("**Contractors**"), any person or entity who directly or indirectly has an ownership or beneficial interest in any Contractor of more than 7.5 percent ("**Sub-owners**") and spouses and domestic partners of such Sub-owners (Developer and all the other preceding classes of persons and entities are together, the "**Identified Parties**"), shall not make a contribution of any amount to the Mayor of the City of Chicago (the "**Mayor**") or to his political fundraising committee (i) after execution of this Agreement by Developer, (ii) while this Agreement or any Other Contract (as defined below) is executory, (iii) during the term of this Agreement or any Other Contract between Developer and the City, or (iv) during any period while an extension of this Agreement or any Other Contract is being sought or negotiated.

Developer represents and warrants that from the later of (i) February 10, 2005, or (ii) the date the City approached the Developer or the date the Developer approached the City, as applicable, regarding the formulation of this Agreement, no Identified Parties have made a contribution of any amount to the Mayor or to his political fundraising committee.

Developer agrees that it shall not: (a) coerce, compel or intimidate its employees to make a contribution of any amount to the Mayor or to the Mayor's political fundraising committee; (b) reimburse its employees for a contribution of any amount made to the Mayor or to the Mayor's political fundraising committee; or (c) bundle or solicit others to bundle contributions to the Mayor or to his political fundraising committee.

Developer agrees that the Identified Parties must not engage in any conduct whatsoever designed to intentionally violate this provision or Mayoral Executive Order No. 05-1 or to entice, direct or solicit others to intentionally violate this provision or Mayoral Executive Order No.05-1.

Developer agrees that a violation of, non-compliance with, misrepresentation with respect to, or breach of any covenant or warranty under this provision or violation of Mayoral Executive Order No. 05-1 constitutes a breach and default under this Agreement, and under any

Other Contract for which no opportunity to cure will be granted unless the City, in its sole discretion, elects to grant such an opportunity to cure. Such breach and default entitles the City to all remedies (including without limitation termination for default) under this Agreement, under any Other Contract, at law and in equity. This provision amends any Other Contract and supersedes any inconsistent provision contained therein.

If Developer intentionally violates this provision or Mayoral Executive Order No. 05-1 prior to the closing of this Agreement, the City may elect to decline to close the transaction contemplated by this Agreement.

For purposes of this provision:

“Bundle” means to collect contributions from more than one source which are then delivered by one person to the Mayor or to his political fundraising committee.

“Other Contract” means any other agreement with the City of Chicago to which Developer is a party that is (i) formed under the authority of chapter 2-92 of the Municipal Code of Chicago; (ii) entered into for the purchase or lease of real or personal property; or (iii) for materials, supplies, equipment or services which are approved or authorized by the City Council of the City of Chicago.

“Contribution” means a “political contribution” as defined in Chapter 2-156 of the Municipal Code of Chicago, as amended.

Individuals are “Domestic Partners” if they satisfy the following criteria:

- (A) they are each other’s sole domestic partner, responsible for each other’s common welfare; and
- (B) neither party is married; and
- (C) the partners are not related by blood closer than would bar marriage in the State of Illinois; and
- (D) each partner is at least 18 years of age, and the partners are the same sex, and the partners reside at the same residence; and
- (E) two of the following four conditions exist for the partners:
 - 1. The partners have been residing together for at least 12 months.
 - 2. The partners have common or joint ownership of a residence.
 - 3. The partners have at least two of the following arrangements:
 - a. joint ownership of a motor vehicle;
 - b. a joint credit account;
 - c. a joint checking account;
 - d. a lease for a residence identifying both domestic partners as tenants.
 - 4. Each partner identifies the other partner as a primary beneficiary in a will.

“Political fundraising committee” means a “political fundraising committee” as defined in Chapter 2-156 of the Municipal Code of Chicago, as amended.

8.02 Covenant to Redevelop. Upon DPD’s approval of the Project Budget, the Scope Drawings and Plans and Specifications as provided in Sections 3.02 and 3.03 hereof, and the Developer’s receipt of all required building permits and governmental approvals, the Developer shall redevelop the Property in accordance with this Agreement and all Exhibits attached hereto, the TIF Ordinances, the Scope Drawings, Plans and Specifications, Project Budget and all amendments thereto, and all federal, state and local laws, ordinances, rules, regulations, executive orders and codes applicable to the Project, the Property and/or the Developer. The covenants set forth in this Section shall run with the land and be binding upon any transferee, but shall be deemed satisfied upon issuance by the City of a Certificate with respect thereto.

8.03 Redevelopment Plan. The Developer represents that the Project is and shall be in compliance with all of the terms of the Redevelopment Plan.

8.04 Use of City Funds. City Funds disbursed to the Developer shall be used by the Developer solely to pay for (or to reimburse the Developer for its payment for) the TIF-Funded Improvements as provided in this Agreement.

8.05 Other Bonds. The Developer shall, at the request of the City, agree to any reasonable amendments to this Agreement that are necessary or desirable in order for the City to issue (in its sole discretion) any bonds in connection with the Redevelopment Area, the proceeds of which may be used to reimburse the City for expenditures made in connection with, or provide a source of funds for the payment for, the TIF-Funded Improvements (the “Bonds”); provided, however, that any such amendments shall not have a material adverse effect on the Developer or the Project. The Developer shall, at the Developer’s expense, cooperate and provide reasonable assistance in connection with the marketing of any such Bonds, including but not limited to providing written descriptions of the Project, making representations, providing information regarding its financial condition and assisting the City in preparing an offering statement with respect thereto.

8.06 Employment Opportunity; Progress Reports. The Developer covenants and agrees to abide by, and contractually obligate and use reasonable efforts to cause the General Contractor and each subcontractor to abide by the terms set forth in Section 10 hereof. The Developer shall deliver to the City written progress reports detailing compliance with the requirements of Sections 8.08, 10.02 and 10.03 of this Agreement. Such reports shall be delivered to the City monthly. If any such reports indicate a shortfall in compliance, the Developer shall also deliver a plan to DOH which shall outline, to DOH’s satisfaction, the manner in which the Developer shall correct any shortfall.

8.07 Employment Profile. The Developer shall submit, and contractually obligate and cause the General Contractor or any subcontractor to submit, to DPD, from time to time, statements of its employment profile upon DPD’s request.

8.08 Prevailing Wage. The Developer covenants and agrees to pay, and to contractually obligate and cause the General Contractor and each subcontractor to pay, the prevailing wage rate as ascertained by the Illinois Department of Labor (the "**Department**"), to all Project employees. All such contracts shall list the specified rates to be paid to all laborers, workers and mechanics for each craft or type of worker or mechanic employed pursuant to such contract. If the Department revises such prevailing wage rates, the revised rates shall apply to all such contracts. Upon the City's request, the Developer shall provide the City with copies of all such contracts entered into by the Developer or the General Contractor to evidence compliance with this **Section 8.08**.

8.09 Arms-Length Transactions. Unless the City has given its prior written consent with respect thereto, no Affiliate of the Developer may receive any portion of City Funds, directly or indirectly, in payment for work done, services provided or materials supplied in connection with any TIF-Funded Improvement. The Developer shall provide information with respect to any entity to receive City Funds directly or indirectly (whether through payment to the Affiliate by the Developer and reimbursement to the Developer for such costs using City Funds, or otherwise), upon DPD's request, prior to any such disbursement.

8.10 Conflict of Interest. Pursuant to Section 5/11-74.4-4(n) of the Act, the Developer represents, warrants and covenants that, to the best of its knowledge, no member, official, or employee of the City, or of any commission or committee exercising authority over the Project, the Redevelopment Area or the Redevelopment Plan, or any consultant hired by the City with respect thereto, owns or controls, has owned or controlled or will own or control any interest, and no such person shall represent any person, as agent or otherwise, who owns or controls, has owned or controlled, or will own or control any interest, direct or indirect, in the Developer's business, the Property or any other property in the Redevelopment Area.

8.11 Disclosure of Interest. The Developer's counsel has no direct or indirect financial ownership interest in the Developer, the Property or any other aspect of the Project.

8.12 Financial Statements. The Developer shall obtain and provide to DPD Financial Statements for the Developer's fiscal year ended December 31, 2006 and for each year thereafter within 90 days after the end of such fiscal year for the Term of the Agreement. In addition, the Developer shall submit unaudited financial statements as soon as reasonably practical following the close of each fiscal year and for such other periods as DPD may request.

8.13 Insurance. The Developer, at its own expense, shall comply with all provisions of **Section 12** hereof.

8.14 Non-Governmental Charges. (a) **Payment of Non-Governmental Charges.** Except for the Permitted Liens and/or liens bonded by the Developer or insured by the Title Company, the Developer agrees to pay or cause to be paid when due any Non-Governmental Charge assessed or imposed upon the Project, the Property or any fixtures that are or may become attached thereto, which creates, may create, or appears to create a lien upon all or any portion of the Property or Project; provided however, that if such Non-Governmental Charge may be paid in installments, the

Developer may pay the same together with any accrued interest thereon in installments as they become due and before any fine, penalty, interest, or cost may be added thereto for nonpayment. The Developer shall furnish to DPD, within thirty (30) days of DPD's request, official receipts from the appropriate entity, or other proof satisfactory to DPD, evidencing payment of the Non-Governmental Charge in question.

(b) Right to Contest. The Developer has the right, before any delinquency occurs:

(i) to contest or object in good faith to the amount or validity of any Non-Governmental Charge by appropriate legal proceedings properly and diligently instituted and prosecuted, in such manner as shall stay the collection of the contested Non-Governmental Charge, prevent the imposition of a lien or remove such lien, or prevent the sale or forfeiture of the Property (so long as no such contest or objection shall be deemed or construed to relieve, modify or extend the Developer's covenants to pay any such Non-Governmental Charge at the time and in the manner provided in this Section 8.14); or

(ii) at DPD's sole option, to furnish a good and sufficient bond or other security satisfactory to DPD in such form and amounts as DPD shall require, or a good and sufficient undertaking as may be required or permitted by law to accomplish a stay of any such sale or forfeiture of the Property or any portion thereof or any fixtures that are or may be attached thereto, during the pendency of such contest, adequate to pay fully any such contested Non-Governmental Charge and all interest and penalties upon the adverse determination of such contest.

8.15 Developer's Liabilities. The Developer shall not enter into any transaction that would materially and adversely affect its ability to perform its obligations hereunder or to repay any material liabilities or perform any material obligations of the Developer to any other person or entity. The Developer shall immediately notify DPD of any and all events or actions which may materially affect the Developer's ability to carry on its business operations or perform its obligations under this Agreement or any other documents and agreements.

8.16 Compliance with Laws. To the best of the Developer's knowledge, after diligent inquiry, the Property and the Project are (except as disclosed as of the Closing Date to DPD with respect to environmental and building code violations) and shall be in compliance with all applicable federal, state and local laws, statutes, ordinances, rules, regulations, executive orders and codes pertaining to or affecting the Project and the Property. Upon the City's request, the Developer shall provide evidence satisfactory to the City of such compliance.

8.17 Recording and Filing. The Developer shall cause this Agreement, certain exhibits (as specified by Corporation Counsel), all amendments and supplements hereto to be recorded and filed against the Property on the date hereof in the conveyance and real property records of the county in which the Project is located. This Agreement shall be recorded prior to any mortgage made in connection with Lender Financing. The Developer shall pay all fees and charges incurred in connection with any such recording. Upon recording, the Developer shall immediately transmit to the City an executed original of this Agreement showing the date and recording number of record.

8.18 Real Estate Provisions.

(a) Governmental Charges.

(i) Payment of Governmental Charges. The Developer agrees to pay or cause to be paid when due all Governmental Charges (as defined below) which are assessed or imposed upon the Developer, the Property or the Project, or become due and payable, and which create, may create, a lien upon the Developer or all or any portion of the Property or the Project. "Governmental Charge" shall mean all federal, State, county, the City, or other governmental (or any instrumentality, division, agency, body, or department thereof) taxes, levies, assessments, charges, liens, claims or encumbrances (except for those assessed by foreign nations, states other than the State of Illinois, counties of the State other than Cook County, and municipalities other than the City) relating to the Developer, the Property or the Project including but not limited to real estate taxes.

(ii) Right to Contest. The Developer has the right before any delinquency occurs to contest or object in good faith to the amount or validity of any Governmental Charge by appropriate legal proceedings properly and diligently instituted and prosecuted in such manner as shall stay the collection of the contested Governmental Charge and prevent the imposition of a lien or the sale or forfeiture of the Property. No such contest or objection shall be deemed or construed in any way as relieving, modifying or extending the Developer's covenants to pay any such Governmental Charge at the time and in the manner provided in this Agreement unless the Developer has given prior written notice to DPD of the Developer's intent to contest or object to a Governmental Charge and, unless, at DPD's sole option,

(i) the Developer shall demonstrate to DPD's satisfaction that legal proceedings instituted by the Developer contesting or objecting to a Governmental Charge shall conclusively operate to prevent or remove a lien against, or the sale or forfeiture of, all or any part of the Property to satisfy such Governmental Charge prior to final determination of such proceedings; and/or

(ii) the Developer shall furnish a good and sufficient bond or other security satisfactory to DPD in such form and amounts as DPD shall require, or a good and sufficient undertaking as may be required or permitted by law to accomplish a stay of any such sale or forfeiture of the Property during the pendency of such contest, adequate to pay fully any such contested Governmental Charge and all interest and penalties upon the adverse determination of such contest.

(b) Developer's Failure To Pay Or Discharge Lien. If the Developer fails to pay any Governmental Charge or to obtain discharge of the same, the Developer shall advise DPD thereof in writing, at which time DPD may, but shall not be obligated to, and without waiving or releasing any obligation or liability of the Developer under this Agreement, in DPD's sole discretion, make such payment, or any part thereof, or obtain such discharge and take any other action with respect thereto

which DPD deems advisable. All sums so paid by DPD, if any, and any expenses, if any, including reasonable attorneys' fees, court costs, expenses and other charges relating thereto, shall be promptly disbursed to DPD by the Developer. Notwithstanding anything contained herein to the contrary, this paragraph shall not be construed to obligate the City to pay any such Governmental Charge. Additionally, if the Developer fails to pay any Governmental Charge, the City, in its sole discretion, may require the Developer to submit to the City audited Financial Statements at the Developer's own expense.

(c) Real Estate Taxes.

(i) Acknowledgment of Real Estate Taxes. The Developer agrees that for the purpose of this Agreement, the minimum assessed value of the Property ("Minimum Assessed Value") is shown on Exhibit K attached hereto and incorporated herein by reference.

(ii) Real Estate Tax Exemption. With respect to the Property or the Project, neither the Developer nor any agent, representative, lessee, tenant, assignee, transferee or successor in interest to the Developer shall, during the Term of this Agreement, seek, or authorize any exemption (as such term is used and defined in the Illinois Constitution, Article IX, Section 6 (1970)) for any year that the Redevelopment Plan is in effect; provided, however, nothing contained in this provision shall preclude Developer from applying for and receiving any reduction in the amount of real estate taxes payable for the Project or the Property, subject to the provisions of clause (iii) below.

(iii) No Reduction in Real Estate Taxes. Neither the Developer nor any agent, representative, lessee, tenant, assignee, transferee or successor in interest to the Developer shall, during the Term of this Agreement, directly or indirectly, initiate, seek or apply for proceedings in order to lower the assessed value of all or any portion of the Property or the Project below the amount of the Minimum Assessed Value as shown in Exhibit K; provided, however, the Developer is permitted to apply for a Class 9 designation from Cook County even if such designation with respect to the Property would result in a Minimum Assessed Value below that shown in Exhibit K.

(iv) No Objections. Neither the Developer nor any agent, representative, lessee, tenant, assignee, transferee or successor in interest to the Developer, shall object to or in any way seek to interfere with, on procedural or any other grounds, the filing of any Underassessment Complaint or subsequent proceedings related thereto with the Cook County Assessor or with the Cook County Board of Appeals, by either the City or any taxpayer. The term "Underassessment Complaint" as used in this Agreement shall mean any complaint seeking to increase the assessed value of the Property up to (but not above) the Minimum Assessed Value as shown in Exhibit K.

(v) Covenants Running with the Land. The parties agree that the restrictions contained in this Section 8.18(c) are covenants running with the land and this Agreement shall be recorded by the Developer as a memorandum thereof, at the Developer's expense,

with the Cook County Recorder of Deeds on the Closing Date. These restrictions shall be binding upon the Developer and its agents, representatives, lessees, successors, assigns and transferees from and after the date hereof; provided however, that the covenants shall be released when the Redevelopment Area is no longer in effect. The Developer agrees that any sale (including, without limitation, any sale and leaseback), lease, conveyance, or transfer of title to all or any portion of the Property or Redevelopment Area from and after the date hereof shall be made explicitly subject to such covenants and restrictions. Notwithstanding anything contained in this Section 8.18(c) to the contrary, the City, in its sole discretion and by its sole action, without the joinder or concurrence of the Developer, its successors or assigns, may waive and terminate the Developer's covenants and agreements set forth in this Section 8.18(c).

8.19 Affordable Housing Covenant. The Developer agrees and covenants to the City that, prior to any foreclosure of the Property by a Lender, the provisions of that certain Regulatory Agreement executed by the Developer and DOH as of the date hereof shall govern the terms of the Developer's obligation to provide affordable housing. Following foreclosure, if any, and from the date of such foreclosure through the Term of the Agreement, the following provisions shall govern the terms of the obligation to provide affordable housing under this Agreement:

(a) The Facility shall be operated and maintained solely as residential rental housing;

(b) All of the units in the Facility shall be available for occupancy to and be occupied solely by one or more persons qualifying as Low Income Families (as defined below) upon initial occupancy; and

(c) All of the units in the Facility have monthly rents, payable by the respective tenant, not in excess of thirty percent (30%) of the maximum allowable income for a Low Income Family (with the applicable Family size for such units determined in accordance with the rules specified in Section 42(g)(2) of the Internal Revenue Code of 1986, as amended); provided, however, that for any unit occupied by a Family (as defined below) that no longer qualifies as a Low Income Family due to an increase in such Family's income since the date of its initial occupancy of such unit, the maximum monthly rent for such unit shall not exceed thirty percent (30%) of such Family's monthly income.

(d) As used in this Section 8.19, the following terms has the following meanings:

(i) "Family" shall mean one or more individuals, whether or not related by blood or marriage; and

(ii) "Low Income Families" shall mean Families whose annual income does not exceed sixty percent (60%) of the Chicago-area median income, adjusted for Family size, as such annual income and Chicago-area median income are determined from time to time by the United States Department of Housing and Urban Development, and thereafter such income limits shall apply to this definition.

(e) The covenants set forth in this Section 8.19 shall run with the land and be binding upon any transferee.

(f) The City and the Developer may enter into a separate agreement to implement the provisions of this Section 8.19.

8.20 Occupancy; Permitted Uses. Developer shall cause the lease of at least (a) 50% of the Facility on or before the date of request for and at the date issuance of the Certificate of Completion (the "COC Occupancy Covenant") and (b) 80% of the Facility at the date of request for, and at the time of payment of, Installment Four (the "Installment Four Occupancy Covenant"). At the times the COC Occupancy Covenant and Installment Four Occupancy Covenant are met, the Developer shall deliver a compliance report to the satisfaction of the City, which shall include a certified tenant rent roll along with such other information as the City shall request (the "Occupancy Report"). Developer shall cause the Property to be used in accordance with Section 8.19 hereof and the Redevelopment Plan. The covenants contained in this Section 8.20 shall run with the land and be binding upon any transferee.

8.21 Survival of Covenants. All warranties, representations, covenants and agreements of the Developer contained in this Section 8 and elsewhere in this Agreement shall be true, accurate and complete at the time of the Developer's execution of this Agreement, and shall survive the execution, delivery and acceptance hereof by the parties hereto and (except as provided in Section 7 hereof upon the issuance of a Certificate) shall be in effect throughout the Term of the Agreement.

SECTION 9. COVENANTS/REPRESENTATIONS/WARRANTIES OF CITY

9.01 General Covenants. The City represents that it has the authority as a home rule unit of local government to execute and deliver this Agreement and to perform its obligations hereunder.

9.02 Survival of Covenants. All warranties, representations, and covenants of the City contained in this Section 9 or elsewhere in this Agreement shall be true, accurate, and complete at the time of the City's execution of this Agreement, and shall survive the execution, delivery and acceptance hereof by the parties hereto and be in effect throughout the Term of the Agreement.

SECTION 10. DEVELOPER'S EMPLOYMENT OBLIGATIONS

10.01 Employment Opportunity. The Developer, on behalf of itself and its successors and assigns, hereby agrees, and shall contractually obligate its or their various contractors, subcontractors or any Affiliate of the Developer operating on the Property (collectively, with the 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 or occupation of the Property:

(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, 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 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) To the greatest extent feasible, each Employer is required to present opportunities for training and employment of low- and moderate-income residents of the City and preferably of the Redevelopment Area; and to provide that contracts for work in connection with the construction of the Project be awarded to business concerns that are located in, or owned in substantial part by persons residing in, the City and preferably in the Redevelopment Area.

(c) 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 City's 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.

(d) Each Employer, 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.

(e) Each Employer shall include the foregoing provisions of subparagraphs (a) through (d) 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.

(f) Failure to comply with the employment obligations described in this Section 10.01 shall be a basis for the City to pursue remedies under the provisions of Section 15.02 hereof.

10.02 City Resident Construction Worker Employment Requirement. The Developer agrees for itself and its successors and assigns, and shall contractually obligate its General Contractor and shall cause the General Contractor to contractually obligate its subcontractors, as applicable, to agree, that during the construction of the Project they shall comply with the minimum percentage of total worker hours performed by actual residents of the City as specified in Section 2-92-330 of the Municipal Code of Chicago (at least 50 percent of the total worker hours worked by persons on the site of the Project shall be performed by actual residents of the City); provided, however, that in addition to complying with this percentage, the Developer, its General Contractor and each subcontractor shall be required to make good faith efforts to utilize qualified residents of the City in both unskilled and skilled labor positions.

The Developer 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 Chief Procurement Officer of the City.

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

The Developer, the General Contractor and each subcontractor shall provide for the maintenance of adequate employee residency records to show that actual Chicago residents are employed on the Project. Each Employer 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 of DPD 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 Employer hired the employee should be written in after the employee's name.

The Developer, the General Contractor and each subcontractor shall provide full access to their employment records to the Chief Procurement Officer, the Commissioner of DPD, the Superintendent of the Chicago Police Department, the Inspector General or any duly authorized representative of any of them. The Developer, the General Contractor and each subcontractor 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.

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

Good faith efforts on the part of the Developer, the General Contractor and each subcontractor 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 Chief Procurement Officer) shall not suffice to replace the actual, verified achievement of the requirements of this Section concerning the worker hours performed by actual Chicago residents.

When work at the Project is completed, in the event that the City has determined that the Developer has 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 (0.0005) of the aggregate hard construction costs set forth in the Project budget (the product of .0005 x such aggregate hard construction costs) (as the same shall be evidenced by approved contract value for the actual contracts) shall be surrendered by the Developer 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 the Developer, the General Contractor and/or the subcontractors to prosecution. **Any retainage to cover contract performance that may become due to the Developer pursuant to Section 2-92-250 of the Municipal Code of Chicago may be withheld by the City pending the Chief Procurement Officer's determination as to whether the Developer must surrender damages as provided in this paragraph.**

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 or related documents.

The Developer shall cause or require the provisions of this Section 10.02 to be included in all construction contracts and subcontracts related to the Project.

10.03. MBE/WBE Commitment. The Developer agrees for itself and its successors and assigns, and, if necessary to meet the requirements set forth herein, shall contractually obligate the General Contractor to agree that during the Project:

(a) Consistent with the findings which support, as applicable, (i) the Minority-Owned and Women-Owned Business Enterprise Procurement Program, Section 2-92-420 et seq., Municipal Code of Chicago (the "Procurement Program"), and (ii) the Minority- and Women-Owned Business Enterprise Construction Program, Section 2-92-650 et seq., Municipal Code of Chicago (the "Construction Program," and collectively with the Procurement Program, the "MBE/WBE Program"), 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 10.03, during the course of the Project, at least the following percentages of the costs of construction as set forth in the construction contract approved by DOH (the "MBE/WBE Budget") shall be expended for contract participation by MBEs and by WBEs:

- (1) At least 24 percent by MBEs.

(2) At least four percent by WBEs.

(b) For purposes of this **Section 10.03** only, the Developer (and any party to whom a contract is let by the Developer in connection with the Project) shall be deemed a “contractor” and this Agreement (and any contract let by the Developer in connection with the Project) shall be deemed a “contract” or a “construction contract” as such terms are defined in Sections 2-92-420 and 2-92-670, Municipal Code of Chicago, as applicable.

(c) Consistent with Sections 2-92-440 and 2-92-720, Municipal Code of Chicago, the Developer’s MBE/WBE commitment may be achieved in part by the Developer’s status as an MBE or WBE (but only to the extent of any actual work performed on the Project by the 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 work performed on the Project by the MBE or WBE), by the Developer utilizing a MBE or a WBE as the General Contractor (but only to the extent of any actual work performed on the Project by the General Contractor), by subcontracting or causing the General Contractor to subcontract a portion of the Project to one or more MBEs or WBEs, or by the purchase of materials or services 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 the Developer’s MBE/WBE commitment as described in this **Section 10.03**. In accordance with Section 2-92-730, Municipal Code of Chicago, the Developer shall not substitute any MBE or WBE General Contractor or subcontractor without the prior written approval of DPD.

(d) The Developer shall deliver quarterly reports to the City’s monitoring staff during the Project 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 the Developer or the General 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 City’s monitoring staff in determining the Developer’s compliance with this MBE/WBE commitment. The Developer shall maintain records of all relevant data with respect to the utilization of MBEs and WBEs in connection with the Project for at least five years after completion of the Project, and the City’s monitoring staff shall have access to all such records maintained by the Developer, on five Business Days’ notice, to allow the City to review the Developer’s compliance with its commitment to MBE/WBE participation and the status of any MBE or WBE performing any portion of the Project.

(e) Upon the disqualification of any MBE or WBE General Contractor or subcontractor, if such status was misrepresented by the disqualified party, the Developer shall be obligated to discharge or cause to be discharged the disqualified General Contractor or subcontractor, and, if possible, identify and engage a qualified MBE or WBE as a replacement. For purposes of this subsection (e), the disqualification procedures are further described in Sections 2-92-540 and 2-92-730, Municipal Code of Chicago, as applicable.

(f) Any reduction or waiver of the Developer's MBE/WBE commitment as described in this **Section 10.03** shall be undertaken in accordance with Sections 2-92-450 and 2-92-730, Municipal Code of Chicago, as applicable.

(g) Prior to the commencement of the Project, the Developer shall be required to meet with the City's monitoring staff with regard to the Developer's compliance with its obligations under this **Section 10.03**. The General Contractor and all major subcontractors shall be required to attend this pre-construction meeting. During said meeting, the Developer shall demonstrate to the City's monitoring staff its plan to achieve its obligations under this **Section 10.03**, the sufficiency of which shall be approved by the City's monitoring staff. During the Project, the Developer shall submit the documentation required by this **Section 10.03** to the City's monitoring staff, including the following: (i) subcontractor's activity report; (ii) contractor's certification concerning labor standards and prevailing wage requirements; (iii) contractor letter of understanding; (iv) monthly utilization report; (v) authorization for payroll agent; (vi) certified payroll; (vii) evidence that MBE/WBE contractor associations have been informed of the Project via written notice and hearings; and (viii) evidence of compliance with job creation/job retention requirements. Failure to submit such documentation on a timely basis, or a determination by the City's monitoring staff, upon analysis of the documentation, that the Developer is not complying with its obligations under this **Section 10.03**, shall, upon the delivery of written notice to the Developer, be deemed an Event of Default. Upon the occurrence of any such Event of Default, in addition to any other remedies provided in this Agreement, the City may: (1) issue a written demand to the Developer to halt the Project, (2) withhold any further payment of any City Funds to the Developer or the General Contractor, or (3) seek any other remedies against the Developer available at law or in equity.

SECTION 11. ENVIRONMENTAL MATTERS

The Developer hereby represents and warrants to the City that the Developer has conducted environmental studies sufficient to conclude that the Project may be rehabilitated, completed and operated in accordance with all Environmental Laws and this Agreement and all Exhibits attached hereto, and any applicable provisions contained in the Scope Drawings, Plans and Specifications and all amendments thereto, the Bond Ordinance and the Redevelopment Plan.

Without limiting any other provisions hereof, the Developer agrees to indemnify, defend and hold the City harmless from and against any and all losses, liabilities, damages, injuries, costs, expenses or claims of any kind whatsoever including, without limitation, any losses, liabilities, damages, injuries, costs, expenses or claims asserted or arising under any Environmental Laws incurred, suffered by or asserted against the City as a direct or indirect result of any of the following, regardless of whether or not caused by, or within the control of the Developer: (i) the presence of any Hazardous Material on or under, or the escape, seepage, leakage, spillage, emission, discharge or release of any Hazardous Material from (A) all or any portion of the Property or (B) any other real property in which the Developer, or any person directly or indirectly controlling, controlled by or under common control with the Developer, holds any estate or interest whatsoever (including, without limitation, any property owned by a land trust in which the beneficial interest is owned, in whole or in part, by the Developer), or (ii) any liens against the Property permitted or imposed by any

Environmental Laws, or any actual or asserted liability or obligation of the City or the Developer or any of its Affiliates under any Environmental Laws relating to the Property.

SECTION 12. INSURANCE

The Developer must provide and maintain, at Developer's own expense, or cause to be provided and maintained during the term of this Agreement, the insurance coverage and requirements specified below, insuring all operations related to the Agreement.

(a) Prior to execution and delivery of this Agreement.

(i) Workers Compensation and Employers Liability

Workers Compensation Insurance, as prescribed by applicable law covering all employees who are to provide work under this Agreement and Employers Liability coverage with limits of not less than \$100,000 each accident, illness or disease.

(ii) Commercial General Liability (Primary and Umbrella)

Commercial General Liability Insurance or equivalent with limits of not less than \$1,000,000 per occurrence for bodily injury, personal injury, and property damage liability. Coverages must include the following: All premises and operations, products/completed operations independent contractors, separation of insureds, defense, and contractual liability (with no limitation endorsement). The City of Chicago is to be named as an additional insured on a primary, non-contributory basis for any liability arising directly or indirectly from the work.

(iii) All Risk Property

All Risk Property Insurance at replacement value of the property to protect against loss of, damage to, or destruction of the building/facility. The City is to be named as an additional insured and loss payee/mortgagee if applicable.

(b) Construction. Prior to the construction of any portion of the Project, Developer will cause its architects, contractors, subcontractors, project managers and other parties constructing the Project to procure and maintain the following kinds and amounts of insurance:

(i) Workers Compensation and Employers Liability

Workers Compensation Insurance, as prescribed by applicable law covering all employees who are to provide work under this Agreement and Employers Liability coverage with limits of not less than \$ 500,000 each accident, illness or disease.

(ii) Commercial General Liability (Primary and Umbrella)

Commercial General Liability Insurance or equivalent with limits of not less than \$2,000,000 per occurrence for bodily injury, personal injury, and property damage liability. Coverages must include the following: All premises and operations, products/completed operations (for a minimum of two (2) years following project completion), explosion, collapse, underground, separation of insureds, defense, and contractual liability (with no limitation endorsement). The City of Chicago is to be named as an additional insured on a primary, non-contributory basis for any liability arising directly or indirectly from the work.

(iii) Automobile Liability (Primary and Umbrella)

When any motor vehicles (owned, non-owned and hired) are used in connection with work to be performed, the Automobile Liability Insurance with limits of not less than \$2,000,000 per occurrence for bodily injury and property damage. The City of Chicago is to be named as an additional insured on a primary, non-contributory basis.

(iv) Railroad Protective Liability

When any work is to be done adjacent to or on railroad or transit property, Developer must provide or cause to be provided with respect to the operations that Contractors perform, Railroad Protective Liability Insurance in the name of railroad or transit entity. The policy must have limits of not less than \$2,000,000 per occurrence and \$6,000,000 in the aggregate for losses arising out of injuries to or death of all persons, and for damage to or destruction of property, including the loss of use thereof.

(v) All Risk /Builders Risk

When Developer undertakes any construction, including improvements, betterments, and/or repairs, the Developer must provide or cause to be provided All Risk Builders Risk Insurance at replacement cost for materials, supplies, equipment, machinery and fixtures that are or will be part of the project. The City of Chicago is to be named as an additional insured and loss payee/mortgagee if applicable.

(vi) Professional Liability

When any architects, engineers, construction managers or other professional consultants perform work in connection with this Agreement, Professional Liability Insurance covering acts, errors, or omissions must be maintained with limits of not less than \$ 1,000,000. Coverage must include contractual liability. When policies are renewed or replaced, the policy retroactive date must coincide with, or precede, start of work on the Contract. A claims-made policy which is not renewed or replaced must have an extended reporting period of two (2) years.

(vii) Valuable Papers

When any plans, designs, drawings, specifications and documents are produced or used under this Agreement, Valuable Papers Insurance must be maintained in an amount to insure against any loss whatsoever, and must have limits sufficient to pay for the re-creation and reconstruction of such records.

(viii) Contractors Pollution Liability

When any remediation work is performed which may cause a pollution exposure, the Developer must cause remediation contractor to provide Contractor Pollution Liability covering bodily injury, property damage and other losses caused by pollution conditions that arise from the contract scope of work with limits of not less than \$1,000,000 per occurrence. Coverage must include completed operations, contractual liability, defense, excavation, environmental cleanup, remediation and disposal. When policies are renewed or replaced, the policy retroactive date must coincide with or precede, start of work on the Agreement. A claims-made policy which is not renewed or replaced must have an extended reporting period of two (2) years. The City of Chicago is to be named as an additional insured.

(c) Post Construction:

(i) All Risk Property Insurance at replacement value of the property to protect against loss of, damage to, or destruction of the building/facility. The City is to be named as an additional insured and loss payee/mortgagee if applicable.

(d) Other Requirements:

The Developer must furnish the City of Chicago, Department of Planning and Development, Development Support Services, City Hall, Room 1000, 121 North LaSalle Street 60602, original Certificates of Insurance, or such similar evidence, to be in force on the date of this Agreement, and Renewal Certificates of Insurance, or such similar evidence, if the coverages have an expiration or renewal date occurring during the term of this Agreement. The Developer must submit evidence of insurance on the City of Chicago Insurance Certificate Form (copy attached) or equivalent prior to closing. The receipt of any certificate does not constitute agreement by the City that the insurance requirements in the Agreement have been fully met or that the insurance policies indicated on the certificate are in compliance with all Agreement requirements. The failure of the City to obtain certificates or other insurance evidence from Developer is not a waiver by the City of any requirements for the Developer to obtain and maintain the specified coverages. The Developer shall advise all insurers of the Agreement provisions regarding insurance. Non-conforming insurance does not relieve Developer of the obligation to provide insurance as specified herein. Nonfulfillment of the insurance conditions may constitute a violation of the Agreement, and the City retains the right to stop work and/or terminate agreement until proper evidence of insurance is provided.

The insurance must provide for 60 days prior written notice to be given to the City in the event coverage is substantially changed, canceled, or non-renewed.

Any deductibles or self insured retentions on referenced insurance coverages must be borne by Developer and Contractors.

The Developer hereby waives and agrees to require their insurers to waive their rights of subrogation against the City of Chicago, its employees, elected officials, agents, or representatives.

The coverages and limits furnished by Developer in no way limit the Developer's liabilities and responsibilities specified within the Agreement or by law.

Any insurance or self insurance programs maintained by the City of Chicago do not contribute with insurance provided by the Developer under the Agreement.

The required insurance to be carried is not limited by any limitations expressed in the indemnification language in this Agreement or any limitation placed on the indemnity in this Agreement given as a matter of law.

If Developer is a joint venture or limited liability company, the insurance policies must name the joint venture or limited liability company as a named insured.

The Developer must require Contractor and subcontractors to provide the insurance required herein, or Developer may provide the coverages for Contractor and subcontractors. All Contractors and subcontractors are subject to the same insurance requirements of Developer unless otherwise specified in this Agreement.

If Developer, any Contractor or subcontractor desires additional coverages, the party desiring the additional coverages is responsible for the acquisition and cost.

The City of Chicago Risk Management Department maintains the right to modify, delete, alter or change these requirements.

SECTION 13. INDEMNIFICATION

13.01 General Indemnity. Developer agrees to indemnify, pay, defend and hold the City, and its elected and appointed officials, employees, agents and affiliates (individually an "**Indemnitee**," and collectively the "**Indemnitees**") harmless from and against, any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, costs, expenses and disbursements of any kind or nature whatsoever (and including without limitation, the reasonable fees and disbursements of counsel for such Indemnitees in connection with any investigative, administrative or judicial proceeding commenced or threatened, whether or not such Indemnities shall be designated a party thereto), that may be imposed on, suffered, incurred by or asserted against the Indemnitees in any manner relating or arising out of:

(i) the Developer's failure to comply with any of the terms, covenants and conditions contained within this Agreement; or

(ii) the Developer's or any contractor's failure to pay General Contractors, subcontractors or materialmen in connection with the TIF-Funded Improvements or any other Project improvement; or

(iii) the existence of any material misrepresentation or omission in this Agreement, any offering memorandum or information statement or the Redevelopment Plan or any other document related to this Agreement that is the result of information supplied or omitted by the Developer or any Affiliate of Developer or any agents, employees, contractors or persons acting under the control or at the request of the Developer or any Affiliate of Developer; or

(iv) the Developer's failure to cure any misrepresentation in this Agreement or any other agreement relating hereto;

provided, however, that Developer shall have no obligation to an Indemnitee arising from the wanton or willful misconduct of that Indemnitee. To the extent that the preceding sentence may be unenforceable because it is violative of any law or public policy, Developer shall contribute the maximum portion that it is permitted to pay and satisfy under the applicable law, to the payment and satisfaction of all indemnified liabilities incurred by the Indemnitees or any of them. The provisions of the undertakings and indemnification set out in this Section 13.01 shall survive the termination of this Agreement.

SECTION 14. MAINTAINING RECORDS/RIGHT TO INSPECT

14.01 Books and Records. The Developer shall keep and maintain separate, complete, accurate and detailed books and records necessary to reflect and fully disclose the total actual cost of the Project and the disposition of all funds from whatever source allocated thereto, and to monitor the Project. All such books, records and other documents, including but not limited to the Developer's loan statements, if any, General Contractors' and contractors' sworn statements, general contracts, subcontracts, purchase orders, waivers of lien, paid receipts and invoices, shall be available at the Developer's offices for inspection, copying, audit and examination by an authorized representative of the City, at the Developer's expense. The Developer shall incorporate this right to inspect, copy, audit and examine all books and records into all contracts entered into by the Developer with respect to the Project.

14.02 Inspection Rights. Upon three (3) business days' notice, any authorized representative of the City has access to all portions of the Project and the Property during normal business hours for the Term of the Agreement.

SECTION 15. DEFAULT AND REMEDIES

15.01 Events of Default. The occurrence of any one or more of the following events, subject to the provisions of Section 15.03, shall constitute an "Event of Default" by the Developer hereunder:

(a) the failure of the Developer to perform, keep or observe any of the covenants, conditions, promises, agreements or obligations of the Developer under this Agreement or any related agreement;

(b) the failure of the Developer to perform, keep or observe any of the covenants, conditions, promises, agreements or obligations of the Developer under any other agreement with any person or entity (after any applicable notice and cure period) if such failure may have a material adverse effect on the Developer's business, property, assets, operations or condition, financial or otherwise;

(c) the making or furnishing by the Developer to the City of any representation, warranty, certificate, schedule, report or other communication within or in connection with this Agreement or any related agreement which is untrue or misleading in any material respect;

(d) except as otherwise permitted hereunder, the creation (whether voluntary or involuntary) of, or any attempt to create, any lien or other encumbrance upon the Property, including any fixtures now or hereafter attached thereto, other than the Permitted Liens and/or liens bonded by the Developer or insured by the Title Company, or the making or any attempt to make any levy, seizure or attachment thereof;

(e) the commencement of any proceedings in bankruptcy by or against the Developer or for the liquidation or reorganization of the Developer, or alleging that the Developer is insolvent or unable to pay its debts as they mature, or for the readjustment or arrangement of the Developer's debts, whether under the United States Bankruptcy Code or under any other state or federal law, now or hereafter existing for the relief of debtors, or the commencement of any analogous statutory or non-statutory proceedings involving the Developer; provided, however, that if such commencement of proceedings is involuntary, such action shall not constitute an Event of Default unless such proceedings are not dismissed within sixty (60) days after the commencement of such proceedings;

(f) the appointment of a receiver or trustee for the Developer, for any substantial part of the Developer's assets or the institution of any proceedings for the dissolution, or the full or partial liquidation, or the merger or consolidation, of the Developer; provided, however, that if such appointment or commencement of proceedings is involuntary, such action shall not constitute an Event of Default unless such appointment is not revoked or such proceedings are not dismissed within sixty (60) days after the commencement thereof;

(g) the entry of any judgment or order against the Developer which remains unsatisfied or undischarged and in effect for sixty (60) days after such entry without a stay of enforcement or execution;

(h) the occurrence of an event of default under the Lender Financing, which default is not cured within any applicable cure period;

(i) the dissolution of the Developer or the death of any natural person who owns a material interest in the Developer;

(j) the institution in any court of a criminal proceeding (other than a misdemeanor) against the Developer or any natural person who owns a material interest in the Developer, which is not dismissed within thirty (30) days, or the indictment of the Developer or any natural person who owns a material interest in the Developer, for any crime (other than a misdemeanor);or

(k) prior to the time of payment of Installment Four, the sale or transfer of a majority of the ownership interests of the Developer without the prior written consent of the City; provided, however, the respective interests of Developer's administrative limited partner and Developer's investor limited partner shall be transferable to any affiliate of Limited Partner without the consent of the City.

For purposes of **Sections 15.01(i)** and **15.01(j)** hereof, a person with a material interest in the Developer shall be one owning in excess of ten (10%) of H&A's partnership interests.

15.02 Remedies. Upon the occurrence of an Event of Default, the City may terminate this Agreement and all related agreements, and may suspend disbursement of City Funds. The City may, in any court of competent jurisdiction by any action or proceeding at law or in equity, pursue and secure any available remedy, including but not limited to injunctive relief or the specific performance of the agreements contained herein.

15.03 Curative Period. In the event the Developer shall fail to perform a monetary covenant which the Developer is required to perform under this Agreement, notwithstanding any other provision of this Agreement to the contrary, an Event of Default shall not be deemed to have occurred unless the Developer has failed to perform such monetary covenant within ten (10) days of its receipt of a written notice from the City specifying that it has failed to perform such monetary covenant. In the event the Developer shall fail to perform a non-monetary covenant which the Developer is required to perform under this Agreement, notwithstanding any other provision of this Agreement to the contrary, an Event of Default shall not be deemed to have occurred unless the Developer has failed to cure such default within thirty (30) days of its receipt of a written notice from the City specifying the nature of the default; provided, however, with respect to those non-monetary defaults which are not capable of being cured within such thirty (30) day period, the Developer shall not be deemed to have committed an Event of Default under this Agreement if it has commenced to cure the alleged default within such thirty (30) day period and thereafter diligently and continuously prosecutes the cure of such default until the same has been cured; provided, further, notwithstanding anything to the contrary contained herein, the City hereby agrees that any cure of and default made or tendered by one of H&A's limited partners shall be deemed to be a cure by the Developer and shall be accepted or rejected on the same basis as if made or tendered by Developer.

15.04 Right to Cure by Lender In the event that an Event of Default occurs under this Agreement, and if, as a result thereof, the City intends to exercise any right or remedy available to it that could result in termination of this Agreement and all related agreements, or the suspension, cancellation or reduction of the amount of City Funds disbursed hereunder, the City shall prior to exercising such right or remedy, send notice of such intended exercise to the Lender and the Lender shall have the right (but not the obligation) to cure such Event of Default as follows:

(a) if the Event of Default is a monetary default, the Lender may cure such default within 30 days after the later of: (i) the expiration of the cure period, if any, granted to the Developer with respect to such monetary default; or (ii) receipt by the Lender of such notice from the City; and

(b) if any Event of Default is of a non-monetary nature, the Lender shall have the right to cure such default within 30 days after the later of: (i) the expiration of the cure period, if any, granted to the Developer with respect to such non-monetary default; or (ii) receipt by the Lender of such notice from the City; and

(c) Notwithstanding the provisions of **Section 15.03(b)** hereof, if such non-monetary default is an Event of Default set forth in **Section 15.01(e), (f), (g), (h), (i) or (j)** hereof or Event of Default by the Developer of a nature so as not reasonably being capable of being cured within such 30 day period (each such default being a "Personal Developer Default"), the Lender shall provide written notice to the City within 30 days of receipt of notice of such Personal Developer Default stating that it shall cure such Personal Developer Default by the assignment of all of the Developer's rights and interests in this Agreement to the Lender or any other party agreed to in writing by both the Lender and the City. Upon receipt by the City of such notice from the Lender, the cure period shall be extended for such reasonable period of time as may be necessary to complete such assignment and assumption of Developer's rights hereunder; provided, however, that no payment of City Funds shall occur until such time as such Personal Developer Default is cured.

SECTION 16. MORTGAGING OF THE PROJECT

All mortgages or deeds of trust in place as of the date hereof with respect to the Property or any portion thereof are listed on **Exhibit F** hereto (including but not limited to mortgages made prior to or on the date hereof in connection with Lender Financing) and are referred to herein as the "Existing Mortgages." Any mortgage or deed of trust that the Developer may hereafter elect to execute and record or permit to be recorded against the Property or any portion thereof is referred to herein as a "New Mortgage." Any New Mortgage that the Developer may hereafter elect to execute and record or permit to be recorded against the Property or any portion thereof with the prior written consent of the City is referred to herein as a "Permitted Mortgage." It is hereby agreed by and between the City and the Developer as follows:

(a) In the event that a mortgagee or any other party shall succeed to the Developer's interest in the Property or any portion thereof pursuant to the exercise of remedies under a New Mortgage (other than a Permitted Mortgage), whether by foreclosure or deed in lieu of foreclosure, and in conjunction therewith accepts an assignment of the Developer's interest hereunder in

accordance with Section 18.15 hereof, the City may, but shall not be obligated to, attorn to and recognize such party as the successor in interest to the Developer for all purposes under this Agreement and, unless so recognized by the City as the successor in interest, such party shall be entitled to no rights or benefits under this Agreement, but such party shall be bound by those provisions of this Agreement that are covenants expressly running with the land.

(b) In the event that any mortgagee shall succeed to the Developer's interest in the Property or any portion thereof pursuant to the exercise of remedies under an Existing Mortgage or a Permitted Mortgage, whether by foreclosure or deed in lieu of foreclosure, and in conjunction therewith accepts an assignment of the Developer's interest hereunder in accordance with Section 18.15 hereof, the City hereby agrees to attorn to and recognize such party as the successor in interest to the Developer for all purposes under this Agreement so long as such party accepts all of the obligations and liabilities of "the Developer" hereunder; provided, however, that, notwithstanding any other provision of this Agreement to the contrary, it is understood and agreed that if such party accepts an assignment of the Developer's interest under this Agreement, such party has no liability under this Agreement for any Event of Default of the Developer which accrued prior to the time such party succeeded to the interest of the Developer under this Agreement, in which case the Developer shall be solely responsible. However, if such mortgagee under a Permitted Mortgage or an Existing Mortgage does not expressly accept an assignment of the Developer's interest hereunder, such party shall be entitled to no rights and benefits under this Agreement, and such party shall be bound only by those provisions of this Agreement, if any, which are covenants expressly running with the land.

(c) Prior to the time of payment of Installment Four, no New Mortgage shall be executed with respect to the Property or any portion thereof without the prior written consent of the Commissioner of DPD.

SECTION 17. NOTICE

Unless otherwise specified, any notice, demand or request required hereunder shall be given in writing at the addresses set forth below, by any of the following means: (a) personal service; (b) telecopy or facsimile; (c) overnight courier, or (d) registered or certified mail, return receipt requested.

If to the City:	City of Chicago Department of Planning and Development 121 North LaSalle Street, Room 1000 Chicago, IL 60602 Attention: Commissioner
With Copies To:	City of Chicago Department of Law Finance and Economic Development Division 121 North LaSalle Street, Room 600 Chicago, IL 60602

If to the Developer: Lawndale H&A Bond, LP
 c/o Lawndale H&A Bond Development II LLC
 1333 N Kingsbury Avenue, Suite 305
 Chicago, Illinois 60622
 Attention: Executive Director

With Copies To: Renee Kessel, Esq.
 Neal and Leroy, LLC
 203 North LaSalle Street, Suite 2300
 Chicago, Illinois 60601

And to: ACORN Housing Corporation of Illinois
 209 W. Jackson, 3rd Floor
 Chicago, Illinois 60606

And to: Apollo Housing Capital, L.L.C.
 600 Superior Street, Suite 300
 Cleveland, Ohio 44114
 Attention: President and General Counsel

And to: JPMorgan Chase Bank, N.A.
 10 South Dearborn
 Mail code IL-0953
 Chicago, Illinois 60670
 Attention: John D. Bernhard, Vice President

Such addresses may be changed by notice to the other parties given in the same manner provided above. Any notice, demand, or request sent pursuant to either clause (a) or (b) hereof shall be deemed received upon such personal service or upon dispatch. Any notice, demand or request sent pursuant to clause (c) shall be deemed received on the day immediately following deposit with the overnight courier and any notices, demands or requests sent pursuant to subsection (d) shall be deemed received two (2) business days following deposit in the mail.

SECTION 18. MISCELLANEOUS

18.01 Amendment. This Agreement and the Exhibits attached hereto may not be amended or modified without the prior written consent of the parties hereto; provided, however, that the City, in its sole discretion, may amend, modify or supplement **Exhibit D** hereto without the consent of any party hereto. It is agreed that no material amendment or change to this Agreement shall be made or be effective unless ratified or authorized by an ordinance duly adopted by the City Council. The term "material" for the purpose of this **Section 18.01** shall be defined as any deviation from the terms of the Agreement which operates to cancel or otherwise reduce any developmental, construction or job-creating obligations of Developer (including those set forth in **Sections 10.02 and 10.03** hereof) by more than five percent (5%) or materially changes the Project site or character of the Project or any activities undertaken by Developer affecting the Project site, the Project, or both, or increases any time agreed for performance by the Developer by more than ninety (90) days.

18.02 Entire Agreement. This Agreement (including each Exhibit attached hereto, which is hereby incorporated herein by reference) constitutes the entire Agreement between the parties hereto and it supersedes all prior agreements, negotiations and discussions between the parties relative to the subject matter hereof.

18.03 Limitation of Liability. No member, official or employee of the City shall be personally liable to the Developer or any successor in interest in the event of any default or breach by the City or for any amount which may become due to the Developer from the City or any successor in interest or on any obligation under the terms of this Agreement.

18.04 Further Assurances. The Developer agrees to take such actions, including the execution and delivery of such documents, instruments, petitions and certifications as may become necessary or appropriate to carry out the terms, provisions and intent of this Agreement.

18.05 Waiver. Waiver by the City or the Developer with respect to any breach of this Agreement shall not be considered or treated as a waiver of the rights of the respective party with respect to any other default or with respect to any particular default, except to the extent specifically waived by the City or the Developer in writing. No delay or omission on the part of a party in exercising any right shall operate as a waiver of such right or any other right unless pursuant to the specific terms hereof. A waiver by a party of a provision of this Agreement shall not prejudice or constitute a waiver of such party's right otherwise to demand strict compliance with that provision or any other provision of this Agreement. No prior waiver by a party, nor any course of dealing between the parties hereto, shall constitute a waiver of any such parties' rights or of any obligations of any other party hereto as to any future transactions.

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

18.07 Disclaimer. Nothing contained in this Agreement nor any act of the City shall be deemed or construed by any of the parties, or by any third person, to create or imply any relationship of third-party beneficiary, principal or agent, limited or general partnership or joint venture, or to create or imply any association or relationship involving the City.

18.08 Headings. The paragraph and section headings contained herein are for convenience only and are not intended to limit, vary, define or expand the content thereof.

18.09 Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed an original and all of which shall constitute one and the same agreement.

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

18.11 Conflict. In the event of a conflict between any provisions of this Agreement and the provisions of the TIF Ordinances and/or the the Bond Ordinance, if any, such ordinance(s) shall prevail and control.

18.12 Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Illinois, without regard to its conflicts of law principles.

18.13 Form of Documents. All documents required by this Agreement to be submitted, delivered or furnished to the City shall be in form and content satisfactory to the City.

18.14 Approval. Wherever this Agreement provides for the approval or consent of the City, DPD or the Commissioner, or any matter is to be to the City's, DPD's or the Commissioner's satisfaction, unless specifically stated to the contrary, such approval, consent or satisfaction shall be made, given or determined by the City, DPD or the Commissioner in writing and in the reasonable discretion thereof. The Commissioner or other person designated by the Mayor of the City shall act for the City or DPD in making all approvals, consents and determinations of satisfaction, granting the Certificate or otherwise administering this Agreement for the City.

18.15 Assignment. The Developer may not sell, assign or otherwise transfer its interest in this Agreement in whole or in part without the written consent of the City. Any successor in interest to the Developer under this Agreement shall certify in writing to the City its agreement to abide by all remaining executory terms of this Agreement, including but not limited to Sections 8.18 (Real Estate Provisions) and 8.21 (Survival of Covenants) hereof, for the Term of the Agreement. The Developer consents to the City's sale, transfer, assignment or other disposal of this Agreement at any time in whole or in part.

18.16 Binding Effect. This Agreement shall be binding upon the Developer, the City and their respective successors and permitted assigns (as provided herein) and shall inure to the benefit of

the Developer, the City and their respective successors and permitted assigns (as provided herein). Except as otherwise provided herein, this Agreement shall not run to the benefit of, or be enforceable by, any person or entity other than a party to this Agreement and its successors and permitted assigns. This Agreement should not be deemed to confer upon third parties any remedy, claim, right of reimbursement or other right.

18.17 Force Majeure. Neither the City nor the Developer nor any successor in interest to either of them shall be considered in breach of or in default of its obligations under this Agreement in the event of any delay caused by damage or destruction by fire or other casualty, strike, shortage of material, unusually adverse weather conditions such as, by way of illustration and not limitation, severe rain storms or below freezing temperatures of abnormal degree or for an abnormal duration, tornadoes or cyclones, and other events or conditions beyond the reasonable control of the party affected which in fact interferes with the ability of such party to discharge its obligations hereunder. The individual or entity relying on this section with respect to any such delay shall, upon the occurrence of the event causing such delay, immediately give written notice to the other parties to this Agreement. The individual or entity relying on this section with respect to any such delay may rely on this section only to the extent of the actual number of days of delay effected by any such events described above.

18.18 Exhibits. All of the exhibits attached hereto are incorporated herein by reference.

18.19 Business Economic Support Act. Pursuant to the Business Economic Support Act (30 ILCS 760/1 et seq.), if the Developer is required to provide notice under the WARN Act, the Developer shall, in addition to the notice required under the WARN Act, provide at the same time a copy of the WARN Act notice to the Governor of the State, the Speaker and Minority Leader of the House of Representatives of the State, the President and minority Leader of the Senate of State, and the Mayor of each municipality where the Developer has locations in the State. Failure by the Developer to provide such notice as described above may result in the termination of all or a part of the payment or reimbursement obligations of the City set forth herein.

18.20 Venue and Consent to Jurisdiction. If there is a lawsuit under this Agreement, each party may hereto agrees to submit to the jurisdiction of the courts of Cook County, the State of Illinois and the United States District Court for the Northern District of Illinois.

18.21 Costs and Expenses. In addition to and not in limitation of the other provisions of this Agreement, Developer agrees to pay upon demand the City's out-of-pocket expenses, including attorney's fees, incurred in connection with the enforcement of the provisions of this Agreement. This includes, subject to any limits under applicable law, attorney's fees and legal expenses, whether or not there is a lawsuit, including attorney's fees for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals and any anticipated post-judgment collection services. Developer also will pay any court costs, in addition to all other sums provided by law.

18.22 Business Relationships. The Developer acknowledges (A) receipt of a copy of Section 2-156-030 (b) of the Municipal Code of Chicago, (B) that Developer has read such provision and understands that pursuant to such Section 2-156-030 (b), it is illegal for any elected official of the City, or any person acting at the direction of such official, to contact, either orally or in writing, any other City official or employee with respect to any matter involving any person with whom the elected City official or employee has a “**Business Relationship**” (as defined in Section 2-156-080 of the Municipal Code of Chicago), or to participate in any discussion in any City Council committee hearing or in any City Council meeting or to vote on any matter involving any person with whom the elected City official or employee has a “Business Relationship” (as defined in Section 2-156-080 of the Municipal Code of Chicago), or to participate in any discussion in any City Council committee hearing or in any City Council meeting or to vote on any matter involving the person with whom an elected official has a Business Relationship, and (C) that a violation of Section 2-156-030 (b) by an elected official, or any person acting at the direction of such official, with respect to any transaction contemplated by this Agreement shall be grounds for termination of this Agreement and the transactions contemplated hereby. The Developer hereby represents and warrants that, to the best of its knowledge after due inquiry, no violation of Section 2-156-030 (b) has occurred with respect to this Agreement or the transactions contemplated hereby.

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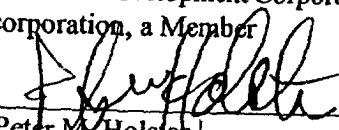
IN WITNESS WHEREOF, the parties hereto have caused this Redevelopment Agreement to be executed on or as of the day and year first above written.

LAWNDALE H&A BOND, LP
an Illinois limited partnership

By: Lawndale H&A Bond Development, LLC
an Illinois limited liability company,
its General Partner


By: Holsten Real Estate Development Corporation
an Illinois corporation, a Member

By: _____


Peter M. Holsten
President

By: ACORN Housing Corporation of Illinois
an Illinois not-for-profit corporation
a Member

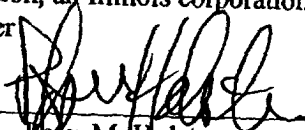
By: _____


Brian Freeman
Illinois Project Director

LAWNDALE H&A BOND DEVELOPMENT, LLC
an Illinois limited liability company

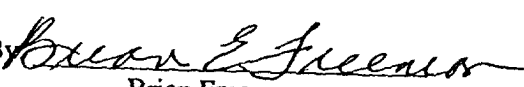
By: Holsten Real Estate Development
Corporation, an Illinois corporation,
a Member

By: _____

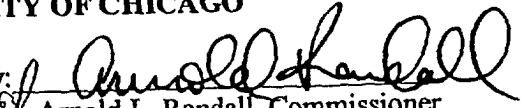

Peter M. Holsten
President

By: ACORN Housing Corporation of Illinois
an Illinois not-for-profit corporation
a Member

By: _____


Brian Freeman
Illinois Project Director

CITY OF CHICAGO

By: 
Arnold L. Randall, Commissioner
Department of Planning and Development

**LAWNDALE RESTORATION APARTMENTS
REDEVELOPMENT AGREEMENT**

EXHIBIT A

REDEVELOPMENT AREA LEGAL DESCRIPTION

See Attached.

EXHIBIT A:

Legal Description of Project Boundary

ALL THAT PART OF SECTIONS 11, 12, 13, 14, 15, 22, 23 AND 24 IN TOWNSHIP 39 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN AND SECTIONS 7 AND 18 IN TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN BOUNDED AND DESCRIBED AS FOLLOWS:

BEGINNING AT THE POINT OF INTERSECTION OF THE WEST LINE OF S. CALIFORNIA AVENUE WITH THE SOUTH LINE OF W. ROOSEVELT ROAD;

THENCE EAST ALONG SAID SOUTH LINE OF W. ROOSEVELT ROAD TO THE WEST LINE OF S. TALMAN AVENUE;

THENCE SOUTH ALONG SAID WEST LINE OF S. TALMAN AVENUE TO THE SOUTH LINE OF LOT 20 IN THE SUBDIVISION OF LOTS 6 TO 10 IN BLOCK 1 IN COOK AND ANDERSON'S SUBDIVISION OF THE WEST HALF OF THE NORTHEAST QUARTER OF SECTION 24, TOWNSHIP 39 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, SAID SOUTH LINE OF LOT 20 BEING ALSO THE NORTH LINE OF W. 12TH PLACE;

THENCE WEST ALONG SAID NORTH LINE OF W. 12TH PLACE TO THE NORTHERLY EXTENSION OF THE EAST LINE OF LOT 1 IN POPE'S SUBDIVISION OF LOTS 11, 14, 15, 18, 19, 2, 23 AND 26 OF BLOCK 1 OF COOK AND ANDERSON'S SUBDIVISION OF THE WEST HALF OF THE NORTHEAST QUARTER OF SECTION 24, TOWNSHIP 39 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, SAID EAST LINE OF LOT 1 IN POPE'S SUBDIVISION BEING ALSO THE WEST LINE OF S. TALMAN AVENUE;

THENCE SOUTH ALONG SAID NORTHERLY EXTENSION AND THE WEST LINE OF S. TALMAN AVENUE TO THE WESTERLY EXTENSION OF THE NORTH LINE OF LOT 1 IN JOHN BERRY JR. GUARDIAN'S SUBDIVISION OF LOTS 15 AND 16 OF BLOCK 3 OF COOK AND ANDERSON'S SUBDIVISION OF THE WEST HALF OF THE NORTHEAST QUARTER OF SECTION 24, TOWNSHIP 39 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, SAID NORTH LINE OF LOT 1 IN JOHN BERRY JR. GUARDIAN'S SUBDIVISION BEING ALSO THE SOUTH LINE OF W. 13TH STREET;

THENCE EAST ALONG SAID WESTERLY EXTENSION AND ALONG THE SOUTH LINE OF W. 13TH STREET TO THE EAST LINE OF SAID LOT 1 IN JOHN BERRY JR. GUARDIAN'S SUBDIVISION, SAID EAST LINE OF SAID LOT 1 BEING ALSO THE WEST LINE OF THE ALLEY EAST OF S. TALMAN AVENUE;

THENCE SOUTH ALONG SAID WEST LINE OF THE ALLEY EAST OF S. TALMAN AVENUE TO THE SOUTHEASTERLY LINE OF LOT 14 IN THE SUBDIVISION

OF LOTS 1 TO 5 AND LOT 7 IN BLOCK 4 AND LOTS 1 TO 6 AND 11 TO 14 IN BLOCK 3 AND LOTS 3, 4 AND 5 IN BLOCK 5 IN COOK AND ANDERSON'S SUBDIVISION OF THE WEST HALF OF THE NORTHEAST QUARTER OF SECTION 24, TOWNSHIP 39 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, SAID SOUTHEASTERLY LINE OF LOT 14 BEING ALSO THE NORTHWESTERLY LINE OF THE ALLEY NORTHWESTERLY OF OGDEN AVENUE;

THENCE NORTHEASTERLY ALONG SAID NORTHWESTERLY LINE OF THE ALLEY NORTHWESTERLY OF OGDEN AVENUE TO THE WEST LINE OF S. ROCKWELL AVENUE;

THENCE SOUTH ALONG SAID WEST LINE OF S. ROCKWELL STREET TO THE NORTH LINE OF W. 15TH STREET;

THENCE WEST ALONG SAID NORTH LINE OF W. 15TH STREET TO THE NORTHERLY EXTENSION OF THE WEST LINE OF LOT 11 IN POPE'S SUBDIVISION OF LOTS 1, 2, 3, 4, 10, 11, 12, & 13, ALL IN BLOCK 8 IN COOK AND ANDERSON'S SUBDIVISION IN THE WEST HALF OF THE NORTHEAST QUARTER OF SECTION 24, TOWNSHIP 39 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN;

THENCE SOUTH ALONG SAID NORTHERLY EXTENSION AND THE WEST LINE OF LOT 11 IN SAID POPE'S SUBDIVISION TO THE SOUTH LINE OF SAID LOT 11, SAID SOUTH LINE OF LOT 11 BEING ALSO THE NORTH LINE OF THE ALLEY NORTH OF W. 15TH PLACE;

THENCE EAST ALONG SAID NORTH LINE OF THE ALLEY NORTH OF W. 15TH PLACE TO THE NORTHERLY EXTENSION OF THE WEST LINE OF LOT 17 IN SAID POPE'S SUBDIVISION;

THENCE SOUTH ALONG SAID NORTHERLY EXTENSION AND THE WEST LINE OF LOT 17 IN SAID POPE'S SUBDIVISION TO THE NORTH LINE OF W 15TH PLACE;

THENCE WEST ALONG SAID NORTH LINE OF W 15TH PLACE TO THE WEST LINE OF S. WASHTENAW AVENUE;

THENCE SOUTH ALONG SAID WEST LINE OF S. WASHTENAW AVENUE TO THE NORTHWESTERLY LINE OF W. 19TH STREET;

THENCE SOUTHWESTERLY ALONG SAID NORTHWESTERLY LINE OF W. 19TH STREET TO THE SOUTH LINE OF LOT 24 IN BLOCK 4 IN McMAHON'S SUBDIVISION OF THE WEST HALF OF THE WEST HALF OF THE SOUTHEAST QUARTER OF SECTION 24, TOWNSHIP 39 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, SAID SOUTH LINE OF LOT 24 IN BLOCK 4 IN McMAHON'S SUBDIVISION BEING ALSO THE NORTH LINE OF W. 19TH STREET;

THENCE WEST ALONG SAID NORTH LINE OF W. 19TH STREET AND ALONG THE WESTERLY EXTENSION THEREOF TO THE WEST LINE OF S. CALIFORNIA AVENUE;

THENCE SOUTH ALONG SAID WEST LINE OF S. CALIFORNIA AVENUE TO THE NORTHERLY LINE OF THE C. B. & Q. RAILROAD RIGHT OF WAY;

THENCE SOUTHWESTERLY ALONG SAID NORTHERLY LINE OF THE C. B. & Q. RAILROAD RIGHT OF WAY TO THE WEST LINE OF S. ALBANY AVENUE;

THENCE NORTH ALONG SAID WEST LINE OF S. ALBANY AVENUE TO THE NORTH LINE OF W. 19TH STREET;

THENCE EAST ALONG SAID NORTH LINE OF W. 19TH STREET TO THE WEST LINE OF S. ALBANY AVENUE;

THENCE NORTH ALONG SAID WEST LINE OF S. ALBANY AVENUE TO THE SOUTHERLY LINE OF W. OGDEN AVENUE;

THENCE SOUTHWESTERLY ALONG SAID SOUTHERLY LINE OF W. OGDEN AVENUE TO THE WEST LINE OF S. KEDZIE AVENUE;

THENCE NORTH ALONG SAID WEST LINE OF S. KEDZIE AVENUE TO THE SOUTH LINE OF LOT 2 IN BLOCK 1 IN PRESCOTT'S DOUGLAS PARK ADDITION TO CHICAGO IN SECTION 23, TOWNSHIP 39 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, A SUBDIVISION OF BLOCKS 1, 2, 5 AND 10 OF CIRCUIT COURT PARTITION OF THE EAST HALF OF THE NORTHEAST QUARTER AND THAT PART OF THE EAST HALF OF THE SOUTHEAST QUARTER (LYING NORTH OF THE CENTERLINE OF OGDEN AVENUE) OF SECTION 23, TOWNSHIP 39 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN;

THENCE WEST ALONG SAID SOUTH LINE OF LOT 2 IN BLOCK 1 IN PRESCOTT'S DOUGLAS PARK ADDITION TO CHICAGO AND ALONG THE WESTERLY EXTENSION THEREOF, AND ALONG THE SOUTH LINE OF LOT 28 IN SAID BLOCK 1 IN PRESCOTT'S DOUGLAS PARK ADDITION TO CHICAGO, AND ALONG THE WESTERLY EXTENSION THEREOF, AND ALONG THE SOUTH LINE OF LOT 2 IN BLOCK 2 IN SAID PRESCOTT'S DOUGLAS PARK ADDITION TO CHICAGO, AND ALONG THE WESTERLY EXTENSION THEREOF, AND ALONG THE SOUTH LINE OF LOT 40 IN SAID BLOCK 2 IN PRESCOTT'S DOUGLAS PARK ADDITION TO CHICAGO TO THE WEST LINE OF SAID LOT 40, SAID WEST LINE OF LOT 40 BEING ALSO THE EAST LINE OF S. SPAULDING AVENUE;

THENCE SOUTH ALONG SAID EAST LINE OF S. SPAULDING AVENUE TO THE EASTERLY EXTENSION OF THE NORTH LINE OF LOT 15 IN SHERMAN AND WALTER'S RESUBDIVISION OF BLOCK 11 IN CIRCUIT COURT PARTITION OF THE

EAST HALF OF THE NORTHEAST QUARTER AND THAT PART OF THE EAST HALF OF THE SOUTHEAST QUARTER (LYING NORTH OF THE CENTERLINE OF OGDEN AVENUE) OF SECTION 23, TOWNSHIP 39 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN;

THENCE WEST ALONG SAID EASTERLY EXTENSION AND THE NORTH LINE OF LOT 15 IN SHERMAN AND WALTER'S RESUBDIVISION AND ALONG THE WESTERLY EXTENSION THEREOF, AND ALONG THE NORTH LINE OF LOT 39 IN SAID SHERMAN AND WALTER'S RESUBDIVISION AND ALONG THE WESTERLY EXTENSION THEREOF TO THE WEST LINE OF S. CHRISTIANA AVENUE;

THENCE NORTH ALONG SAID WEST LINE OF S. CHRISTIANA AVENUE TO THE SOUTH LINE OF LOT 2 IN THE RESUBDIVISION OF BLOCK 12 IN SAID CIRCUIT COURT PARTITION OF THE EAST HALF OF THE NORTHEAST QUARTER AND THAT PART OF THE EAST HALF OF THE SOUTHEAST QUARTER (LYING NORTH OF THE CENTERLINE OF OGDEN AVENUE) OF SECTION 23, TOWNSHIP 39 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN;

THENCE WEST ALONG SAID SOUTH LINE OF LOT 2 IN THE RESUBDIVISION OF BLOCK 12 IN CIRCUIT COURT PARTITION AND ALONG THE WESTERLY EXTENSION THEREOF, AND ALONG THE SOUTH LINE OF LOT 64 IN SAID RESUBDIVISION OF BLOCK 12 IN CIRCUIT COURT PARTITION, AND ALONG THE WESTERLY EXTENSION THEREOF, AND ALONG THE NORTH LINE OF LOT 3 IN BLOCK 1 IN LYMAN TRUMBULL'S SUBDIVISION OF THAT PART OF THE EAST HALF OF THE WEST HALF OF THE SOUTHEAST QUARTER OF SECTION 23, TOWNSHIP 39 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN TO THE WEST LINE OF SAID LOT 3, SAID WEST LINE OF LOT 3 BEING ALSO THE EAST LINE OF THE ALLEY WEST OF S. HOMAN AVENUE;

THENCE SOUTH ALONG SAID EAST LINE OF THE ALLEY WEST OF S. HOMAN AVENUE TO THE EASTERLY EXTENSION OF THE SOUTH LINE OF THE NORTH 10 FEET OF LOT 46 IN SAID BLOCK 1 IN LYMAN TRUMBULL'S SUBDIVISION;

THENCE WEST ALONG SAID EASTERLY EXTENSION AND THE SOUTH LINE OF THE NORTH 10 FEET OF LOT 46 IN BLOCK 1 IN LYMAN TRUMBULL'S SUBDIVISION AND ALONG THE WESTERLY EXTENSION THEREOF TO THE WEST LINE OF S. TRUMBULL AVENUE;

THENCE SOUTH ALONG SAID WEST LINE OF S. TRUMBULL AVENUE TO THE SOUTH LINE OF THE NORTH 5 FEET OF LOT 4 IN BLOCK 2 IN SAID LYMAN TRUMBULL'S SUBDIVISION;

THENCE WEST ALONG SAID SOUTH LINE OF THE NORTH 5 FEET OF LOT 4 IN BLOCK 2 IN LYMAN TRUMBULL'S SUBDIVISION AND ALONG THE WESTERLY EXTENSION THEREOF TO THE EAST LINE OF LOT 45 IN SAID BLOCK 2 IN LYMAN

TRUMBULL'S SUBDIVISION, SAID EAST LINE OF LOT 45 BEING ALSO THE WEST LINE OF THE ALLEY WEST OF S. TRUMBULL AVENUE;

THENCE NORTH ALONG SAID WEST LINE OF THE ALLEY WEST OF S. TRUMBULL AVENUE TO THE NORTH LINE OF SAID LOT 45 IN BLOCK 2 IN LYMAN TRUMBULL'S SUBDIVISION;

THENCE WEST ALONG SAID NORTH LINE OF SAID LOT 45 IN BLOCK 2 IN LYMAN TRUMBULL'S SUBDIVISION AND ALONG THE WESTERLY EXTENSION THEREOF TO THE WEST LINE OF S. ST LOUIS AVENUE;

THENCE NORTH ALONG SAID WEST LINE OF S. ST LOUIS AVENUE TO THE SOUTH LINE OF LOT 2 IN WOOD'S LAWNSDALE SUBDIVISION OF THAT PART LYING NORTH OF OGDEN AVENUE OF THE EAST HALF OF THE WEST HALF OF THE WEST HALF TOGETHER WITH THE NORTH 265 FEET OF THE WEST HALF OF THE WEST HALF OF THE WEST HALF OF THE SOUTHEAST QUARTER OF SECTION 23, TOWNSHIP 39 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN;

THENCE WEST ALONG SAID SOUTH LINE OF LOT 2 IN WOOD'S LAWNSDALE SUBDIVISION AND ALONG THE WESTERLY EXTENSION THEREOF AND ALONG THE SOUTH LINE OF LOT 96 IN SAID WOOD'S LAWNSDALE SUBDIVISION TO THE EAST LINE OF S. DRAKE AVENUE;

THENCE SOUTH ALONG SAID EAST LINE OF S. DRAKE AVENUE TO THE EASTERLY EXTENSION OF THE SOUTH LINE OF LOT 99 IN SAID WOOD'S LAWNSDALE SUBDIVISION;

THENCE WEST ALONG SAID EASTERLY EXTENSION AND THE SOUTH LINE OF LOT 99 IN WOOD'S LAWNSDALE SUBDIVISION AND ALONG THE WESTERLY EXTENSION THEREOF AND ALONG THE SOUTH LINE OF LOT 114 IN SAID WOOD'S LAWNSDALE SUBDIVISION TO THE EAST LINE OF S. CENTRAL PARK AVENUE;

THENCE SOUTH ALONG SAID EAST LINE OF S. CENTRAL PARK AVENUE TO THE EASTERLY EXTENSION OF THE NORTH LINE OF LOT 9 IN J. T. MATHEW'S SUBDIVISION OF LOTS 1 AND 20 IN J. H. KEDZIE'S SUBDIVISION OF PART OF THE SOUTHWEST QUARTER OF SECTION 23, TOWNSHIP 39 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN;

THENCE WEST ALONG SAID EASTERLY EXTENSION AND THE NORTH LINE OF LOT 9 IN J. T. MATHEW'S SUBDIVISION AND ALONG THE WESTERLY EXTENSION THEREOF TO THE EAST LINE OF LOT 6 IN BLOCK 1 IN THE RESUBDIVISION OF BLOCKS 1 TO 5 AND VACATED ALLEYS IN LANSINGH'S SECOND ADDITION TO CHICAGO, A SUBDIVISION IN THE EAST HALF OF THE SOUTHWEST QUARTER OF SECTION 23, TOWNSHIP 39 NORTH, RANGE 13 EAST OF

THE THIRD PRINCIPAL MERIDIAN, SAID EAST LINE OF LOT 6 BEING ALSO THE WEST LINE OF THE ALLEY WEST OF S. CENTRAL PARK AVENUE;

THENCE SOUTH ALONG SAID WEST LINE OF THE ALLEY WEST OF S. CENTRAL PARK AVENUE TO THE SOUTH LINE OF LOT 11 IN SAID BLOCK 1 IN THE RESUBDIVISION OF BLOCKS 1 TO 5 AND VACATED ALLIES IN LANSINGH'S SECOND ADDITION TO CHICAGO;

THENCE WEST ALONG SAID SOUTH LINE OF LOT 11 IN BLOCK 1 IN THE RESUBDIVISION OF BLOCKS 1 TO 5 AND VACATED ALLIES IN LANSINGH'S SECOND ADDITION TO CHICAGO AND ALONG THE WESTERLY EXTENSION THEREOF TO THE WEST LINE OF S. MILLARD AVENUE;

THENCE NORTH ALONG SAID WEST LINE OF S. MILLARD AVENUE TO THE SOUTH LINE OF LOT 6 IN BLOCK 2 IN SAID RESUBDIVISION OF BLOCKS 1 TO 5 AND VACATED ALLIES IN LANSINGH'S SECOND ADDITION TO CHICAGO;

THENCE WEST ALONG SAID SOUTH LINE OF LOT 6 IN BLOCK 2 IN THE RESUBDIVISION OF BLOCKS 1 TO 5 AND VACATED ALLIES IN LANSINGH'S SECOND ADDITION TO CHICAGO AND ALONG THE WESTERLY EXTENSION THEREOF TO THE EAST LINE OF LOT 154 IN LANSINGH'S ADDITION TO CHICAGO, A SUBDIVISION OF LOTS 5, 6, 15, 16 AND THE WEST 146.17 FEET OF LOTS 4 AND 17 IN J. H. KEDZIE'S SUBDIVISION OF PART OF THE SOUTHWEST QUARTER OF SECTION 23, TOWNSHIP 39 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, SAID EAST LINE OF LOT 154 IN LANSINGH'S ADDITION TO CHICAGO BEING ALSO THE WEST LINE OF THE ALLEY WEST OF S. MILLARD AVENUE;

THENCE NORTH ALONG SAID EAST LINE OF LOT 154 IN LANSINGH'S ADDITION TO CHICAGO TO THE NORTH LINE OF SAID LOT 154;

THENCE WEST ALONG SAID NORTH LINE OF LOT 154 IN LANSINGH'S ADDITION TO CHICAGO AND ALONG THE WESTERLY EXTENSION THEREOF TO THE WEST LINE OF S. LAWNSDALE AVENUE;

THENCE NORTH ALONG SAID WEST LINE OF S. LAWNSDALE AVENUE TO THE SOUTH LINE OF LOT 143 IN SAID LANSINGH'S ADDITION TO CHICAGO;

THENCE WEST ALONG SAID SOUTH LINE OF LOT 143 IN SAID LANSINGH'S ADDITION TO CHICAGO AND ALONG THE WESTERLY EXTENSION THEREOF TO THE EAST LINE OF LOTS 3 AND 4 IN SAID LANSINGH'S ADDITION TO CHICAGO, SAID EAST LINE OF LOTS 3 AND 4 IN LANSINGH'S ADDITION TO CHICAGO BEING ALSO THE WEST LINE OF THE ALLEY WEST OF S. LAWNSDALE AVENUE;

THENCE NORTH ALONG SAID WEST LINE OF THE ALLEY WEST OF S. LAWDALE AVENUE TO THE SOUTH LINE OF THE NORTH 11.5 FEET OF LOT 3 IN SAID LANSINGH'S ADDITION TO CHICAGO;

THENCE WEST ALONG SAID SOUTH LINE OF THE NORTH 11.5 FEET OF LOT 3 IN LANSINGH'S ADDITION TO CHICAGO AND ALONG THE WESTERLY EXTENSION THEREOF TO THE WEST LINE OF S. RIDGEWAY AVENUE;

THENCE NORTH ALONG SAID WEST LINE OF S. RIDGEWAY AVENUE TO THE SOUTH LINE OF THE NORTH 16 FEET OF LOT 2 IN DOWNING'S SUBDIVISION (EXCEPT STREETS) OF LOTS 7 TO 14 INCLUSIVE IN J. H. KEDZIE'S SUBDIVISION OF PART OF THE SOUTHWEST QUARTER OF SECTION 23, TOWNSHIP 39 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN;

THENCE WEST ALONG SAID SOUTH LINE OF THE NORTH 16 FEET OF LOT 2 IN DOWNING'S SUBDIVISION TO THE WEST LINE OF SAID LOT 2, SAID WEST LINE OF LOT 2 BEING ALSO THE EAST LINE OF THE ALLEY EAST OF S. HAMLIN AVENUE;

THENCE SOUTH ALONG SAID EAST LINE OF THE ALLEY EAST OF S. HAMLIN AVENUE TO THE EASTERLY EXTENSION OF THE SOUTH LINE OF LOT 150 IN SAID DOWNING'S SUBDIVISION;

THENCE WEST ALONG SAID EASTERLY EXTENSION AND THE SOUTH LINE OF LOT 150 IN SAID DOWNING'S SUBDIVISION AND ALONG THE WESTERLY EXTENSION THEREOF TO THE WEST LINE OF S. HAMLIN AVENUE;

THENCE NORTH ALONG SAID WEST LINE OF S. HAMLIN AVENUE TO THE SOUTH LINE OF LOT 152 IN SAID DOWNING'S SUBDIVISION IN THE WEST HALF OF THE SOUTHWEST QUARTER OF SECTION 23, TOWNSHIP 39 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN;

THENCE WEST ALONG SAID SOUTH LINE OF LOT 152 IN DOWNING'S SUBDIVISION AND ALONG THE WESTERLY EXTENSION THEREOF AND ALONG THE SOUTH LINE OF LOT 313 IN SAID DOWNING'S SUBDIVISION TO THE EAST LINE OF S. AVERS AVENUE;

THENCE SOUTH ALONG SAID EAST LINE OF S. AVERS AVENUE TO THE EASTERLY EXTENSION OF THE NORTH LINE OF LOT 21 IN BLOCK 1 IN MOORE'S SUBDIVISION OF LOT 1 OF SUPERIOR COURT PARTITION OF THE WEST 60 ACRES NORTH OF SOUTH WESTERN PLANK ROAD OF THE SOUTHWEST QUARTER OF SECTION 23, TOWNSHIP 39 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, SAID NORTH LINE OF LOT 21 BEING ALSO THE SOUTH LINE OF THE ALLEY NORTH OF W. 18TH STREET;

THENCE WEST ALONG SAID EASTERLY EXTENSION AND ALONG THE SOUTH LINE OF THE ALLEY NORTH OF W. 18TH STREET AND ALONG THE WESTERLY EXTENSION THEREOF TO THE WEST LINE OF S. SPRINGFIELD AVENUE;

THENCE NORTH ALONG SAID WEST LINE OF S. SPRINGFIELD AVENUE TO THE NORTH LINE OF LOT 12 IN BLOCK 2 IN SAID MOORE'S SUBDIVISION, SAID NORTH LINE OF LOT 12 BEING ALSO THE SOUTH LINE OF THE ALLEY SOUTH OF W. 16TH STREET;

THENCE WEST ALONG SAID SOUTH LINE OF THE ALLEY SOUTH OF W. 16TH STREET TO THE WEST LINE OF S. KOMENSKY AVENUE;

THENCE NORTH ALONG SAID WEST LINE OF S. KOMENSKY AVENUE TO THE WESTERLY EXTENSION OF THE SOUTH LINE OF LOT 31 IN BLOCK 8 IN OUR HOME ADDITION TO CHICAGO, A SUBDIVISION OF THE EAST HALF OF THE NORTHEAST QUARTER OF SECTION 22, TOWNSHIP 39 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, SAID SOUTH LINE OF LOT 31 BEING ALSO THE NORTH LINE OF THE ALLEY NORTH OF W. 16TH STREET;

THENCE EAST ALONG SAID WESTERLY EXTENSION AND THE SOUTH LINE OF LOT 31 IN BLOCK 8 IN OUR HOME ADDITION TO CHICAGO TO THE SOUTHEASTERLY LINE OF SAID LOT 31;

THENCE NORTHEASTERLY ALONG SAID SOUTHEASTERLY LINE OF LOT 31 IN BLOCK 8 IN OUR HOME ADDITION TO CHICAGO TO THE EAST LINE OF SAID LOT 31, SAID EAST LINE OF LOT 31 BEING ALSO THE WEST LINE OF THE ALLEY WEST OF S. PULASKI ROAD;

THENCE NORTH ALONG SAID WEST LINE OF THE ALLEY WEST OF S. PULASKI ROAD TO THE SOUTH LINE OF LOT 6 IN BLOCK 1 IN WM. A. MERIGOLD'S RESUBDIVISION OF THE NORTH 50 ACRES OF THE EAST HALF OF THE NORTHEAST QUARTER OF SECTION 22, TOWNSHIP 39 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, SAID SOUTH LINE OF LOT 6 BEING ALSO THE NORTH LINE OF THE ALLEY SOUTH OF W. ROOSEVELT ROAD;

THENCE WEST ALONG SAID SOUTH LINE OF LOT 6 AND ALONG THE SOUTH LINE OF LOT 7, ALL IN BLOCK 1 IN WM. A. MERIGOLD'S RESUBDIVISION TO THE WEST LINE OF THE EAST 4.5 FEET OF SAID LOT 7;

THENCE NORTH ALONG SAID WEST LINE OF THE EAST 4.5 FEET OF LOT 7 IN BLOCK 1 IN WM. A. MERIGOLD'S RESUBDIVISION TO THE SOUTH LINE OF W. ROOSEVELT ROAD;

THENCE WEST ALONG SAID SOUTH LINE OF W. ROOSEVELT ROAD TO THE WEST LINE OF S. KARLOV AVENUE;

THENCE NORTH ALONG SAID WEST LINE OF S. KARLOV AVENUE TO THE WESTERLY EXTENSION OF THE NORTH LINE OF LOT 25 IN BLOCK 8 IN 12 STREET LAND ASSOCIATION SUBDIVISION IN THE EAST HALF OF THE SOUTHEAST QUARTER OF SECTION 15, TOWNSHIP 39 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, SAID NORTH LINE OF LOT 25 BEING ALSO THE SOUTH LINE OF THE ALLEY NORTH OF GRENSHAW STREET;

THENCE EAST ALONG SAID WESTERLY EXTENSION AND ALONG THE SOUTH LINE OF THE ALLEY NORTH OF GRENSHAW STREET TO THE WEST LINE OF S. PULASKI ROAD;

THENCE NORTH ALONG SAID WEST LINE OF S. PULASKI ROAD TO THE WESTERLY EXTENSION OF THE NORTH LINE OF LOT 1 IN L. E. INGALL'S SUBDIVISION OF THAT PART OF BLOCK 5 AND 6 IN CIRCUIT COURT PARTITION LYING SOUTH OF THE WISCONSIN RAIL ROAD, SAID NORTH LINE OF LOT 1 IN L. E. INGALL'S SUBDIVISION BEING ALSO THE SOUTH LINE OF THE ALLEY NORTH OF W. FILLMORE STREET;

THENCE EAST ALONG SAID WESTERLY EXTENSION AND THE SOUTH LINE OF THE ALLEY NORTH OF W. FILLMORE STREET TO THE WEST LINE OF S. SPRINGFIELD AVENUE;

THENCE NORTH ALONG SAID WEST LINE OF S. SPRINGFIELD AVENUE TO THE SOUTH LINE OF LOT 1 IN BLOCK 2 IN W. J. AND D. F. ANDERSON'S SUBDIVISION OF SUB-BLOCK 1 (EXCEPT THE WEST 100 FEET OF THE SOUTH HALF THEREOF CONVEYED TO THE CHICAGO, HARLEM & BATAVIA RAILROAD COMPANY), OF BLOCK 5 AND ALL OF SUB-BLOCK 1 OF BLOCK 6, ALL IN THE CIRCUIT COURT PARTITION OF THE WEST HALF OF THE SOUTHWEST QUARTER OF SECTION 14, TOWNSHIP 39 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, SAID SOUTH LINE OF LOT 1 IN BLOCK 2 IN W. J. AND D. F. ANDERSON'S SUBDIVISION BEING ALSO THE NORTH LINE OF THE ALLEY SOUTH OF W. ARTHINGTON STREET;

THENCE WEST ALONG SAID NORTH LINE OF THE ALLEY SOUTH OF W. ARTHINGTON STREET TO THE EAST LINE OF S. PULASKI ROAD;

THENCE SOUTH ALONG SAID EAST LINE OF S. PULASKI ROAD TO THE EASTERLY EXTENSION OF THE SOUTH LINE OF LOT 48 IN BLOCK 1 IN 12TH ST. LAND ASSOCIATION SUBDIVISION OF BLOCKS 1, 5, 8, AND 9 OF THE PARTITION OF THAT PART OF THE EAST HALF OF THE SOUTHEAST QUARTER LYING SOUTH OF THE CENTER OF BARRY POINT ROAD EXCEPT THE NORTH 26 ACRES OF SAID PART OF THE EAST HALF OF THE SOUTHEAST QUARTER OF SECTION 15, TOWNSHIP 39 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, SAID

SOUTH LINE OF LOT 48 IN BLOCK 1 IN 12TH ST. LAND ASSOCIATION SUBDIVISION BEING ALSO THE NORTH LINE OF W. TAYLOR STREET;

THENCE WEST ALONG SAID EASTERLY EXTENSION AND ALONG THE NORTH LINE OF W. TAYLOR STREET TO THE EAST LINE OF S. KILDARE AVENUE;

THENCE NORTH ALONG SAID EAST LINE OF S. KILDARE AVENUE TO THE NORTHERLY LINE OF W. 5TH AVENUE;

THENCE SOUTHWESTERLY ALONG SAID NORTHERLY LINE OF W. 5TH AVENUE TO THE WEST LINE OF LOT 20 IN BLOCK 6 IN THE SUBDIVISION OF THAT PART OF THE EAST HALF OF THE SOUTHWEST QUARTER OF SECTION 15, TOWNSHIP 39 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN LYING NORTH OF BARRY POINT ROAD, SAID WEST LINE OF LOT 20 BEING ALSO THE EAST LINE OF BELT RAILWAY COMPANY OF CHICAGO RIGHT OF WAY;

THENCE NORTH ALONG SAID EAST LINE OF BELT RAILWAY COMPANY OF CHICAGO RIGHT OF WAY TO THE NORTH LINE OF W. POLK STREET;

THENCE EAST ALONG SAID NORTH LINE OF W. POLK STREET AND ALONG THE EASTERLY EXTENSION THEREOF TO THE EAST LINE OF S. KOLMAR AVENUE;

THENCE NORTH ALONG SAID EAST LINE OF S. KOLMAR AVENUE TO THE SOUTHERLY LINE OF THE CONGRESS STREET EXPRESSWAY;

THENCE EASTERLY ALONG SAID SOUTHERLY LINE OF THE CONGRESS STREET EXPRESSWAY TO THE NORTH LINE OF W. HARRISON STREET;

THENCE EAST ALONG SAID NORTH LINE OF W. HARRISON STREET TO THE WEST LINE OF S. PULASKI ROAD;

THENCE NORTH ALONG SAID WEST LINE OF S. PULASKI ROAD TO THE WESTERLY EXTENSION OF THE SOUTH LINE OF LOT 25 IN BLOCK 14 IN LAMBERT TREE'S SUBDIVISION OF THE WEST HALF OF THE NORTHWEST QUARTER OF SECTION 14, TOWNSHIP 39 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, SAID SOUTH LINE OF LOT 25 IN BLOCK 14 IN LAMBERT TREE'S SUBDIVISION BEING ALSO THE NORTH LINE OF W. CONGRESS PARKWAY;

THENCE EAST ALONG SAID NORTH LINE OF W. CONGRESS PARKWAY TO THE EAST LINE OF S. HAMLIN AVENUE;

THENCE NORTH ALONG SAID EAST LINE OF S. HAMLIN AVENUE AND ALONG THE EAST LINE OF N. HAMLIN AVENUE TO THE SOUTH LINE OF THE CHICAGO & NORTHWESTERN RAILROAD COMPANY RIGHT OF WAY IN THE EAST

HALF OF THE SOUTHWEST QUARTER OF SECTION 11, TOWNSHIP 39 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN;

THENCE EAST ALONG SAID SOUTH LINE OF THE CHICAGO & NORTHWESTERN RAILROAD COMPANY RIGHT OF WAY TO THE WEST LINE OF VACATED N. CENTRAL PARK AVENUE, SAID WEST LINE OF VACATED N. CENTRAL PARK AVENUE BEING A LINE 10 FEET WEST OF AND PARALLEL WITH THE WEST LINE OF THE WEST HALF OF THE SOUTHEAST QUARTER OF SECTION 11, TOWNSHIP 39 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN;

THENCE SOUTH ALONG SAID WEST LINE OF VACATED N. CENTRAL PARK AVENUE TO THE SOUTH LINE OF VACATED CENTRAL PARK AVENUE, SAID SOUTH LINE OF VACATED CENTRAL PARK AVENUE BEING A LINE 86 FEET SOUTH OF AND PARALLEL WITH THE SOUTH LINE OF THE CHICAGO & NORTHWESTERN RAILROAD COMPANY RIGHT OF WAY;

THENCE EAST ALONG SAID SOUTH LINE OF VACATED CENTRAL PARK AVENUE TO THE EAST LINE OF N. CENTRAL PARK AVENUE;

THENCE SOUTH ALONG SAID EAST LINE OF N. CENTRAL PARK AVENUE TO THE NORTH LINE OF W. LAKE STREET;

THENCE EASTERLY ALONG SAID NORTH LINE OF W. LAKE STREET TO THE WEST LINE OF N. KEDZIE AVENUE;

THENCE SOUTH ALONG SAID WEST LINE OF N. KEDZIE AVENUE TO THE NORTH LINE OF W. WASHINGTON BOULEVARD;

THENCE EAST ALONG SAID NORTH LINE OF W. WASHINGTON BOULEVARD TO THE EAST LINE OF N. TALMAN AVENUE;

THENCE SOUTH ALONG SAID EAST LINE OF N. TALMAN AVENUE TO THE NORTH LINE OF LOT 15 IN POLLACK'S SUBDIVISION OF 4 ACRES IN THE SOUTH HALF OF THE SOUTHEAST QUARTER OF SECTION 12, TOWNSHIP 39 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN;

THENCE EAST ALONG SAID NORTH LINE OF LOT 15 IN POLLACK'S SUBDIVISION AND ALONG THE NORTH LINE OF LOT 14 IN SAID POLLACK'S SUBDIVISION TO A LINE 25 FEET EAST OF AND PARALLEL WITH THE EAST LINE OF N. TALMAN AVENUE;

THENCE NORTH ALONG SAID LINE 25 FEET EAST OF AND PARALLEL WITH THE EAST LINE OF N. TALMAN AVENUE TO THE NORTH LINE OF W. WASHINGTON BOULEVARD;

THENCE EAST ALONG SAID NORTH LINE OF W. WASHINGTON BOULEVARD TO THE WEST LINE OF N. WESTERN AVENUE;

THENCE SOUTH ALONG SAID WEST LINE OF N. WESTERN AVENUE TO THE SOUTH LINE OF W. WASHINGTON BOULEVARD;

THENCE EAST ALONG SAID SOUTH LINE OF W. WASHINGTON BOULEVARD TO THE EAST LINE OF N. WESTERN AVENUE;

THENCE SOUTH ALONG SAID EAST LINE OF N. WESTERN AVENUE AND ALONG THE EAST LINE OF S. WESTERN AVENUE TO THE EASTERLY EXTENSION THE NORTH LINE OF W. CONGRESS STREET;

THENCE WEST ALONG SAID EASTERLY EXTENSION AND THE NORTH LINE OF W. CONGRESS STREET TO THE EAST LINE OF THE CHICAGO AND NORTHWESTERN RAILWAY RIGHT OF WAY;

THENCE SOUTH ALONG SAID EAST LINE OF CHICAGO AND NORTHWESTERN RAILWAY RIGHT OF WAY TO THE CENTERLINE OF W. HARRISON STREET;

THENCE WEST ALONG SAID CENTERLINE OF W. HARRISON STREET TO THE WEST LINE OF THE CHICAGO AND NORTHWESTERN RAILWAY RIGHT OF WAY;

THENCE NORTH ALONG SAID WEST LINE OF THE CHICAGO AND NORTHWESTERN RAILWAY RIGHT OF WAY TO THE NORTH LINE OF W. CONGRESS STREET;

THENCE WEST ALONG SAID NORTH LINE OF W. CONGRESS STREET TO THE NORTHERLY EXTENSION OF THE EAST LINE OF LOT 56 IN BLOCK 6 IN JAMES U. BORDEN'S RESUBDIVISION OF BLOCK 6 AND LOTS 1 TO 24, INCLUSIVE, OF BLOCK 6 OF REED'S SUBDIVISION OF THE EAST THREE FOURTHS OF THE SOUTH QUARTER OF THE OF THE NORTHWEST QUARTER OF SECTION 13, TOWNSHIP 39 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, SAID EAST LINE OF LOT 56 BEING ALSO THE WEST LINE OF THE ALLEY WEST OF S. CALIFORNIA AVENUE;

THENCE SOUTH ALONG SAID NORTHERLY EXTENSION AND ALONG THE WEST LINE OF THE ALLEY WEST OF S. CALIFORNIA AVENUE AND ALONG THE SOUTHERLY EXTENSION THEREOF TO THE SOUTH LINE OF W. HARRISON STREET;

THENCE EAST ALONG SAID SOUTH LINE OF W. HARRISON STREET TO THE WEST LINE OF S. CALIFORNIA AVENUE;

THENCE SOUTH ALONG SAID WEST LINE OF S. CALIFORNIA AVENUE TO THE POINT OF BEGINNING AT THE SOUTH LINE OF W. ROOSEVELT ROAD.

EXCEPTING FROM THE FORGOING ALL THAT PART OF THE SOUTH HALF OF SECTIONS 13 AND 14 IN TOWNSHIP 39 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN BOUNDED AND DESCRIBED AS FOLLOWS:

BEGINNING AT THE POINT OF INTERSECTION OF THE CENTERLINE OF S. ALBANY AVENUE WITH THE CENTERLINE OF W. ROOSEVELT ROAD;

THENCE WEST ALONG SAID CENTERLINE OF W. ROOSEVELT ROAD TO THE CENTERLINE OF S. CENTRAL PARK AVENUE;

THENCE NORTH ALONG SAID CENTERLINE OF S. CENTRAL PARK AVENUE TO THE EASTERLY EXTENSION OF THE NORTH LINE OF LOT 51 IN GIVINS AND GILBERT'S SUBDIVISION OF THE SOUTH 15 ACRES OF THE EAST HALF OF THE EAST HALF OF THE SOUTHWEST QUARTER OF SECTION 14, TOWNSHIP 39 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, SAID NORTH LINE OF LOT 51 IN GIVINS AND GILBERT'S SUBDIVISION BEING ALSO THE SOUTH LINE OF THE ALLEY SOUTH OF W. FILLMORE STREET;

THENCE WEST ALONG SAID SOUTH LINE OF THE ALLEY SOUTH OF W. FILLMORE STREET AND ALONG THE WESTERLY EXTENSION THEREOF TO THE EAST LINE OF LOT 14 IN EDWARD CASEY'S ADDITION TO CHICAGO, A SUBDIVISION IN THE EAST HALF OF THE SOUTHWEST QUARTER OF SECTION 14, TOWNSHIP 39 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, SAID EAST LINE OF LOT 14 IN EDWARD CASEY'S ADDITION TO CHICAGO BEING ALSO THE WEST LINE OF THE ALLEY EAST OF INDEPENDENCE BOULEVARD;

THENCE NORTH ALONG SAID WEST LINE OF THE ALLEY EAST OF INDEPENDENCE BOULEVARD TO THE SOUTH LINE OF W. FILLMORE STREET;

THENCE WEST ALONG SAID SOUTH LINE OF W. FILLMORE STREET TO THE WEST LINE OF S. INDEPENDENCE BOULEVARD;

THENCE NORTH ALONG SAID WEST LINE OF S. INDEPENDENCE BOULEVARD TO THE WESTERLY EXTENSION OF A LINE 200 FEET SOUTH OF AND PARALLEL WITH THE SOUTH LINE OF W. ARTHINGTON STREET, SAID LINE 200 FEET SOUTH OF AND PARALLEL WITH THE SOUTH LINE OF W. ARTHINGTON STREET BEING ALSO THE NORTH LINE OF THE ALLEY SOUTH OF W. ARTHINGTON STREET;

THENCE EAST ALONG SAID WESTERLY EXTENSION AND THE NORTH LINE OF THE ALLEY SOUTH OF W. ARTHINGTON STREET TO THE WEST LINE OF S. LAWNDALE AVENUE;

THENCE NORTH ALONG SAID WEST LINE OF S. LAWNSDALE AVENUE TO THE SOUTH LINE OF W. ARTHINGTON STREET;

THENCE WEST ALONG SAID SOUTH LINE OF W. ARTHINGTON STREET TO THE SOUTHERLY EXTENSION OF THE EAST LINE OF LOT 66 IN GOLDY'S THIRD ADDITION TO CHICAGO, A SUBDIVISION OF THE NORTH 296 FEET, TOGETHER WITH THAT PART LYING SOUTH OF THE NORTH 1019.6 FEET OF THE EAST HALF OF THE NORTH HALF OF THE WEST HALF OF THE EAST HALF OF THE SOUTHWEST QUARTER OF SECTION 14, TOWNSHIP 39 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, SAID EAST LINE OF LOT 66 IN GOLDY'S THIRD ADDITION TO CHICAGO BEING ALSO THE WEST LINE OF S. LAWNSDALE AVENUE;

THENCE NORTH ALONG SAID SOUTHERLY EXTENSION AND ALONG THE WEST LINE OF S. LAWNSDALE AVENUE TO THE NORTH LINE OF W. POLK STREET;

THENCE EAST ALONG SAID NORTH LINE OF W. POLK STREET TO THE EAST LINE OF S. ST LOUIS AVENUE;

THENCE NORTH ALONG SAID EAST LINE OF S. ST LOUIS AVENUE TO THE SOUTH LINE OF W. LEXINGTON STREET;

THENCE EAST ALONG SAID SOUTH LINE OF W. LEXINGTON STREET TO THE WEST LINE OF S. HOMAN AVENUE;

THENCE SOUTH ALONG SAID WEST LINE OF S. HOMAN AVENUE TO THE NORTH LINE OF W. POLK STREET;

THENCE EAST ALONG SAID NORTH LINE OF W. POLK STREET TO THE NORTHERLY EXTENSION OF THE WEST LINE OF LOT 13 IN BLOCK 12 IN E. A. CUMMINGS AND COMPANY'S CENTRAL PARK AVENUE ADDITION, A SUBDIVISION IN THE EAST HALF OF THE SOUTHEAST QUARTER OF SECTION 14, TOWNSHIP 39 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN;

THENCE SOUTH ALONG SAID NORTHERLY EXTENSION AND THE WEST LINE OF LOT 13 IN BLOCK 12 IN E. A. CUMMINGS AND COMPANY'S CENTRAL PARK AVENUE ADDITION TO THE NORTH LINE OF W. ARTHINGTON STREET;

THENCE EAST ALONG SAID NORTH LINE OF W. ARTHINGTON STREET TO THE EAST LINE OF S. KEDZIE AVENUE;

THENCE SOUTH ALONG SAID EAST LINE OF S. KEDZIE AVENUE TO THE SOUTH LINE OF THE B. & O. C. T. RAILROAD RIGHT OF WAY, SAID SOUTH LINE OF THE B. & O. C. T. RAILROAD RIGHT OF WAY BEING ALSO THE NORTH LINE OF THE ALLEY NORTH OF W. FILLMORE STREET;

THENCE EAST ALONG SAID SOUTH LINE OF THE B. & O. C. T. RAILROAD
RIGHT OF WAY TO THE CENTERLINE OF S. ALBANY AVENUE;

THENCE SOUTH ALONG SAID CENTERLINE OF S. ALBANY AVENUE TO THE
POINT OF BEGINNING AT THE CENTERLINE OF W. ROOSEVELT ROAD;

ALL IN THE CITY OF CHICAGO, COOK COUNTY, ILLINOIS.

**LAWDALE RESTORATION APARTMENTS
REDEVELOPMENT AGREEMENT**

EXHIBIT B

PROPERTY LEGAL DESCRIPTION

PARCEL A:

LOT 3 AND THE EAST ½ OF LOT 4 IN SHAW, KERRIGAN AND SALOMON'S SUBDIVISION OF BLOCK 6 IN CIRCUIT COURT PARTITION OF THE EAST ½ OF THE NORTHEAST ¼ AND THAT PART OF THE EAST ½ OF THE SOUTH EAST ¼ LYING NORTH OF THE CENTER LINE OF OGDEN AVENUE, IN SECTION 23, TOWNSHIP 39 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

COMMON ADDRESS: 3239 W. DOUGLAS, CHICAGO, IL

PERMANENT TAX NUMBER: 16-23-220-006-0000

PARCEL B:

LOT 14 IN BLOCK 2 IN PRESCOTT'S DOUGLAS PARK ADDITION TO CHICAGO BEING A SUBDIVISION OF BLOCK 2 IN CIRCUIT COURT PARTITION OF THE EAST ½ OF THE NORTHEAST ¼ AND THAT PART OF THE EAST ½ OF THE SOUTH EAST ¼ LYING NORTH OF THE CENTER LINE OF OGDEN AVENUE, IN SECTION 23, TOWNSHIP 39 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

COMMON ADDRESS: 3234 W. DOUGLAS, CHICAGO, IL

PERMANENT TAX NUMBER: 16-23-212-034-0000

PARCEL C:

LOTS 16, 17, 18 AND 19 (EXCEPT THE WEST 5 FEET) IN BLOCK 2 OF PRESCOTT'S DOUGLAS PARK ADDITION TO CHICAGO BEING A SUBDIVISION OF BLOCK 1 IN CIRCUIT COURT PARTITION OF THE EAST ½ OF THE NORTHEAST ¼ AND THAT PART OF THE EAST ½ OF THE SOUTH EAST ¼ LYING NORTH OF THE CENTER LINE OF OGDEN AVENUE, IN SECTION 23, TOWNSHIP 39 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

COMMON ADDRESS: 3206 W. DOUGLAS, CHICAGO, IL

PERMANENT TAX NUMBER: 16-23-213-027-0000

PARCEL D:

THE WEST 51 FEET OF THE EAST 300 FEET OF BLOCK 1 IN DOUGLAS PARK ADDITION TO CHICAGO, A SUBDIVISION OF THE EAST ½ OF THE SOUTH EAST ¼ OF SECTION 23, THAT LIES SOUTH OF THE SOUTHWESTERN PLANK ROAD; ALSO OF LOTS 4 AND 5 OF CIRCUIT COURT PARTITION OF THE WEST ½ OF SECTION 24, TOWNSHIP 39 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

COMMON ADDRESS: 3122 W. DOUGLAS, CHICAGO, IL

PERMANENT TAX NUMBER: 16-24-103-032-0000

PARCEL E:

LOTS 1,2,3,4, 5 AND 6 IN THE SUBDIVISION OF LOTS 1 TO 6 IN THE SUBDIVISION OF LOTS 27 TO 36 AND VACATED ALLEY IN BLOCK 3 IN DOUGLAS PARK ADDITION TO CHICAGO IN THE WEST ½ OF THE NORTHWEST ¼ OF SECTION 24, TOWNSHIP 39 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

COMMON ADDRESS: 1501 S. KEDZIE, CHICAGO, IL

PERMANENT TAX NUMBER: 16-24-105-001-0000

PARCEL F:

LOTS 26, 27, 28 AND 29 IN GIVINS AND GILBERT'S SUBDIVISION OF THE SOUTH 15 ACRES OF THE EAST ½ OF THE EAST ½ OF THE SOUTHWEST ¼ OF SECTION 14, TOWNSHIP 39 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS

COMMON ADDRESS: 1136-42 S. CENTRAL PARK, 3601-09 W. GRENSHAW CHICAGO, IL

PERMANENT TAX NUMBER: 16-14-328-038-0000; 16-14-328-039-0000

PARCEL G:

LOT 1 IN RISSMAN'S RESUBDIVISION OF LOTS 25, 26, 27, 28, 29 AND THE WEST 21 FEET OF LOT 30 IN BLOCK 3 IN D. GOODWIN'S SUBDIVISION OF THE NORTHWEST ¼ OF THE NORTHEAST ¼ OF SECTION 23, TOWNSHIP 39 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

COMMON ADDRESS: 1259 S. CENTRAL PARK, CHICAGO, IL

PERMANENT TAX NUMBER: 16-23-202-020-0000

PARCEL H:

LOTS 8 THROUGH 11 IN SHERMAN AND WALTER'S SUBDIVISION OF BLOCK 7 IN CIRCUIT COURT PARTITION OF THE EAST ½ OF THE NORTHEAST ¼ AND THAT PART OF THE EAST ½ OF THE SOUTHEAST ¼ LYING NORTH OF THE CENTER LINE OF OGDEN AVENUE, IN SECTION 23, TOWNSHIP 39 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS

COMMON ADDRESS: 3219-29 W. DOUGLAS, CHICAGO, IL

PERMANENT TAX NUMBER: 16-23-221-037-0000

**LAWNDALE RESTORATION APARTMENTS
REDEVELOPMENT AGREEMENT**

EXHIBIT C

TIF-FUNDED IMPROVEMENTS

<u>Line Item</u>	<u>Cost</u>
Rehabilitation	\$ 14,800,000
Remediation (including studies, testing and related costs therefor)	\$ 1,684,084
TOTAL:	\$ 16,484,084*

* The maximum amount of City Funds provided to the Developer shall not exceed \$8,950,000.

**LAWNDALE RESTORATION APARTMENTS
REDEVELOPMENT AGREEMENT**

EXHIBIT D

REDEVELOPMENT PLAN

[Not attached for the purposes of recording.]

**LAWNDALE RESTORATION APARTMENTS
REDEVELOPMENT AGREEMENT**

EXHIBIT E

CONSTRUCTION CONTRACT

[Not attached for the purposes of recording.]

**LAWNDALE RESTORATION APARTMENTS
REDEVELOPMENT AGREEMENT**

EXHIBIT F

PERMITTED LIENS

1. Liens or encumbrances against the Property:

Those matters set forth as Schedule B title exceptions in the owner's title insurance policy issued by the Title Company as of the date hereof, but only so long as applicable title endorsements issued in conjunction therewith on the date hereof, if any, continue to remain in full force and effect.

2. Liens or encumbrances against the Developer or the Project, other than liens against the Property, if any:

None.

**LAWNDALE RESTORATION APARTMENTS
REDEVELOPMENT AGREEMENT**

EXHIBIT G

PROJECT BUDGET

Land/Acquisition/Carrying Costs	\$1,652,298
Residential Construction Costs	\$14,800,000
Remediation Costs	\$1,345,000
Architect Design & Inspector	\$511,327
Appraisal	\$17,750
Environmental Reports & Monitoring	\$339,084
Engineering	\$199,395
Bond Issuance/Underwriting Fees	\$450,000
Construction Period Insurance & Taxes	\$500,000
Title & Recording	\$38,000
Marketing/Leasing	\$235,000
Accounting	\$50,000
Predevelopment Interest	\$78,776
Legal Fees	\$364,325
Syndication Fees	\$30,000
Developer Fees	\$1,635,000
Relocation Expense	\$353,189
Survey	\$29,916
Owner's Rep	\$75,000
Miscellaneous Fees	\$40,415
Insurance Escrow	\$68,000
Operating Reserve	\$410,000
Hard cost contingency	\$1,450,000
Supplemental Reserve	\$1,051,000
Additional Developer Fee	\$1,425,000
Replacement Reserve	\$51,000
Lease Up Reserve	\$200,000
Real Estate Tax Escrow	\$102,000
Bridge interest reserve	\$1,295,000
Total	\$28,796,475

**LAWDALE RESTORATION APARTMENTS
REDEVELOPMENT AGREEMENT**

EXHIBIT H

REQUISITION FORM

[Not attached for the purposes of recording.]

**LAWNDALE RESTORATION APARTMENTS
REDEVELOPMENT AGREEMENT**

EXHIBIT I

APPROVED PRIOR EXPENDITURES

None.

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**LAWDALE RESTORATION APARTMENTS
REDEVELOPMENT AGREEMENT**

EXHIBIT J

OPINION OF DEVELOPER'S COUNSEL

[Not attached for the purposes of recording.]

**LAWNDALE RESTORATION APARTMENTS
REDEVELOPMENT AGREEMENT**

EXHIBIT K

MINIMUM ASSESSED VALUATIONS

PARCEL (PIN NUMBER)	MINIMUM ASSESSED VALUATION*
16-14-328-039	\$ 75,361
16-23-202-020	197,353
16-23-212-034	145,083
16-23-213-027	292,486
16-23-220-006	108,884
16-23-221-037	296,669
16-24-103-032	13,498
16-24-105-001	309,269

*Represents the equalized assessed valuation for tax year 1998, which is the equalized assessed valuation of such Parcel on the date of establishment of the Redevelopment Area.

**LAWNDALE RESTORATION APARTMENTS
REDEVELOPMENT AGREEMENT**

EXHIBIT L

ESCROW AGREEMENT

[Not attached for the purposes of recording.]

