

This agreement was prepared by and
after recording return to
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City of Chicago Law Department
121 North LaSalle Street, Room 600
Chicago, IL 60602

Hancock House Senior Apartments Redevelopment Agreement

This Hancock House Senior Apartments Redevelopment Agreement (this "**Agreement**") is made as of this *28th* day of *May* 2010, by and between the City of Chicago, an Illinois municipal corporation (the "**City**"), through its Department of Community Development ("**DCD**"), Hancock House Limited Partnership, an Illinois limited partnership ("**HHLP**"), and Brownlow, Belton, Sullivan, Arms, NFP, an Illinois not-for-profit corporation ("**BBSA**" and collectively with HHLP, 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 February 6, 2002: (1)

"Approval of Tax Increment Redevelopment Plan for 119th and Halsted Redevelopment Project Area;" (2) "Designation of 119th and Halsted Redevelopment Area as Tax Increment Financing District;" and (3) "Adoption of Tax Increment Allocation Financing for 119th and Halsted 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: BBSA has acquired from the City (the "Acquisition") certain property located within the Redevelopment Area as legally described on Exhibit B hereto (the "**Property**") which such Property BBSA will contribute to Hancock House, L.L.C., an Illinois limited liability company, who will contribute to the ultimate title holder, HHLP (of which BBSA is indirectly through Hancock House, L.L.C, a general partner), and, within the time frames set forth in Section 3.01 hereof, the Developer shall commence and complete the following activities (collectively, the "**Project**"): construction of a seven-story rental elevator building (the "**Building**") on the Property, which will consist of a rental community for seniors (age 62 or older), with 89 rental units, comprised of 80 affordable units (the "**Affordable Units**") and nine market-rate units (the "**Market Rate Units**") and, together with the Affordable Units, the "**Units**"), which will offer approximately 74,500 square feet of space, and no fewer than 37 parking spaces (the "**Parking**") free of charge on a first-come first-served basis (the Building and the Parking are collectively, the "**Facility**"). The Building shall have a partial green, reflective roof membrane, Energy Star H.V.A.C. systems, Energy Star appliances, grading and landscaping to promote on-site water retention, and fluorescent lighting in common areas, low VOC interior paints, low-flow plumbing fixtures, Low E. insulated windows, insulated entry doors, R-19 perimeter wall insulation and R-38 roof insulation. The following standard features will be offered at no additional fee: wall-to-wall carpeting; mini-blinds; individually controlled heating and cooling; and full kitchens. Common area amenities will include an atrium, laundry facilities and a main floor multi-purpose community room with kitchen, wellness room, computers and fitness amenities, and closed circuit security system for public areas of the Building and the Parking. 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 119th and Halsted 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 ("**Bonds**") secured by Incremental Taxes (as defined below) pursuant to an ordinance at a later date as described in Section 8.05 hereof, the proceeds of which 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 an ordinance adopted by the City Council on September 14, 2005, the City authorized the expenditure in the amount of \$750,000, 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 "SBIF Obligation").

Pursuant to a note ordinance adopted by the City Council on March 29, 2006, the City authorized the issuance of a note in the aggregate principal amount of \$1,000,000 to Local Initiatives Support Corporation, secured by the pledge of certain Incremental Taxes for the payment of redevelopment project costs in connection with the Neighborhood Improvement Fund and the Neighborhood Improvement Program (the "NIF Obligation").

The SBIF Obligation and the NIF Obligation are collectively referred to herein as the Prior TIF Financings. The Developer acknowledges that the Prior TIF Financings are prior liens on the 119th and Halsted 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.

"Affordable Units" shall have the meaning set forth in the Recitals hereof.

"Annual Report" shall mean the report described in **Section 8.21** hereof.

"Available Incremental Taxes" shall mean the 90% of the Incremental Taxes then on deposit in the 119th and Halsted TIF Fund as reduced to reflect the amount of the City Fee.

"Building" shall have the meaning set forth in the Recitals hereof.

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

"Certificate" shall mean the final 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 ARRA Funds" shall mean the loan of funds by the City to the Developer in connection with the Project in the amount as set forth in **Section 4.01** hereof.

"City Fee" shall have the meaning set forth for such term in **Section 4.05(c)** hereof.

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

"Closing Date" shall mean May 28, 2010.

"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.

"Deed" shall have the meaning set forth in **Section 3.13(b)** hereof.

"DOE" shall mean the City's Department of Environment.

"Draft NFR Letter" shall mean a draft comprehensive "no further remediation" letter from the IEPA for the Property, or any portion thereof, based on TACO Tier I residential remediation objectives, as amended or supplemented from time to time.

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

"Environmental Laws" shall mean any and all Laws 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 1801 et seq.); (iv) the Resource Conservation and Recovery Act (42 U.S.C. Section 6901 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, 11-4-1550, or 11-4-1560.

"Environmental Remediation" has the meaning set forth in **Section 11.03**.

"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 an entity as an agent of, the Title Company), the General Contractor, the Developer, the 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.

"Final NFR Letter" shall mean a final comprehensive "no further remediation" letter from the IEPA approving the use of the Property for the construction, development and operation of the Project.

"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.

"IEPA" shall mean the Illinois Environmental Protection Agency.

"IHDA" shall mean the Illinois Housing Development Authority.

"IHDA ARRA Funds" shall mean the loan of funds by IHDA to the Developer in connection with the Project in the amount as set forth in **Section 4.01** hereof.

"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 119th and Halsted TIF Fund established to pay Redevelopment Project Costs and obligations incurred in the payment thereof.

"Laws" shall mean all applicable federal, state, local or other laws (including common law), statutes, codes, ordinances, rules, regulations or other requirements, now or hereafter in effect, as amended or supplemented from time to time, and any applicable judicial or administrative interpretation thereof, including any applicable judicial or administrative orders, consent decrees or judgments, including, without limitation, Sections 7-28 and 11-4 of the Municipal Code of Chicago relating to waste disposal.

"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.

"Losses" shall mean any and all debts, liens, claims, actions, causes of action, suits, demands, complaints, legal or administrative proceedings, losses, damages, assessments, obligations, liabilities, executions, judgments, amounts paid in settlement, arbitration or mediation awards, interest, fines, penalties, costs, expenses, and disbursements of any kind or nature whatsoever (including, without limitation, Remediation Costs, reasonable attorneys' fees and expenses, consultants' fees and expenses and court costs).

"Market Rate Units" shall have the meaning set forth in the Recitals 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**.

"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.

"119th and Halsted 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.

"Parking" shall have the meaning set forth in the Recitals hereof.

"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.

"Prior TIF Financing" shall have the meaning set forth in the Recitals 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 DCD, in accordance with **Section 3.03** hereof.

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

"Purchase Price" shall have the meaning set forth in **Section 3.13(a)**.

"RACR" shall mean a Remedial Action Completion Report submitted to the IEPA in connection with a request for a Final NFR Letter.

"RAP" shall mean the Remedial Action Plan submitted to the IEPA in connection with a request for a Draft NFR Letter, as amended or supplemented from time to time.

"ROR" means the Remediation Objectives Report submitted to the IEPA in connection with a request for a Draft NFR Letter, as amended or supplemented from time to time.

"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.

"Remediation Costs" shall mean governmental or regulatory body response costs, natural resource damages, property damages, and the costs of any investigation, cleanup, monitoring, remedial, removal or restoration work required by any federal, state or local governmental agency or political subdivision or other third party in connection or associated with the Property or any improvements, facilities or operations located or formerly located thereon.

"Requisition Form" shall mean the document, in the form attached hereto as **Exhibit H**, to be delivered by the Developer to DCD 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.

"SRP" means the IEPA's Site Remediation Program as set forth in Title XVII of the Illinois Environmental Protection Act, 415 ILCS 5/58 et seq., and the regulations promulgated thereunder.

"Surplus" shall have the meaning set forth in **Section 4.03(c)(iii)**.

"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 six months 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, 2025, 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-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 and/or pay for 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 First American 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.

"**Units**" shall have the meaning set forth in the Recitals hereof.

"**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 construction no later than April 1, 2010; and (ii) complete construction no later than December 31, 2011.

3.02 Scope Drawings and Plans and Specifications. The Developer has delivered the Scope Drawings and Plans and Specifications to DCD and DCD has approved same. After such initial approval, subsequent proposed changes to the Scope Drawings or Plans and Specifications shall be submitted to DCD 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 Laws. 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 DCD, and DCD has approved, a Project Budget showing total costs for the Project in an amount not less than Nineteen Million One Hundred Sixty-Three Thousand Four Hundred Ninety-Six Dollars and 00/100 (\$19,163,496). The Developer hereby certifies to the City that (a) the Lender Financing and Equity described in **Section 4.01** 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 DCD 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) that individually or in the aggregate (a) reduce the square footage of the Building or the Parking, (b) result in a delay of completion of the Project in excess of 90 days, (c) changes the basic use of the Project, or (d) permanently increase or decrease any line item in the Project Budget must be submitted by the Developer to DCD for DCD's prior written approval. The Developer shall not authorize or permit the performance of any work relating to any Change Order described in (a), (b), (c) or (d) above, or the furnishing of materials in connection therewith, prior to the receipt by the Developer of DCD'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 DCD Approval. Any approval granted by DCD 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 DCD pursuant to this Agreement constitute approval of the quality, structural soundness or safety of the Property or the Project.

3.06 Other Approvals. Any DCD 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 DCD'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 DCD with written quarterly progress reports detailing the status of the Project, including a revised completion date, if necessary (with any change in completion date reflecting a delay in excess of 90 days being considered a Change Order, requiring DCD's written approval pursuant to **Section 3.04**). The Developer shall provide three (3) copies of an updated Survey to DCD upon the request of DCD 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 DCD 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 DCD, prior to requests for disbursement for costs related to the Project. With the written consent of DCD, the inspecting architect may be the inspecting architect engaged by or on behalf of any Lender, provided that said architect is an independent architect licensed by the State of Illinois, or an inspecting agent of DCD.

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.

DCD 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.

3.13 Conveyance of Property. The following provisions shall govern the City's conveyance of the Property to the Developer:

(a) **Purchase Price.** The City hereby agrees to sell, and BBSA hereby agrees to purchase, upon and subject to the terms and conditions of this Agreement, the Property, for One Dollar (\$1.00) (the "**Purchase Price**"), which is to be paid to the City on the Closing Date in cash or by certified or cashier's check or wire transfer of immediately available funds. BBSA shall pay all escrow fees and other title insurance fees, premiums and closing costs. The Developer acknowledges and agrees that (a) the Purchase Price based on an appraisal prepared in 2007 is approximately \$310,000 less than the appraised fair market value of the Property, (b) the Purchase Price based on an appraisal prepared in 2009 is approximately \$450,000 less than the appraised fair market value of the Property, and (c) the City has only agreed to sell the Property to BBSA for the Purchase Price because the Developer has agreed to execute this Agreement and comply with its terms and conditions.

(b) **Form of Deed.** The City shall convey the Property to BBSA by quitclaim deed (the "**Deed**"), subject to the terms of this Agreement and, without limiting the quitclaim nature of the deed, the following:

- (i) the Redevelopment Plan;
- (ii) the standard exceptions in an ALTA title insurance policy;
- (iii) all general real estate taxes and any special assessments or other taxes;
- (iv) all easements, encroachments, covenants and restrictions of record and not shown of record;
- (v) such other title defects as may exist; and
- (vi) any and all exceptions caused by the acts of the Developer or its agents.

(c) Title. BBSA acknowledges that it has obtained title insurance commitments for the Property, showing the City in title to the Property. The Developer shall be solely responsible for and shall pay all costs associated with updating such title commitments (including all search, continuation and later-date fees), and obtaining the Title Policy. The City shall have no obligation to cure title defects; provided, however, if there are exceptions for general real estate tax liens attributable to taxes due and payable prior to the Closing Date with respect to the Property, the City shall submit to the County a tax abatement letter and/or file a motion to vacate a tax sale in the Circuit Court of Cook County, seeking the exemption or waiver of such pre-closing tax liabilities, but shall have no further duties with respect to any such taxes.

(d) The Land Closing. The conveyance of the Property shall take place on the Closing Date at the downtown offices of the Title Company or such other place as the parties may mutually agree upon in writing; provided, however, in no event shall the closing of the land sale occur unless the Developer has satisfied all conditions precedent set forth in this Agreement, unless DCD, in its sole discretion, waives such conditions. On or before the Closing Date, the City shall deliver to the Title Company the Deed, all necessary state, county and municipal real estate transfer tax declarations, and an ALTA statement. The City will not provide a gap undertaking.

(e) Recording Costs. The Developer shall pay to record the Deed, this Agreement, and any other documents incident to the conveyance of the Property to BBSA.

SECTION 4. FINANCING

4.01 Total Project Cost and Sources of Funds. The cost of the Project is estimated to be \$19,163,496, to be applied in the manner set forth in the Project Budget. Such costs shall be funded from the following sources:

Lender Financing	
Senior Loan	\$ 750,000
IHDA ARRA Funds	\$ 7,051,607
City ARRA Funds	\$ 9,350,889
TIF	\$ 575,000
Equity (subject to <u>Sections 4.03(b) and 4.06</u>)	\$ 1,436,000
ESTIMATED TOTAL	\$19,163,496

4.02 Developer Funds. Equity and/or Lender Financing may be used to pay any Project cost, including but not limited to Redevelopment Project Costs.

4.03 City Funds.

(a) Uses of City Funds. City Funds may only be used to pay directly or to reimburse BBSA 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 DCD 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 Available Incremental Taxes to pay for and/or reimburse BBSA for the costs of the TIF-Funded Improvements in the amounts determined under **Section 4.03(c)**. To the extent Available Incremental Taxes are determined to be insufficient to meet the payment schedule set forth in **Section 4.03(c)**, the City shall make such deposit(s) as such Available Incremental Taxes become available. Payment of City Funds from Available Incremental Taxes are subject to the Prior TIF Financings. The City retains the right to fund other projects within the Redevelopment Area using Available Incremental Taxes so long as such funding would not, based upon the City's projections and uses of Available Incremental Taxes at the time the City agrees to provide such funding, result in the amount of Available Incremental Taxes being insufficient to fund the City's obligations under this Agreement.
- ii. Subject to the terms and conditions of this Agreement, payment shall be made to BBSA (the "Installment") in accordance with the terms of the Escrow Agreement and upon BBSA's submission of a draw request (the "Requisition Form") in accordance with **Section 4.03(c)**. Such Installment shall be in the amount 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 Five Hundred Seventy-Five Thousand Dollars and 00/100 (\$575,000).
- iii. City Funds derived from Incremental Taxes and available to pay such costs and allocated for such purposes 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) and (iii) 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 Lender Financing and/or Equity to be contributed by the Developer pursuant to **Section 4.01** hereof shall increased, as necessary, to complete the Project.

(c) **Payment Amount.** (i) The Installment, 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:

<u>Installment</u>	<u>Payment Trigger</u>	<u>Payment Amount</u>
One	The later of (a) Developer completion of 75% of the Project, or (b) March 1, 2011	\$575,000

(ii) Any delay in the construction completion date greater than six (6) months from the date set forth in **Section 3.01(ii)** shall result in the City no longer being obligated to reserve Available Increment in anticipation of paying the Installment in accordance with **Section 4.03(c)(i)**.

(iii) To the extent that the actual Project costs are less than the budgeted Project costs as set forth in Project Budget (such amount being a "Surplus"), the Installment can be reduced or reimbursed to the City (as the case may be) by the amount of the Surplus, in accordance with the terms of the Escrow Agreement.

4.04 Construction Escrow. The City, the Developer, the Title Company, the General Contractor and Lenders shall enter into an Escrow Agreement. All disbursements of City Funds 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 shall receive copies of any draw requests and related documents submitted to the Title Company for disbursements under the Escrow Agreement and shall be approved, subject to compliance with **Section 8.20(a)** hereof, in accordance with the Escrow Agreement.

4.05 Treatment of Prior Expenditures and Subsequent Disbursements .

(a) **Prior Expenditures.** Only those expenditures made by BBSA with respect to the Project prior to the Closing Date, evidenced by documentation satisfactory to DCD and approved by DCD as satisfying costs covered in the Project Budget, shall be considered previously contributed Equity or Lender Financing hereunder (the "**Prior Expenditures**"). DCD 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 DCD as of the date hereof as Prior Expenditures. Prior Expenditures made for items other than TIF-Funded Improvements shall not be paid to BBSA but shall increase the amount of Equity and/or Lender Financing required to be contributed by the Developer pursuant to **Section 4.01** hereof.

(b) **Subsequent Disbursements.** Disbursements of City Funds 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 DCD, being prohibited, subject to the terms of **Section 3.04**. DCD shall not unreasonably withhold its consent to such transfers so long as the Corporation Counsel has advised DCD that an expenditure qualifies as an eligible cost under the Act.

(c) **City Fee.** Annually, the City may allocate an amount not to exceed ten percent (10%) of the Incremental Taxes for payment of costs incurred by the City for the administration and monitoring of the Redevelopment Area, including the Project (the "City Fee"). Such fee shall be in addition to and shall not be deducted from or considered a part of the City Funds, and the City shall have the right to receive such funds prior to any payment of City Funds hereunder.

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, BBSA shall submit the Requisition Form in accordance with **Section 4.03(c)** and supporting documentation regarding the applicable expenditures to DCD, which shall be satisfactory

to DCD in its sole discretion. Delivery by BBSA to DCD of any request for disbursement of City Funds hereunder shall, in addition to the items therein expressly set forth, constitute a certification by the Developer 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, any ordinance pursuant to which Bonds, if any, are issued, the City Housing Loan documents, the 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 BBSA on a conditional basis, subject to the Developer's compliance with the provisions of this Agreement. The payment of City Funds is subject to being terminated and/or reimbursed, as provided for in Section 15, for noncompliance with Section 8.20 hereof.

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 DCD, and DCD 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 DCD, and DCD 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 DCD. 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 and recorded prior to this Agreement 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 pro forma copy of the Title Policy for the Property, certified by the Title Company, showing HHLP 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 (3.1 with parking), contiguity (as applicable), location, access and survey. The Developer has provided to DCD, 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 DCD'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) Hancock House, L.L.C. and Source Works Development, LLC (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 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 DCD.

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 DCD 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 DCD for its most recently completed fiscal year, and audited, if any, or unaudited interim financial statements for the period after the end of the most recently completed fiscal year.

5.12 Documentation. The Developer, as applicable, has provided documentation to DCD, satisfactory in form and substance to DCD, with respect to current employment matters.

5.13 Environmental. The Developer has provided DOE with copies of all environmental reports completed with respect to the Property. The Developer has provided the City with a letter from the environmental engineer(s) who completed such report(s), authorizing the City to rely on such reports. If required under **Section 11.03**, the Developer has taken all necessary and proper steps to enroll the Property in the SRP. The City agrees to reasonably cooperate with the Developer in Developer's efforts to satisfy this condition, at no cost to the City.

5.14 Organizational Documents; Economic Disclosure Statement. The Developer has provided, as applicable, a copy of its Articles or Certificate 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 DCD, 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 Joseph J. Duffy Co., Inc., an Illinois corporation, as the General Contractor. The Developer shall submit copies of the Construction Contract to DCD 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 DCD 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 DCD and all requisite permits have been obtained.

6.02 Construction Contract. Prior to the execution thereof, the Developer shall deliver to DCD a copy of the proposed Construction Contract with the General Contractor selected to handle the Project in accordance with **Section 6.01** above, for DCD'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 DCD 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 (American Institute of Architect's Form No. A311 or its equivalent) 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 DCD within five (5) business days of the execution thereof.

SECTION 7. COMPLETION OF CONSTRUCTION OR REHABILITATION

7.01 Certificate of Completion.

(a) In accordance with the provisions of **Section 8.20** hereof, upon (i) satisfaction of the conditions set forth in **Section 7.01(d)** hereof, and (ii) upon Developer's written request (at the time of satisfaction of the conditions set forth **Section 7.01(c)** hereof), DCD 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) DCD 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) The following conditions must be met in order for the Developer to request the Certificate from DCD:

(i) the Developer has given the City written notification that the Project, including all of the TIF-Funded Improvements, has been completed;

(ii) the Developer has provided DCD with evidence acceptable to DCD showing that Developer has completed the Project in compliance with building permit requirements;

(iii) the Developer is in compliance with all requirements of **Section 8.08** (Prevailing Wage) and **Section 10** (Developer's Employment Obligations) as documented from the most recent report issued by the City's monitoring unit, which written report shall be dated within thirty (30) days of the date of the Developer's written Certificate request;

(d) The Developer acknowledges that no Certificate will be issued unless and until:

i) the Developer has given the City written notification that the Project, including all of the TIF-Funded Improvements, has been completed;

(ii) the Developer has provided DCD with evidence acceptable to DCD showing that Developer has completed the Project in compliance with building permit requirements;

(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 construction 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, 8.20, 8.21** and **11.04** 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 **Sections 8.02** and **8.20(a)** 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. Notwithstanding any other provision to the contrary contained in this Agreement, 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 Bonds, if any.

7.04 Notice of Expiration of Term of Agreement. Upon the expiration of the Term of the Agreement, DCD 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) HHLP is an Illinois limited partnership and BBSA is an Illinois not-for-profit corporation, 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 HHLP and BBSA has the right, power and authority to enter into, execute, deliver and perform this Agreement, as applicable hereto;

(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 HHLP 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) prior to the issuance of the Certificate pursuant to **Section 7.01**, the Developer shall not do any of the following without the prior written consent of DCD, which consent shall be in DCD'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 issuance of the Certificate pursuant to **Section 7.01**, shall not, without the prior written consent of the Commissioner of DCD, 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;

(n) Each of BBSA and HHL P, with respect to itself, its limited partner and each member of the limited partner, represents and warrants that it is not a "building code scofflaw" within the meaning of Chapter 2-29-416 of the Municipal Code of the City or otherwise prohibited from doing business with the City; and

(o) 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.

"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.

"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.

"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 DCD'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 Laws applicable to the Project, the Property and/or the Developer, including, without limitation, all Environmental Laws. 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 the 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 BBSA shall be used by the BBSA solely to pay for (or to reimburse the BBSA 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 the proceeds of bonds issued on a tax-exempt basis cannot be used as a source of City Funds or to repay the City Funds, and provided, further, 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 DCD which shall outline, to DCD'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 DCD, from time to time, statements of its employment profile upon DCD's request.

8.08 Prevailing Wage. Unless required to pay federal "Davis-Bacon" wages pursuant to the terms of the City Housing Loan, 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 DCD'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 DCD Financial Statements for the Developer's fiscal year ended December 31, 2008 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 DCD 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 DCD, within thirty (30) days of DCD's request, official receipts from the appropriate entity, or other proof satisfactory to DCD, 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 DCD's sole option, to furnish a good and sufficient bond or other security satisfactory to DCD in such form and amounts as DCD 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 DCD 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 Laws 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 DCD of the Developer's intent to contest or object to a Governmental Charge and, unless, at DCD's sole option,

(i) the Developer shall demonstrate to DCD'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 DCD in such form and amounts as DCD 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 DCD thereof in writing, at which time DCD may, but shall not be obligated to, and without waiving or releasing any obligation or liability of the Developer under this Agreement, in DCD's sole discretion, make such payment, or any part thereof, or obtain such discharge and take any other action with respect thereto which DCD deems advisable. All sums so paid by DCD, if any, and any expenses, if any, including reasonable attorneys' fees, court costs, expenses and other charges relating thereto, shall be promptly disbursed to DCD 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 (except IHDA) 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 TCAP Written Agreement and that certain Regulatory Agreement executed by and among IHDA, the Developer and DCD 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 Affordable 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 Affordable Units in the Facility have monthly rents, payable by the respective tenant, at or below 60% of the Chicago-area median income 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.

(a) Developer shall request the issuance of the Certificate pursuant to **Section 7.01** hereof no later than the 30th day after issuance of the certificate(s) of occupancy for one hundred percent (100%) of the Units.

(b) The number of Affordable Units and Market Rate Units, as set forth in the recitals hereto, shall not be changed without the prior written consent of the Commissioner of DCD.

The covenants contained in this **Section 8.20** shall run with the land and be binding upon any transferee for the term of this Agreement.

8.21 Annual Report. Developer shall provide to DCD an Annual Report consisting of (a) a letter from the Developer itemizing all ongoing requirements including references to all the relevant Sections of this Agreement, (b) sufficient documentation and certifications to evidence that all ongoing requirements have been satisfied during the preceding reporting period. The Annual Report shall be submitted each year, for ten (10) years, on the yearly anniversary of the issuance of the Certificate of Completion (each such year being a "reporting period"). Failure by the Developer to submit the Annual Report shall constitute an Event of Default under **Section 15.01** hereof, without notice or opportunity to cure pursuant to **Section 15.03** hereof. The covenants contained in

this **Section 8.21** shall run with the land and be binding upon any transferee for the term of this Agreement.

8.22 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 pursuant to any City rider to the Construction Contract, 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 DCD 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 DCD, 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 DCD, 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 DCD (the "MBE/WBE Budget") shall be expended for contract participation by MBEs and by WBEs:

- (1) At least twenty-four percent (24%) by MBEs.
- (2) At least four percent (4%) 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 with a non MBE/WBE General Contractor or subcontractor without the prior written approval of DCD.

(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 whose contracts have been let prior to the date of such meeting 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

11.01 "AS IS" SALE. THE DEVELOPER ACKNOWLEDGES THAT IT HAS HAD ADEQUATE OPPORTUNITY TO INSPECT AND EVALUATE THE STRUCTURAL, PHYSICAL AND ENVIRONMENTAL CONDITION AND RISKS OF THE PROPERTY AND ACCEPTS THE RISK THAT ANY INSPECTION MAY NOT DISCLOSE ALL MATERIAL MATTERS AFFECTING THE PROPERTY. THE DEVELOPER AGREES TO ACCEPT THE PROPERTY IN ITS "AS IS," "WHERE IS" AND "WITH ALL FAULTS" CONDITION AT CLOSING WITHOUT ANY COVENANT, REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, OF ANY KIND, AS TO THE STRUCTURAL, PHYSICAL OR ENVIRONMENTAL CONDITION OF THE PROPERTY OR THE SUITABILITY OF THE PROPERTY FOR ANY PURPOSE WHATSOEVER. THE DEVELOPER ACKNOWLEDGES THAT IT IS RELYING SOLELY UPON ITS OWN INSPECTION AND OTHER DUE DILIGENCE ACTIVITIES AND NOT UPON ANY INFORMATION (INCLUDING, WITHOUT LIMITATION, ENVIRONMENTAL STUDIES OR REPORTS OF ANY KIND) PROVIDED BY OR ON BEHALF OF THE CITY OR ITS AGENTS OR EMPLOYEES WITH RESPECT THERETO. THE

DEVELOPER AGREES THAT IT IS THE DEVELOPER'S SOLE RESPONSIBILITY AND OBLIGATION TO PERFORM ANY ENVIRONMENTAL REMEDIATION WORK AND TAKE SUCH OTHER ACTION AS IS NECESSARY TO PUT THE PROPERTY IN A CONDITION WHICH IS SUITABLE FOR ITS INTENDED USE.

11.02 The Developer hereby represents and warrants to the City that the Developer has performed a Phase I environmental site assessment of the Property in accordance with the requirements of the ASTM E1527-05 standard ("Phase I") and other 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, the Scope Drawings, Plans and Specifications and all amendments thereto, the Bond Ordinance, if any, and the Redevelopment Plan. The Developer agrees to deliver to the City a copy of each report prepared by or for the Developer regarding the environmental condition of the Property.

11.03 Environmental Remediation. Notwithstanding the foregoing or any other provision to the contrary contained in this Agreement, DOE shall have the right to review and approve the Phase I and any other reports prepared for the Property. Upon DOE's request, the Developer shall perform additional studies and tests for the purpose of determining whether any environmental or health risks would be associated with the development of the Project, including, without limitation, updating or expanding the Phase I and performing initial or additional Phase II testing. If the environmental reports for the Property disclose the presence of contaminants exceeding TACO Tier I residential remediation objectives on or under the Property, the Developer shall enroll the Property in the IEPA's SRP Program and take all necessary steps to obtain a Draft NFR Letter. Unless DOE determines that it is not necessary to enroll the Property in the SRP, the Developer acknowledges and agrees that it may not commence construction on the Property until the IEPA issues, and DOE approves, a Draft NFR Letter. After DOE approves the Draft NFR Letter, the Developer covenants and agrees to complete all investigation, sampling, monitoring, testing, removal, response, disposal, storage, remediation, treatment and other activities necessary to obtain a Final NFR Letter for the Property in accordance with the requirements of the IEPA and all applicable Laws, including, without limitation, all applicable Environmental Laws ("Environmental Remediation"). If Environmental Remediation is required on the Property, the Developer acknowledges and agrees that the City will not issue a Certificate until the IEPA has issued, and the City has approved, a Final NFR Letter for the Property, which approval shall not be unreasonably withheld. The City shall have the right to approve the ROR, RAP and RACR for the Property and any changes or modifications thereto, which approval shall not be unreasonably withheld. The Developer shall bear sole responsibility for all aspects of the Environmental Remediation and any other investigative and cleanup costs associated with the Property and any improvements, facilities or operations located or formerly located thereon, including, without limitation, the removal and disposal of all Hazardous Materials, debris and other materials excavated during the performance of the Environmental Remediation. The Developer shall promptly transmit to the City copies of any written communications received from the IEPA or other regulatory agencies with respect to the Environmental Remediation.

11.04 Release and Indemnification. The Developer, on behalf of itself and anyone claiming by, through or under it, hereby releases, relinquishes and forever discharges the City, its officers, agents and employees, from and against any and all Losses which the Developer ever had, now have, or hereafter may have, whether grounded in tort or contract or otherwise, in any and all courts or other forums, of whatever kind or nature, whether known or unknown, arising out of or in any way connected with, directly or indirectly (a) any environmental contamination, pollution or hazards associated with the Property or any improvements, facilities or operations located or formerly located thereon, including, without limitation, any release, emission, discharge, generation, transportation, treatment, storage or disposal of Hazardous Materials, or threatened release,

emission or discharge of Hazardous Materials; (b) the structural, physical or environmental condition of the Property, including, without limitation, the presence or suspected presence of Hazardous Materials in, on, under or about the Property or the migration of Hazardous Materials from or to other property; (c) any violation of, compliance with, enforcement of or liability under any Environmental Laws, including, without limitation, any Losses arising under CERCLA, and (d) any investigation, cleanup, monitoring, remedial, removal or restoration work required by any federal, state or local governmental agency or political subdivision or other third party in connection or associated with the Property or any improvements, facilities or operations located or formerly located thereon (collectively, "Released Claims"). Furthermore, the Developer shall defend, indemnify, and hold the City harmless from and against any and all Losses which may be made or asserted by any third parties arising out of or in any way connected with, directly or indirectly, any of the Released Claims.

11.05 Release Runs with the Land. The covenant of release in Section 11.04 shall run with the Property, and shall be binding upon all successors and assigns of the Developer with respect to the Property, including, without limitation, each and every person, firm, corporation, limited liability company, trust or other entity owning, leasing, occupying, using or possessing any portion of the Property under or through the Developer following the date of the Deed. The Developer acknowledges and agrees that the foregoing covenant of release constitutes a material inducement to the City to enter into this Agreement, and that, but for such release, the City would not have agreed to convey the Property to the Developer. It is expressly agreed and understood by and between the Developer and the City that, should any future obligation of the Developer, or any of the Developer, arise or be alleged to arise in connection with any environmental, soil or other condition of the Property, neither the Developer, nor any of its current or former officers, directors, employees, agents, predecessors, successors or assigns, will assert that those obligations must be satisfied in whole or in part by the City because Section 11.04 contains a full, complete and final release of all such claims.

11.06 Survival. This Section 11 shall survive the Closing or any termination of this Agreement (regardless of the reason for such termination).

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 such Contractor performs, 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 Community 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 Contractor(s).

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, including but not limited to the City Housing Agreement, 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) the sale or transfer of a majority of the ownership interests of the Developer without the prior written consent of the City; provided however, transfers of limited partnership interests or the removal of the general partner, in each case in accordance with the HHL P's partnership agreement shall require only notice to 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 HHL P'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 seek reimbursement of the City Funds; provided, however, until such time as an Event of Default for noncompliance with **Section 8.20(a)** has been cured pursuant to **Section 15.03** hereof, the sole remedy available shall be that there shall be no City approval of any draw requests under the Escrow Agreement. 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, except as set forth elsewhere in this Agreement, 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, except as set forth elsewhere in this Agreement, 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 HHL P'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, reduction or reimbursement 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 15.04(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 issuance of the Certificate pursuant to **Section 7.01** hereof, no New Mortgage shall be executed with respect to the Property or any portion thereof without the prior written consent of the Commissioner of DCD.

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 Community 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:	Hancock House Limited Partnership c/o Brownlow, Belton, Sullivan, Arms, NFP 14 South Ashland Avenue Chicago, IL 60607-1806 Attention: Bishop Raymond Bell
And to:	Source Works Development, LLC 345 N. Canal, Suite 301 Chicago, IL 60606 Attention: Brigitte Grossman
With Copies To:	Carol Thompson 2092 Rosemary Road Terry, MS 39170

Katten Muchin Rosenman LLP
525 West Monroe Street
Suite 1900
Chicago, IL 60661
Attention: David Cohen, Esq.

And to: Harris N.A.
111 West Monroe Street, 2nd Floor East
Chicago, Illinois 60603
Attention: Katherine B. Mazzocco

With a Copy to: Albert, Whitehead, P.C.
10 North Dearborn Street; Suite 600
Chicago, Illinois 60602
Attention: Gregory C. Whitehead, Esq.

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 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, DCD or the Commissioner, or any matter is to be to the City's, DCD'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, DCD 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 DCD 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 **8.22** (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.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK.]

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.

HANCOCK HOUSE LIMITED PARTNERSHIP,
an Illinois limited partnership

By: Hancock House, L.L.C., an Illinois
limited liability company, its General Partner

By: Source Works Development, LLC,
an Illinois limited liability company,
its Managing Member

By: _____
Brigite Grossman, Sole Member

BROWNLOW, BELTON, SULLIVAN, ARMS, NFP,
an Illinois not-for-profit corporation

By: _____
Jerry L. Jones, Sr., President

CITY OF CHICAGO

By: Christine Raguso
Christine Raguso, Acting Commissioner
Department of Community Development

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.

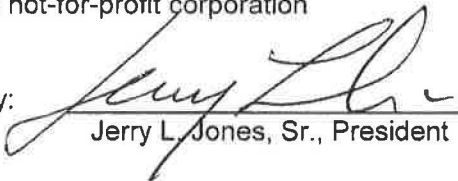
HANCOCK HOUSE LIMITED PARTNERSHIP,
an Illinois limited partnership

By: Hancock House, L.L.C., an Illinois
limited liability company, its General Partner

By: Source Works Development, LLC,
an Illinois limited liability company,
its Managing Member

By: 
Brigitte Grossman, Sole Member

BROWNLOW, BELTON, SULLIVAN, ARMS, NFP,
an Illinois not-for-profit corporation

By: 
Jerry L. Jones, Sr., President

CITY OF CHICAGO

By: _____
Christine Raguso, Acting Commissioner
Department of Community Development

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

I, the undersigned, a Notary Public in and for the County and State aforesaid, certify that Brigitte Grossman, personally known to me to be the Sole Member of Source Works Development, LLC, an Illinois limited liability company, as the managing member of Hancock House, L.L.C., an Illinois limited liability company, as the general partner of Hancock House Limited Partnership, an Illinois limited partnership, 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 signed and delivered the said instrument in his capacity as Member Source Works Development, LLC, as her free and voluntary act and deed and as the free and voluntary act and deed of Hancock House, L.L.C., as the general partner of Hancock House Limited Partnership, for the uses and purposes therein set forth.

Given under my hand and official seal this 28th day of May, 2010.

Dvorah Weinfeld
Notary Public

My Commission Expires 5-27-13

[SEAL]



STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

I, the undersigned, a Notary Public in and for the County and State aforesaid, certify that Jerry L. Jones, personally known to me to be the President of Brownlow, Belton, Sullivan, Arms, NFP, an Illinois not-for-profit corporation ("BBSA"), 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 signed and delivered the said instrument in his capacity as President of BBSA, as his free and voluntary act and deed and as the free and voluntary act and deed of BBSA, for the uses and purposes therein set forth.

Given under my hand and official seal this 28th day of May, 2010.

Dvorah Weinfeld
Notary Public

My Commission Expires 5-27-13

[SEAL]



STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

I, PATRICIA Sulewski, a notary public in and for the said County, in the State aforesaid, DO HEREBY CERTIFY that Christine Raguso, personally known to me to be the Acting Commissioner of the Department of Community 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 she signed, sealed, and delivered said instrument pursuant to the authority given to her by the City, as 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 28th day of May, 2010.

Patricia Sulewski
Notary Public

My Commission Expires 5/7/14



**HANCOCK HOUSE SENIOR APARTMENTS
REDEVELOPMENT AGREEMENT**

EXHIBIT A

REDEVELOPMENT AREA LEGAL DESCRIPTION

See Attached.

Exhibit "A".

*Legal Description Of The 119th And Halsted
Redevelopment Project Area.*

All that part of Sections 20, 21, 28 (north of the Indian Boundary Line) and 29 in Township 37 North, Range 14 East of the Third Principal Meridian bounded and described as follows:

beginning at the point of intersection of the centerline of 115th Street with the centerline of Morgan Street; thence south along said centerline of Morgan Street to the westerly extension of a line 8 feet north of and parallel with the north line of Lot 1 in Maple Park Court Resubdivision of part of Stanley Mathew's Subdivision in the west half of the southeast quarter of Section 20, Township 37 North, Range 14 East of the Third Principal Meridian, said line being also the centerline of the 16 foot alley lying north of and adjoining said Lot 1 in Maple

Park Court Resubdivision; thence east along said easterly extension and along the line 8 feet north of and parallel with the north line of Lot 1 in Maple Park Court resubdivision and along the easterly extension thereof to the westerly line of the Penn Central Railroad right-of-way; thence southeasterly along said westerly line of the Penn Central Railroad right-of-way to the centerline of 117th Street; thence west along said centerline of 117th Street to the northerly extension of the centerline of the 16 foot alley lying east and adjoining the east line of Lots 12 through 35, inclusive, in Block 1 in the resubdivision of the east half of original Blocks 8 and 11 and all of that part of Block 7, lying west of the P. C. C. & St. L. R. R. in original subdivision of the east half of the southeast quarter of Section 20, Township 37 North, Range 14 East of the Third Principal Meridian; thence south along said northerly extension and along said centerline of the 16 foot alley and along the southerly extension thereof to the centerline of 118th Street; thence east along said centerline of 118th Street to the northerly extension of the east line of the alley lying east of and adjoining the east line of Lots 1 through 15, inclusive, in Block 2 in said resubdivision of the east half of original Blocks 8 and 11 and all of that part of Block 7, lying west of the P. C. C. & St. L. R. R. in original subdivision of the east half of the southeast quarter of Section 20, Township 37 North, Range 14 East of the Third Principal Meridian; thence south along said northerly extension and along the east line of the alley lying east of and adjoining the east line of Lots 1 through 15, inclusive, in Block 2 in said resubdivision and along the southerly extension thereof to the centerline of the alley lying south of and adjoining the south line of Lot 15 in said Block 2 in the resubdivision of the east half of original Blocks 8 and 11 and all of that part of Block 7, lying west of the P. C. C. & St. L. R. R. in original subdivision of the east half of the southeast quarter of Section 20, Township 37 North, Range 14 East of the Third Principal Meridian; thence west along the centerline of said alley lying south of and adjoining the south line of Lot 15 in Block 2 in said resubdivision to the east line of Peoria Street; thence west along a straight line to the point of intersection of the west line of Peoria Street with the centerline of the alley lying south of and adjoining the south line of Lots 29 and 18 in Block 4 in the resubdivision of the west half of Blocks 8 and 11 and all of Blocks 9 and 10, except Lots 19, 22 and 23 of Block 10 of the original subdivision of the east half of the southeast quarter of Section 20, Township 37 North, Range 14 East of the Third Principal Meridian; thence west along the centerline of the alley lying south of and adjoining the south line of Lots 29 and 18 in Block 4 in said resubdivision and the westerly extension thereof to the centerline of Sangamon Street; thence north along said centerline of Sangamon Street to the easterly extension of the centerline of the alley lying north of and adjoining the north line of Lots 19, 20 and 21 in Block 3 in said resubdivision of the west half of Blocks 8 and 11 and all of Blocks 9 and 10, except Lots 19, 22 and 23 of Block 10 of the original subdivision of the east half

of the southeast quarter of Section 20, Township 37 North, Range 14 East of the Third Principal Meridian; thence west along said centerline of the alley lying north of and adjoining the north line of Lots 19, 20 and 21 in Block 3 in said resubdivision to the northerly extension of the west line of said Lot 21 in Block 3 in said resubdivision; thence north along said northerly extension of the west line of said Lot 21 to the south line of Lot 18 in Block 3 in said resubdivision; thence west along said south line of Lot 18 and along the westerly extension thereof and along the south line of Lot 22 in Block 3 in said resubdivision to the east line of Morgan Street; thence south along said east line of Morgan Street to the north line of 119th Street; thence east along said north line of 119th Street to the east line of Peoria Street; thence south along said east line of Peoria Street to the westerly extension of the northerly line of Lot 1 in Block 1 of First Addition of West Pullman Subdivision; thence easterly along said westerly extension of the northerly line of Lot 1 in Block 1 of First Addition of West Pullman Subdivision to the northwest corner of said Lot 1; thence southerly along the westerly line of Lots 1 through 11, inclusive, in said Block 1 of First Addition of West Pullman Subdivision to the north line of 120th Street; thence southerly to the northwest corner of Lot 1 in Block 8 of said First Addition to West Pullman Subdivision; thence southerly along the westerly line of Lots 1 through 18, inclusive, in said Block 8 to the southwest corner of said Lot 18; thence southerly a distance of 25.00 feet along the prolongation of the last described course; thence 165 feet, more or less, westerly to the east line of vacated Green Street; thence southerly along said east line of vacated Green Street to the northerly right-of-way line of Illinois Central Railroad; thence west along said northerly right-of-way line of Illinois Central Railroad to the east line of Peoria Street; thence south along said east line of Peoria Street to the southerly right-of-way line of the Illinois Central Railroad; thence east along said southerly right-of-way line of the Illinois Central Railroad to the northwest corner of Lot 1 in Block 9 of First Addition to West Pullman Subdivision; thence south along the westerly line of Lots 1 through 12 to the easterly extension of the southerly line of Lot 11 in Block 1 of the resubdivision of Blocks 9 to 16, inclusive, of said First Addition to West Pullman Subdivision; thence west along said easterly extension of the southerly line of Lot 11 in Block 1 in said resubdivision, a distance of 8 feet, to the centerline of the alley lying west of and parallel with Halsted Street, said alley being also east of and adjoining said Lot 11; thence south along said centerline line of the alley lying west of and parallel with Halsted Street to the centerline of 123rd Street; thence east along said centerline of 123rd Street to the centerline of Emerald Avenue; thence north along said centerline of Emerald Avenue to the centerline of 122nd Street; thence east along said centerline of 122nd Street to the westerly line of the right-of-way of the Penn Central Railroad; thence southeasterly along said westerly line of the right-of-way of the Penn Central Railroad to the centerline of 123rd Street; thence

east along said centerline of 123rd Street to the easterly line of the right-of-way of the Penn Central Railroad; thence northwesterly along said easterly line of the right-of-way of the Penn Central Railroad to the southerly extension of the centerline of the alley west of and parallel with Lowe Avenue, said alley being also west of and adjoining the west line of Lots 1 through 22 in Block 34 in West Pullman, a subdivision in the west half of the northeast quarter and the northwest quarter of Section 28, Township 37 North, Range 14 East of the Third Principal Meridian; thence north along said centerline of the alley west of and parallel with Lowe Avenue to the south line of the right-of-way of the Illinois Central Railroad; thence east along said south line of the right-of-way of the Illinois Central Railroad to the east line of the east half of the northwest quarter of Section 28, Township 37 North, Range 14 East of the Third Principal Meridian, said east line of the east half of the northwest quarter of Section 28 being also the centerline of Stewart Avenue; thence north along said centerline of Stewart Avenue to the north line of the right-of-way of the Illinois Central Railroad; thence west along said north line of the right-of-way of the Illinois Central Railroad to the centerline of Lowe Avenue; thence north along said centerline of Lowe Avenue to the westerly extension of the south line of Lot 37 in Block 16 in said West Pullman; thence east along said westerly extension and along the south line of Lot 37 and along the easterly extension thereof to the centerline of the alley east of and parallel with Lowe Avenue, said alley being also east of and adjoining said Lot 37; thence north along said centerline of the alley east of and parallel with Lowe Avenue to the westerly extension of the south line of Lot 7 in said Block 16 in West Pullman; thence east along said westerly extension and along the south line of Lot 7 in said Block 16 in West Pullman to the west line of Wallace Street; thence east along a straight line to the southwest corner of Lot 40 in Block 17 in said West Pullman; thence east along the south line of said Lot 40 in Block 17 in West Pullman and along the easterly extension thereof and along the south line of Lot 7 in said Block 17 in West Pullman and along the easterly extension thereof to the centerline of Parnell Avenue; thence south along said centerline of Parnell Avenue to the westerly extension of the south line of the north 12.5 feet of Lot 38 in Block 18 in said West Pullman; thence east along said westerly extension and along the south line of the north 12.5 feet of Lot 38 in Block 18 in said West Pullman and the easterly extension thereof to the centerline of the alley east of and parallel with Parnell Avenue, said alley being also east of and adjoining said Lot 38; thence north along said centerline of the alley east of and parallel with Parnell Avenue to the westerly extension of the south line of Lot 6 in said Block 18 in West Pullman; thence east along said westerly extension and along the south line of said Lot 6 in Block 18 in West Pullman, and along the easterly extension thereof, to the

centerline of Normal Avenue; thence north along said centerline of Normal Avenue to the westerly extension of the centerline of the alley south of and parallel with 119th Street in Block 6 in West Pullman, said alley being also south of and adjoining the south line of Lots 1 through 10, inclusive, in the resubdivision of that part of West Pullman lying in the northwest quarter of the west half of the northeast quarter of Section 28, Township 37 North, Range 14 East of the Third Principal Meridian; thence east along said centerline of the alley south of and parallel with 119th Street to the centerline of Wentworth Avenue; thence north along said centerline of Wentworth Avenue to the easterly extension of the centerline of the alley north of and parallel with 119th Street, said alley being also north of and adjoining Lots 23 through 32, inclusive, in Block 4 in Thomas Scanlan's Addition to Pullman, being a subdivision of the east half of the southwest quarter of the southeast quarter of Section 21, Township 37 North, Range 14 East of the Third Principal Meridian; thence west along said easterly extension and along the centerline of the alley north of and parallel with 119th Street to the centerline of Harvard Avenue; thence north along said centerline of Harvard Avenue to the easterly extension of the centerline of the alley north of and parallel with 119th Street, said alley being also north of and adjoining the north line of Lots 17 through 26, inclusive, in Block 6 in A. O. Tylor's Addition to Pullman, a subdivision of the east half of the southeast quarter of the southwest quarter and of the west half of the west half of the southwest quarter of the southeast quarter of Section 21, Township 37 North, Range 14 East of the Third Principal Meridian; thence west along said easterly extension and the centerline of the alley north of and parallel with 119th Street to the centerline of Stewart Avenue; thence south along the centerline of Stewart Avenue, to the easterly extension of the centerline of the alley north of and parallel with 119th Street, said alley being also north of and adjoining the north line of Lots 6 through 15, inclusive, in Hugh Lauder's Subdivision of Lot 8 in Block 5 in said A. O. Tylor's Addition to Pullman; thence west along said easterly extension and the centerline of the alley north of and parallel with 119th Street to the centerline of Eggleston Avenue; thence north along said centerline of Eggleston Avenue to the easterly extension of the centerline of the alley north of and parallel with 119th Street, said alley being also north of and adjoining the north line of Lots 10 through 19, inclusive, in Block 4 in said A. O. Tylor's Addition to Pullman; thence west along said easterly extension and the centerline of the alley north of and parallel with 119th Street to the centerline of Normal Avenue; thence south along said centerline of Normal Avenue to the easterly extension of the centerline of the alley north of and parallel with 119th Street, said alley being also north of and adjoining the north line of Lots 17 through 26, inclusive, in Block 4 in Hannah B. Gano's Addition to Pullman,

being a subdivision of the west half of the southeast quarter of the southwest quarter of Section 21, Township 37 North, Range 14 East of the Third Principal Meridian; thence west along said easterly extension and the centerline of the alley north of and parallel with 119th Street to the southerly extension of the east line of Lot 28 in Block 4 in Kneeland and Wright's 2nd Addition to West Pullman in the southwest quarter of Section 21, Township 37 North, Range 14 East of the Third Principal Meridian; thence north along said southerly extension and the east line of Lot 28 in Block 4 in Kneeland and Wright's 2nd Addition to West Pullman and the northerly extension thereof to the centerline of 118th Place; thence west along said centerline of 118th Place to the southerly extension of the centerline of the alley east of and parallel with Halsted Street, said alley being also west of and adjoining the west line of Lots 1 through 11, inclusive, in said Block 4 in Kneeland and Wright's 2nd Addition to West Pullman; thence north along said centerline of the alley east of and parallel with Halsted Street to the centerline of 118th Street; thence east along said centerline of 118th Street to the southerly extension of the centerline of the alley east of and parallel with Halsted Street, said alley being also east of and adjoining the east line of Lots 170 through 165, inclusive, in Sharpshooter's Park Subdivision of part of Sharpshooter's Park, said park being the west half of the southwest quarter of Section 21, Township 37 North, Range 14 East of the Third Principal Meridian; thence north along said southerly extension and along the centerline of the alley east of and parallel with Halsted Street to the centerline of 115th Street; thence west along said centerline of 115th Street to the centerline of Halsted Street; thence north along said centerline of Halsted Street to the centerline of 114th Street; thence west along said centerline of 114th Street to the southerly extension of the centerline of the alley west of and parallel with Green Street, said alley being also east of and adjoining the east line of Lots 16 through 30, inclusive, in Sheldon Heights West Fifth Addition, a subdivision of a part of the east half of the northeast quarter of Section 20, Township 37 North, Range 14 East of the Third Principal Meridian; thence north along said southerly extension of the centerline of the alley west of and parallel with Green Street to the easterly extension of the south line of said Lot 30 in Sheldon Heights West Fifth Addition; thence west along said easterly extension and the south line of said Lot 30 in Sheldon Heights West Fifth Addition and along the westerly extension thereof to the southeast corner of Lot 31 in said Sheldon Heights West Fifth Addition; thence continuing west along the south line of said Lot 31 in said Sheldon Heights West Fifth Addition and along the westerly extension thereof to the southwest corner of said Sheldon Heights West Fifth Addition; thence north along the west line of said Sheldon Heights West Fifth Addition, said west line being also the west line of an 8 foot alley west of and parallel with Peoria Street, to the easterly extension of a line 16 feet south of and parallel with the south

line of Lots 19 and 20 in the Sixth Addition to Sheldon Heights West, being a subdivision of part of the east two-thirds of the west three-eighths of the north half of the east half of the northeast quarter of Section 20, Township 37 North, Range 14 East of the Third Principal Meridian; thence west along said easterly extension and along a line 16 feet south of and parallel with the south line of Lots 19 and 20 in the Sixth Addition to Sheldon Heights West to the southwesterly line of said Sixth Addition to Sheldon Heights West Subdivision, said southwesterly line being also a line 8 feet southwest of and parallel with the southwesterly line of Lots 20 through 23, inclusive, in said Sixth Addition to Sheldon Heights West; thence northwest along said southwesterly line of Sixth Addition to Sheldon Heights West Subdivision to the point of intersection of said southwesterly line with the west line of said Sixth Addition to Sheldon Heights West Subdivision, said point being 1,032.98 feet south of the north line of the west half of the northeast quarter of Section 20, Township 37 North, Range 14 East of the Third Principal Meridian; thence southwesterly along a straight line to a point on the west line of the east half of the northeast quarter of Section 20, Township 37 North, Range 14 East of the Third Principal Meridian, said point being 1,188.76 feet south of the north line of said Section 20 as measured along said west line of the east half of the northeast quarter of Section 20; thence south along said west line of the east half of the northeast quarter of Section 20 to the northeasterly line of the right-of-way of the Penn Central Railroad; thence northwest along said northeasterly line of the right-of-way of the Penn Central Railroad to the centerline of 111th Street; thence west along said centerline of 111th Street to the southwesterly line of the right-of-way of the Penn Central Railroad; thence southeast along said southwesterly line of the right-of-way of the Penn Central Railroad to the centerline of 115th Street; thence west along said centerline of 115th Street to the point of beginning on the centerline of Morgan Street, all in Cook County, Illinois.

Exhibit "B".

Street Location.

The 119th and Halsted Redevelopment Project Area lies primarily in the West Pullman community area, and is generally bounded by 123rd Street on the south, South Wentworth Avenue and South Normal Avenue on the east, 111th Street on the north and Morgan Street on the west.

**HANCOCK HOUSE SENIOR APARTMENTS
REDEVELOPMENT AGREEMENT**

EXHIBIT B

PROPERTY LEGAL DESCRIPTION

See Attached.

LEGAL DESCRIPTION OF REAL ESTATE

PARCEL 1:

LOT 26 (EXCEPT THAT PART OF SAID LOT CONVEYED TO THE CITY OF CHICAGO BY DEED RECORDED JUNE 27, 1929 AS DOCUMENT 10397274) IN BLOCK 13 IN WEST PULLMAN IN THE WEST 1/2 OF THE NORTHEAST 1/4 AND THE NORTHWEST 1/4 OF SECTION 28, TOWNSHIP 37 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 2:

LOTS 24 AND 25 (EXCEPT THAT PART OF SAID LOTS TAKEN BY THE CITY OF CHICAGO FOR WIDENING OF HALSTED STREET) IN BLOCK 13 IN WEST PULLMAN IN THE WEST 1/2 OF THE NORTHEAST 1/4 AND THE NORTHWEST 1/4 OF SECTION 28, TOWNSHIP 37 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 3:

LOTS 21 AND 22 IN BLOCK 13 IN WEST PULLMAN IN THE WEST 1/2 OF THE NORTHEAST 1/4 AND THE NORTHWEST 1/4 OF SECTION 28, TOWNSHIP 37 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 4:

LOT 23 IN BLOCK 13 IN THE RESUBDIVISION OF THAT PART OF WEST PULLMAN IN THE WEST 1/2 OF THE NORTHEAST 1/4 AND THE NORTHWEST 1/4 OF SECTION 28, TOWNSHIP 37 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 5:

LOTS 1 TO 9, BOTH INCLUSIVE IN THE RESUBDIVISION OF LOT 21 IN BLOCK 14 IN WEST PULLMAN IN THE WEST 1/2 OF THE NORTHEAST 1/4 AND THE NORTHWEST 1/4 OF SECTION 28, TOWNSHIP 37 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

COMMONLY KNOWN AS: 12045 SOUTH EMERALD AVENUE,
CHICAGO, ILLINOIS

PINs: 25-28-108-018-0000 VOL. 469; 25-28-108-019-0000 VOL. 469;
25-28-108-038-0000 VOL. 469; 25-28-108-039-0000 VOL. 469;
25-28-108-040-0000 VOL. 469; 25-28-109-010-0000 VOL. 469

**HANCOCK HOUSE SENIOR APARTMENTS
REDEVELOPMENT AGREEMENT**

EXHIBIT C

TIF-FUNDED IMPROVEMENTS

<u>Line Item</u>	<u>Cost</u>
Construction	\$13,018,760
TOTAL:	\$13,018,760*

* The maximum amount of City Funds provided to the Developer shall not exceed \$575,000.

**HANCOCK HOUSE SENIOR APARTMENTS
REDEVELOPMENT AGREEMENT**

EXHIBIT D

REDEVELOPMENT PLAN

See Attached.

**HANCOCK HOUSE SENIOR APARTMENTS
REDEVELOPMENT AGREEMENT**

EXHIBIT E

CONSTRUCTION CONTRACT

See Attached.

**HANCOCK HOUSE SENIOR 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 City'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.

**HANCOCK HOUSE SENIOR APARTMENTS
REDEVELOPMENT AGREEMENT**

EXHIBIT G

PROJECT BUDGET

See Attached.

**Development Costs
Hancock House**

Exhibit G

Acquisition	1
Environmental Remediation	450,000
Net Construction Costs	13,018,760
Overhead	262,020
General Conditions	746,800
Profit	314,425
Contingency	673,438
Furniture Fixtures & Equipment	70,000
Building Permits	55,000
Bond Premium / LOC fee	83,416
Other Environmental	41,440
Environmental Total:	41,440
Architect -- Design	480,000
Architect -- Supervision	100,000
Blueprints & Reproductions	22,660
Engineering Fees	140,500
Environmental Reports and Market Study	22,000
Appraisal	20,000
As-Is Plats & Surveys	22,500
Accountant -- General	25,000
Legal	149,263
Consultant -- Financial	233,795
Title & Recording Fees	30,000
Liability Insurance	25,000
Real Estate Taxes	25,000
IHDA Asset Management Fee	191,000
Application Fee	9,650
Construction Points	11,250
Permanent Loan Points	11,250
Construction Inspection	19,572
Lender Legal Costs	40,000
LIHTC Reservation Fee	58,750
Working Capital LOC Fee	19,475
Leasing Personnel	60,000
Advertising	50,000
Developer Fee	1,072,455
Lease-Up Reserve	50,000
Operating Deficit	322,834
Replacement Reserve	26,700
Tax & Insurance Escrow	81,435
IHDA ERP Reserve	45,607
First Mortgage	82,500
TOTAL	19,163,496

**HANCOCK HOUSE SENIOR APARTMENTS
REDEVELOPMENT AGREEMENT**

EXHIBIT H

REQUISITION FORM

State of Illinois))
COUNTY OF COOK) ss

The affiant, _____ of Hancock House Limited Partnership, an Illinois limited partnership ("HHLP") and _____ of Brownlow, Belton, Sullivan, Arms, NFP, an Illinois not-for-profit corporation ("BBSA" and, together with HHLP, the "Developer"), hereby certify that with respect to that certain Hancock House Senior 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 TIF-Funded Improvements for the Project reimbursed by the City to date:

\$ _____

C. BBSA requests reimbursement for the following costs of TIF-Funded Improvements:

\$ _____

D. 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 TIF 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 report of the Monitoring and Compliance Division of the Department of Community Development with respect to MBE/WBE, City Resident hiring and prevailing wage matters.

G. Attached hereto is a copy of the inspecting architect's confirmation of percentage of completion.

H. Attached hereto is documentation establishing full payment of the last installment of real estate taxes due prior to the date hereof.

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 Community Development

**HANCOCK HOUSE SENIOR APARTMENTS
REDEVELOPMENT AGREEMENT**

EXHIBIT I

APPROVED PRIOR EXPENDITURES

None.

**HANCOCK HOUSE SENIOR APARTMENTS
REDEVELOPMENT AGREEMENT**

EXHIBIT J

OPINION OF DEVELOPER'S COUNSEL

See Attached.

May 28, 2010

City of Chicago, Department of Community Development
121 N. LaSalle Street
Chicago, Illinois 60602

Re: Hancock House

Ladies and Gentlemen:

We have acted as counsel for Hancock House Limited Partnership, an Illinois limited partnership (the "Partnership"), Hancock House, L.L.C, an Illinois limited liability company (the "General Partner"), Source Works Development, LLC ("SWD") and PMN Development LLC ("PMN") in connection with a mortgage loan to the Partnership in the principal sum of \$2,229,355.00 (the "TCAP Loan") by the City of Chicago, Illinois (the "City") a grant in the principal sum of \$7,121,534.00 (the "1602 Loan"; together with the TCAP Loan, the "Financing") by the City. We have also represented the Partnership in connection with that certain Hancock House Senior Apartments Redevelopment Agreement dated as of even date herewith ("RDA") by and among the City, the Partnership and Brownlow, Belton, Sullivan, Arms, NFP, an Illinois not-for-profit corporation ("BBSA"). The Partnership, the General Partner and the SWD have requested that this opinion be furnished to the City. The Loans are being made, in part, to assist the Partnership in developing certain real property situated in Chicago, Illinois, and more particularly described in Exhibit A hereto (the "Project Site"). The Partnership, the General Partner and the SWD are collectively referred to herein as the "Affiliated Parties".

In so acting as counsel for the Partnership, the General Partner and the SWD, we have examined:

- A. the executed original RDA;
- B. an executed original of each of the documents evidencing or securing the ARRA Financing as described on Schedule 1 hereto (collectively, the "ARRA Documents" and together with the RDA, the Financing Documents);
- C. The UCC-1 Financing Statement naming the Partnership as debtor and the City as Secured Party ("Financing Statement").

The City of Chicago
May 28, 2010
Page 2

D. the authorizing resolutions of the SWD, as certified by the sole member of the SWD;

E. an original of the Amended and Restated Agreement of Limited Partnership dated as of May 24, 2010 in respect of the Partnership (the "Partnership Agreement");

F. an original of the Amended and Restated Operating Agreement dated as of May 24, 2010 in respect of the General Partner (the "General Partner Operating Agreement");

G. an original of the Operating Agreement of SWD (the "SWD Operating Agreement");

H. the Certificate of Limited Partnership in respect of the Partnership filed with the Secretary of State of the State of Illinois ("SOS"), as furnished and certified by the SOS;

I. the Articles of Organization, in respect of the General Partner filed with the SOS, as furnished and certified by the SOS;

J. the Articles of Organization, in respect of SWD filed with the SOS, as furnished and certified by the SOS;

K. Certificate of Good Standing dated May 24, 2010, issued by the SOS as to the SWD; the Certificate of Good Standing dated May 24, 2010, issued by the SOS as to the General Partner; and the Certificate of Good Standing dated May 24, 2010, issued by the SOS;

L. an original of the Operating Agreement of PMN dated as of May 24, 2010 ("PMN Operating Agreement"); the Articles of Organization of PMN filed with the SOS, as furnished and certified by the SOS; the Certificate of Good Standing of PMN dated May 24, 2010 issued by the SOS; and the authorizing resolutions of PMN, as certified by the managing member of PMN.

L. Pro Forma Policy for Title Insurance No. 412381 (the "Title Policy") issued First American Title Company in respect of the Project Site; and

M. UCC financing statement, fixture filing, tax, bankruptcy, judgment and litigation search results current as of various dates in March and April, 2010, with respect to the Partnership, General Partner and the SWD (collectively, the "Search Results").

N. The Deed from the City to the BBSA dated as of even date herewith.

O. The Deed from the BBSA to the Partnership dated as of even date herewith.

In our capacity as counsel, we have also examined such other documents or instruments as we have deemed relevant for the purposes of rendering the opinions hereinafter set forth.

In connection with this opinion, except where we have actual knowledge to the contrary, we have, with your permission, assumed (except with respect to documents prepared by us or signed and delivered in our presence) the accuracy and completeness of all documents and records that we have reviewed, the genuineness of all signatures (other than those of persons signing on behalf of the Affiliated Parties), the authenticity of the documents submitted to us as originals and the conformity to authentic original documents of all documents submitted to us as certified, conformed or reproduced copies. We have further assumed, with your permission, that:

- (i) Each party to the Financing Documents other than the Affiliated Parties has satisfied all legal requirements that are applicable to it to the extent necessary to make the Loan Documents enforceable against it.
- (ii) The conduct of each party to the Financing Documents complies with any requirement of good faith, fair dealing and conscionability.
- (iii) As to opinions with respect to enforceability, there has not been any mutual mistake of fact or fraud, duress or undue influence by the City.

Wherever we indicate that our opinion with respect to the existence or absence of facts is based on our knowledge, our opinion is based solely on the actual knowledge of the attorneys in the firm who are representing the Affiliated Parties in connection with the transactions contemplated by the Loan Documents, and we have conducted no special investigation of factual matters in connection with this opinion. In each case in which we indicate that our knowledge is based upon "due inquiry" the basis for our opinion is limited solely to (i) discussions, inquiries and conferences occurring in connection with our representation of the Partnership, General Partner, PMN and SWD, (ii) reviews of certain corporate records, documents and proceedings of or involving the Partnership, the General Partner and SWD furnished to us in connection with our representation, (iii) review of the Search Results and (iv) review of the Opinion Certificate dated as of even date herewith furnished to us by the SWD and Brigitte Grossman, an individual, in connection with this Opinion, and shall not imply any independent verification of any factual matter of which we became aware as a result of such discussions, inquiries, conferences and reviews.

Our opinion is limited to federal laws and the laws of the State of Illinois. We express no opinion concerning the laws of any other jurisdiction (including without limitation any statutes, ordinances, administrative decisions, rules or regulations of any county, town, municipality or special political subdivision [whether created or enabled through legislative action at the federal, state or regional level]) or compliance therewith by any party. This opinion is predicated solely upon statutory and case law in existence on the date hereof.

Based upon and subject to the assumptions and qualifications herein stated, it is our opinion that:

1. The Partnership is a limited partnership organized and existing in good standing under the laws of the State of Illinois. The Partnership has made all filings required by the laws of the State of Illinois in respect of its formation and continuing existence, and has all requisite authority to execute and deliver, and to consummate the transactions contemplated by, the Financing Documents to which it is a party.
2. The General Partner is a limited liability company organized and existing in good standing under the laws of the State of Illinois. The General Partner has made all filings required by the laws of the State of Illinois in respect of its formation and continuing existence, and has all requisite authority to execute and deliver, and to consummate the transactions contemplated by each of the ARRA Documents to which it is a party.
3. SWD is a limited liability company organized and existing in good standing under the laws of the State of Illinois, and has all requisite authority to carry on its businesses as described in its operating agreement and to execute and deliver, and to consummate the transactions contemplated by the ARRA Documents to which it is a party.
4. Under the Partnership Agreement, SWD has requisite power and authority to execute and deliver the Financing Documents to which the Partnership is a party on behalf of the Partnership (in SWD's capacity as General Partner of the General Partner) and all other documents required by the City to be executed by the Partnership in connection with the ARRA Financing and to perform its obligations thereunder.
5. Under the General Partner Operating Agreement, the General Partner has requisite power and authority to execute and deliver the ARRA Documents to which it is a party.
6. The Financing Documents to which the Partnership is a party have been executed and delivered by the Partnership and constitute legal, valid and binding obligations of the Partnership enforceable against the Partnership in accordance with their respective terms.
7. The ARRA Documents to which General Partner is a party have been executed and delivered by the General Partner, and constitute legal, valid and binding obligations of the General Partner enforceable against the General Partner in accordance with their respective terms.

8. The ARRA Documents to which SWD is a party have each been executed and delivered by the SWD, and constitute legal, valid and binding obligation of the SWD enforceable against the SWD in accordance with their respective terms.
9. Each Mortgage will create, as security for the Note it secures, a valid mortgage lien of record on the Project Site subject to the encumbrances and other title exceptions disclosed, and the limitations and provisions set forth, in the Title Policy or in any ARRA Document.
10. Each Mortgage is in a form sufficient to create, as security for the Note it secures, a valid perfected security interest in the fixtures described therein pursuant to the Illinois Uniform Commercial Code ("IUCC"). Upon the recording of the Mortgages in the appropriate offices in Cook County, Illinois and the filing of the Financing Statements in the appropriate offices of the State of Illinois, each Mortgage and the Financing Statement shall create, as security for the Note it secures, a valid perfected security interest in the personal property described therein (the "Personalty") pursuant to the "IUCC" to the extent that a security interest may be created and perfected by filing with the Illinois Secretary of State pursuant to the IUCC. It is not necessary to file any other financing statements pursuant to the Illinois Uniform Commercial Code in order to perfect said security interest in such fixtures and personal property other than the Financing Statement and continuation statements.
11. None of the transactions contemplated by the ARRA Documents is in violation of any statute or rule of law of the State of Illinois regarding interest or usury.
12. To our knowledge based solely on our review of the Search Results and the Opinion Certificate (and we have no actual knowledge to the contrary that), there is no action, suit or proceeding at law or in equity pending or threatened, against or affecting the Partnership or the Project Site, before any court or before any governmental or administrative agency, which if adversely determined could materially and adversely affect the Partnership's ability to perform under the Financing Documents to which it is a party.
13. To our knowledge based solely on our review of the Search Results and the Opinion Certificate (and we have no knowledge to the contrary), there is no action, suit or proceeding at law or in equity pending threatened, against or affecting the General Partner before any court or before any governmental or administrative agency, which if adversely determined could materially and adversely affect the ability of the General Partner to perform its obligations under the ARRA Documents to which it is a party.
14. To our knowledge based solely on our review of the Search Results and the Opinion Certificate (and we have no actual knowledge to the contrary), there is no

action, suit or proceeding at law or in equity pending threatened, against or affecting the SWD before any court or before any governmental or administrative agency, which if adversely determined could materially and adversely affect the ability of the SWD to perform its obligations under the ARRA Documents to which it is a party.

15. The transactions contemplated by the Financing Documents are governed by the laws of the State of Illinois, except to the extent that federal law applies.
16. To our knowledge, upon due inquiry, the execution and delivery by the Partnership of the Financing Documents as to which it is a party and the consummation of the transactions contemplated thereby will not constitute:
 - A. a violation or breach of (i) the Partnership Agreement, (ii) any provision of any contract or other instrument to which the Partnership is a party or by which the Partnership or the Project Site are bound, or (iii) any order, writ, injunction, decree, statute, rule or regulation of the State of Illinois binding on the Partnership or the Project Site, or
 - B. a breach of any of the provisions of, or constitute a default under, or result in the creation or imposition of any lien or encumbrance (other than any lien or encumbrance in favor of the City, Harris N.A. ("Bank"), the Illinois Housing Development Authority ("IHDA") or the Chicago Low Income Housing Trust Fund ("CLIHTF") or any other lien or encumbrance disclosed in the Title Policy) upon any of the property of the Partnership, including the Project Site, pursuant to any agreement or other instrument to which the Partnership is a party or by which the Partnership or the Project Site are bound.
17. To our knowledge, upon due inquiry, the execution and delivery by the General Partner of the ARRA Documents to which it is a party and the consummation of the transactions contemplated thereby will not constitute:
 - A. a violation or breach of (i) the General Partner Operating Agreement, (ii) any provision of any contract or other instrument to which the General Partner is bound, or (iii) any order, writ, injunction, decree, statute, rule or regulation of the State of Illinois binding on the General Partner, or
 - B. a breach of any of the provisions of, or constitute a default under, or result in the creation or imposition of any lien or encumbrance (other than any lien or encumbrance in favor of the City, the Bank, IHDA or CLIHTF) upon any of the property of the General Partner, including General Partner's membership interests in the Partnership, pursuant to any

agreement or other instrument to which the General Partner is a party or by which the General Partner is bound.

18. To our knowledge, upon due inquiry, the execution and delivery by SWD of the ARRA Documents to which it is a party and the consummation of the transactions contemplated thereby will not constitute:
 - A. a violation or breach of (i) the SWD Operating Agreement, (ii) any provision of any contract or other instrument to which SWD is bound, or (iii) any order, writ, injunction, decree, statute, rule or regulation of the State of Illinois binding on SWD, or
 - B. a breach of any of the provisions of, or constitute a default under, or result in the creation or imposition of any lien or encumbrance upon any of the property of the SWD pursuant to any agreement or other instrument to which the SWD is a party or by which the SWD is bound.
19. To our knowledge, no action of, or filing with, any governmental or public body that has not been obtained is required to authorize, or is otherwise required for, the execution and delivery of any of the ARRA Documents by the Partnership, the General Partner or SWD.
20. The RDA, Regulatory Agreement Mortgages and the Memoranda will, upon the recording of such documents with the Cook County, Illinois Recorder, create valid encumbrances of record on the Project Site subject to the encumbrances and other title exceptions disclosed, and the limitations and provisions set forth, in the Title Policy or in any Financing Document.

All opinions set forth above are subject to the following assumptions, qualifications and limitations:

(i) The enforceability of the provisions, rights and remedies provided in the Loan Documents or the RDA against any particular party or parties is subject to applicable federal and state bankruptcy, reorganization, insolvency, moratorium and other similar laws of general application relating to or affecting the enforcement of creditors' rights from time to time in effect and general equitable principles (whether such enforceability is considered in a proceeding in equity or at law).

(ii) We express no opinion as to the validity or enforceability of any provision of the Financing Documents which: (a) may require indemnification or exculpation for liabilities under the provisions of any federal or state securities laws, or in respect to the neglect or wrongful conduct of the indemnified party or its representatives or agents or any other indemnification provisions which are contrary to public policy, (b) waive any right granted by common or statutory law, (c) provide that certain action or inaction by any party will not constitute a waiver,

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(d) provide that waivers, consents, amendments or modifications must be in writing to the extent that action of the parties benefitting thereby may waive such provisions, or (e) purport to give rise to defaults for matters which have been cured prior to the exercise of any remedy by the City.

(iii) We express no opinion as to the perfection of any security interest in any personal property which cannot be perfected by filing a financing statement under the Illinois Uniform Commercial Code.

(iv) We express no opinion as to matters of title or priority of liens, and to the extent title to property is required to be held by any party to perform its obligations under any Loan Document or to create or perfect a lien or security interest, we have assumed that the relevant party holds such title.

(v) We express no opinion with respect to the validity, enforceability or perfection of a security interest in which the Partnership has no "rights," as that term is defined in the Illinois Uniform Commercial Code, until such time as the Partnership acquires such rights.

(vi) We assume that the RDA, Mortgages, Regulatory Agreement, Memoranda and the Financing Statements have been, or will be, duly and timely recorded or filed (or both), in all places necessary to create and perfect the lien or security interest provided therein and the collateral is accurately and sufficiently described in the RDA, Mortgages, Regulatory Agreement, Memoranda and the Financing Statements to provide notice to third parties of the lien or security interest intended to be provided for in the Financing Documents. We understand that, with respect to the priority of the liens and security interests thereof, you will rely on a title insurance policy and such UCC and other as searches you deem adequate, and, accordingly, we express no opinion with regard to such matters.

(vii) Certain rights, remedies, waivers and other provisions of the Financing Documents may not be enforceable under, or may be limited by, applicable laws and judicial decisions, but such laws and judicial decisions do not render the Financing Documents invalid as a whole, and there exist in the Financing Documents or pursuant to applicable law, legally adequate remedies for the realization of the principal benefits and security intended to be provided by the Financing Documents subject to the economic consequences of delay and increased costs which might be occasioned by the unenforceability of such provisions; without limiting the foregoing, we bring to your attention that 735 ILCS 5/15-1602 grants a mortgagor the right, which in certain circumstances is exercisable not more than once in any five year period, to cure the default of a loan secured by real estate within certain time periods specified in such statute.

(viii) We express no opinion with respect to the enforceability of provisions of the Financing Documents purporting to absolutely assign the rents, issues and profits of the real estate collateral comprising the Project Site.

The City of Chicago
May 28, 2010
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(ix) We have not reviewed and do not opine with respect to various laws that are customarily not addressed by third-party legal opinion, including but not limited to the following: (1) compliance by the Project Site with applicable federal and state zoning, health, safety, antidiscrimination, building, environmental, landmark, archaeological preservation, mobile home, land use or subdivision laws, ordinances, codes, rules or regulations, (2) federal and state pension and employee benefit laws, rules and regulations, (3) federal and state taxation, trust, banking, insurance, antitrust and unfair competition, bulk sales, securities or "blue sky" laws, rules or regulations, (4) Federal Reserve Board margin regulations, (5) federal and state racketeering laws, rules and regulations, (6) federal and state criminal laws, rules and regulations, (7) federal and state civil forfeiture laws, rules and regulations and (8) other federal and state laws, rules and regulations of general applicability to the extent they provide for criminal prosecution (e.g., mail fraud and wire fraud statutes).

(x) We assume the Partnership has sufficient rights in the collateral described in the Loan Documents to grant a lien and security interest in the real property, fixtures, personal property and any other collateral described therein.

(xi) We assume the ARRA Documents accurately describe the collateral in which a security interest is being granted by the Partnership.

(xii) We assume that the assignors pursuant to the Collateral Assignment have received adequate consideration thereunder.

(xiii) We express no opinion as to the validity or enforceability of any provision of the Financing Documents purporting to obligate the sole member of SWD to perform any obligation, or make any payment, under the Financing Documents.

This opinion is given as of the date hereof and we assume no obligation to advise you of changes that may hereafter be brought to our attention. This information is solely for the information of the addressee hereof and its successors in interest in connection with the Loan, and no other party is entitled to rely hereon without our prior written consent. This opinion is not to be quoted in whole or in part or otherwise referred to, nor is it to be filed with any governmental agency or any other person without our prior written consent; provided, however, this opinion may be produced as evidence in any litigation, arbitration or other proceeding concerning the matters addressed herein.

The City of Chicago
May 28, 2010
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Katten
Katten Muchin Rosenman LLP

This opinion is furnished for your benefit and for the benefit of any holder or owner of all or any portion of the Loan from time to time, and may be relied upon by you and any such other party in connection with the Loan, but may not be delivered to or relied upon by any other person or entity without written consent from the undersigned firm.

Very truly yours,

Katten Muchin Rosenman LLP

Katten Muchin Rosenman LLP

EXHIBIT A

Legal Description

PARCEL 1:

LOT 26 (EXCEPT THAT PART OF SAID LOT CONVEYED TO THE CITY OF CHICAGO BY DEED RECORDED JUNE 27, 1929 AS DOCUMENT 10397274) IN BLOCK 13 IN WEST PULLMAN IN THE WEST ½ OF THE NORTHEAST ¼ AND THE NORTHWEST ¼ OF SECTION 28, TOWNSHIP 37 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 2:

LOTS 24 AND 25 (EXCEPT THAT PART OF SAID LOTS TAKEN BY THE CITY OF CHICAGO FOR WIDENING OF HALSTED STREET) IN BLOCK 13 IN WEST PULLMAN IN THE WEST ½ OF THE NORTHEAST ¼ AND THE NORTHWEST ¼ OF SECTION 28, TOWNSHIP 37 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 3:

LOTS 21 AND 22 IN BLOCK 13 IN WEST PULLMAN IN THE WEST ½ OF THE NORTHEAST ¼ AND THE NORTHWEST ¼ OF SECTION 28, TOWNSHIP 37 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 4:

LOT 23 IN BLOCK 13 IN THE RESUBDIVISION OF THAT PART OF WEST PULLMAN IN THE WEST ½ OF THE NORTHEAST ¼ AND THE NORTHWEST ¼ OF SECTION 28, TOWNSHIP 37 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 5:

LOTS 1 TO 9, BOTH INCLUSIVE IN THE RESUBDIVISION OF LOT 21 IN BLOCK 14 IN WEST PULLMAN IN THE WEST ½ OF THE NORTHEAST ¼ AND THE NORTHWEST ¼ OF SECTION 28, TOWNSHIP 37 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

SCHEDULE 1

List of Loan Documents

All documents listed below are dated as of May 24, 2010:

1. TCAP Written Agreement by and among IHDA, City and Partnership.
2. Memorandum of TCAP Written Agreement by and among IHDA, City and Partnership ("TCAP Memorandum").
3. 1602 Written Agreement by and among IHDA, City and Partnership.
4. Memorandum of 1602 Written Agreement by and among IHDA, City and Partnership ("1602 Memorandum; together with the TCAP Memorandum, the "Memoranda").
5. TCAP Junior Mortgage, Security Agreement and Assignment of Rents and Leases by Partnership to the City ("TCAP Mortgage").
6. TCAP Mortgage Note by the Partnership to City ("TCAP Note").
7. 1602 Junior Mortgage, Security Agreement and Assignment of Rents and Leases by the Partnership to City ("1602 Mortgage", together with the TCAP Mortgage, the "Mortgages").
8. 1602 Mortgage Note by the Partnership to City ("1602 Note", together with the TCAP Note, the "Notes").
9. Regulatory Agreement by and between the City and Partnership ("Regulatory Agreement").
10. Assignment of Contracts, Licenses and Permits between Partnership and City.
11. Assignment of Project Documents between Partnership and City.
12. Guaranty of Completion and Payment by Partnership, General Partner and SWD, to the City.
13. Guaranty of Payment by Brigitte Grossman to City.
14. Collateral Assignment of Partnership Interest by General Partner and PMN Development, LLC to City ("Collateral Assignment").
15. Environmental Indemnity by and among Partnership, General Partner, SWD and BBSA to City.
16. Construction Escrow Agreement by and among IHDA, City, Harris N.A., Partnership and BBSA.

**HANCOCK HOUSE SENIOR APARTMENTS
REDEVELOPMENT AGREEMENT**

EXHIBIT K

MINIMUM ASSESSED VALUATIONS*

25-28-108-018-0000	\$ 1,943
25-28-108-019-0000	\$ 4,276
25-28-108-038-0000	\$ 2,255
25-28-108-039-0000	\$ 2,255
25-28-108-040-0000	\$ 1,272
25-28-109-010-0000	\$20,129

*Represents the equalized assessed valuation for tax year 2000, which is the equalized assessed valuation of such Parcel on the date of establishment of the Redevelopment Area.

**HANCOCK HOUSE SENIOR APARTMENTS
REDEVELOPMENT AGREEMENT**

EXHIBIT L

ESCROW AGREEMENT

See Attached.

CONSTRUCTION ESCROW AGREEMENT

THIS CONSTRUCTION ESCROW AGREEMENT (this "Escrow Agreement") is made and entered into as of May 29, 2010 by and among HANCOCK HOUSE LIMITED PARTNERSHIP, an Illinois limited partnership (the "Owner"), the ILLINOIS HOUSING DEVELOPMENT AUTHORITY (the "Authority"), a body politic and corporate of the State of Illinois; HARRIS N.A., a national banking association ("Harris"); the CITY OF CHICAGO, a municipal corporation, acting by and through its Department of Community Development ("City"); THE CHICAGO LOW INCOME HOUSING TRUST FUND; ("CLHTF"); and FIRST AMERICAN TITLE INSURANCE COMPANY, a California corporation (the "Escrow Agent").

RECITALS

- A. The Authority issued its Conditional Commitment Letter which the Owner has accepted, pursuant to which the Authority is making to the Owner: (i) a loan from the TCAP Program in the aggregate amount of Two Million Eight Hundred Eighty-Three Thousand Two Hundred One and No/100 Dollars (\$2,883,201.00) (the "TCAP Loan") and (ii) a grant from the 1602 Program in the amount of Four Million One Hundred Sixty-Eight Thousand Four Hundred Six and No /100 Dollars (\$4,168,406.00) (the "1602 Grant") for the acquisition, construction and permanent financing of the multifamily development known as Hancock House Senior Apartments (the "Project"), to be located on the Real Estate legally described on Exhibit A attached to and made a part of this Escrow Agreement (the "Real Estate"); the Real Estate and the improvements to be constructed on it are referred to in this Escrow Agreement as the "Development". The TCAP Loan is evidenced by a promissory note dated as of the date hereof and secured by a second (2nd) mortgage on the Development, of even date herewith, executed by the Owner (the "TCAP Mortgage"). The 1602 Grant is evidenced by a promissory note dated as of the date hereof and secured by a third (3rd) mortgage on the Development, of even date herewith, executed by the Owner (the "1602 Mortgage"). The TCAP Loan and the 1602 Grant are collectively referred to herein as the "Authority Financing". The TCAP Mortgage and the 1602 Mortgage are collectively referred to herein as the "Authority Mortgages".
- B. Harris and Borrower have entered into that certain Construction Loan Agreement pursuant to which Harris is lending Owner Seven Hundred Fifty Thousand and No/100 Dollars (\$750,000.00) (the "Harris Loan") for the Project. The Harris Loan is or will be secured by a first mortgage on Development (the "Harris Mortgage").
- C. In accordance with Intergovernmental Agreements between the City and the Authority, the City is making sub-grant funds available in the form of (i) a loan to the Owner in the amount of Two Million Two Hundred Twenty-Nine Thousand Three Hundred Fifty-Five and No/100 Dollars (\$2,229,355.00)(the "City TCAP Loan") and (ii) a grant to the Owner in the amount

of Seven Million One Hundred Twenty-One Thousand Five Hundred Thirty-Four and No/100 Dollars (\$7,121,534.00)(the "City 1602 Grant"). The City TCAP Loan is secured by a fourth (4th) mortgage on the Development (the "City TCAP Mortgage"). The City 1602 Grant is secured by a fifth (5th) mortgage on the Development (the "City 1602 Mortgage"). The City TCAP Loan and the City 1602 Grant are referred to collectively as the "City Financing". The City TCAP Mortgage and the City 1602 Mortgage are referred to collectively as the "City Mortgages".

The City is making the maximum amount of Five Hundred Seventy-Five Thousand and No/100 (\$575,000) (the "TIF Funds") available for the project pursuant to that certain Hancock House Senior Apartments Redevelopment Agreement (the "TIF RDA") by and among the Owner, Brownlow, Belton, Sullivan, Arms, NFP, an Illinois not-for-profit corporation ("BBSA") and the City.

- D. CLIHTF is making funds available to Owner in the aggregate amount of Seven Hundred Thousand and No/100 Dollars (\$700,000.00)(the "ARC Loan"). The ARC Loan is or will be secured by a sixth (6th) mortgage on the Development (the "ARC Mortgage). Harris, the Authority, the City and CLIHTF are referred to collectively herein as the "Lenders". The Harris Loan, the Authority Financing, the City Financing and the ARC Loan are collectively referred to as the "Lender Financing".
- E. The Escrow Agent has committed to issue its ALTA Mortgagee Title Policies under its File Number NCS-412381-CHI2 insuring the priority of the various mortgages on the Development (the "Title Policies"). More specifically, Escrow Agent shall furnish: its ALTA Mortgagee Title Policy to Harris insuring the priority of the lien of the Harris Mortgage (the "Harris Title Policy"); its ALTA Mortgagee Title Policy to the Authority insuring the priority of the lien of the Authority TCAP Mortgage (the "Authority TCAP Title Policy"); its ALTA Mortgagee Title Policy to the Authority insuring the priority of the lien of the Authority 1602 Mortgage (the "Authority 1602 Title Policy"); its ALTA Mortgagee Title Policy to the City insuring the priority of the lien of the City TCAP Mortgage (the "City TCAP Title Policy"); its ALTA Mortgagee Title Policy to the City insuring the priority of the lien of the City 1602 Mortgage (the "City 1602 Title Policy") and its ALTA Mortgagee Title Policy to the CLIHTF insuring the priority of the lien of the ARC Mortgage (the "ARC Title Policy").
- F. Owner, Harris, the Authority, the City, and CLIHTF desire to use the staff and the expertise of the Escrow Agent to collect, review and approve lien waivers and disburse the proceeds of the Lender Financing, TIF Funds and the Equity (described herein), subject to the terms of this Escrow Agreement.

NOW, THEREFORE, in consideration of the Recitals set forth above and the mutual agreements set forth below, the parties hereto agree as follows:

SECTION I: ESCROW ACCOUNT

1. There shall be created with the Escrow Agent an escrow account (the "Escrow Account"),

which shall contain a Harris Subaccount, an Authority Subaccount, a City Subaccount, a TIF Subaccount, a CLHTF Subaccount and an Owner Subaccount. Initially, the Owner shall deposit in the Owner Subaccount the amount of Four Hundred Seventy -Six Thousand and No/100 Dollars (\$476,000.00) (the "Equity"). From time to time, at the request of the Owner, the Authority and the City will deposit proceeds of the Authority Financing and City Financing, as the case may be, with the Escrow Agent, but in no event shall the Authority or the City deposit any funds until the Owner has deposited the Equity in the Owner Subaccount, and the Equity has been fully disbursed pursuant to the terms and conditions of this Escrow Agreement.

2. The proceeds of the Harris Loan, net of the interest reserve required thereunder, shall be deposited in the Harris Subaccount, the proceeds of the Authority Financing shall be deposited in the Authority Subaccount., the proceeds of the City Financing shall be deposited in the City Subaccount, the proceeds of the ARC Loan shall be deposited in the CLHTF Subaccount and the TIF Funds shall be deposited in the TIF Subaccount in accordance with the TIF RDA. The Harris Subaccount, the Authority Subaccount, the City Subaccount and the CLHTF Subaccount are referred to collectively as the "Subaccounts".

SECTION II: CONSTRUCTION DISBURSEMENTS

I. General Conditions.

- (a) Payments (except TIF Funds) in connection with the costs of constructing the Development, as approved by the Lenders, shall be made as follows:
 - (i) By checks payable to **JOSEPH J. DUFFY CO.** (the "General Contractor") for general requirements, builder's overhead (and for builder's profit, when applicable), labor and materials furnished directly by the General Contractor for the Project;
 - (ii) By checks payable to each subcontractor evidencing payment due for labor and materials furnished for the Project; and
 - (iii) By checks payable to the General Contractor for labor and materials furnished by subcontractors when such items have been paid directly by the General Contractor, and when substantiated by payment affidavits and lien waivers from the subcontractors.
- (b) On or after the later of 75% completion of the Project or March 1, 2011, TIF Funds for TIF-Funded Improvements (as such term is defined in the TIF RDA), as approved by the City in accordance with the requirements of the TIF RDA, shall be made by check payable to BBSA.

For the purpose of this Escrow Agreement, the term "subcontractor" shall include all contractors, subcontractors, mechanics and materialmen furnishing services, labor, materials

and supplies to the Project.

2. Conditions of Disbursement. The terms and conditions under which such disbursements shall be made are as follows:

- (a) Proceeds of the TCAP Loan or the 1602 Grant and proceeds of the City TCAP Loan or the City 1602 Grant must be disbursed by the Escrow Agent to the parties listed to receive such funds in the draw documents approved by the Authority within forty-eight (48) hours of receipt by the Escrow Agent of such funds from the Authority or the City, as the case may be, and if not so paid within the forty-eight (48) hour time frame, such funds shall automatically be returned to the Authority and the City by the Escrow Agent and will no longer be available to the Owner. If the Escrow Agent disburses proceeds from the TCAP Loan, the 1602 Grant, the City TCAP Loan or the City 1602 Grant after the forty-eight (48) hour period, the Title Company shall be liable to the Authority and or the City as the case may be for such funds and shall reimburse to the Authority and or the City such funds disbursed.

The Escrow Agent shall deliver to the Authority a disbursement ledger, within three (3) business days of the disbursement of any proceeds of the Authority Financing. The Escrow Agent shall deliver to the City a disbursement ledger, within three (3) business days of the disbursement of any proceeds of the City Financing.

- (b) Prior to the first disbursement under this Escrow Agreement, the Escrow Agent shall furnish the Harris Title Policy to Harris, the Authority Title Policies to the Authority, the City Title Policies to the City and the ARC Title Policy to the CLHITF each such policy showing the Owner as fee owner of the Development and the respective Lenders as the insured, and insuring the respective Lender's mortgage liens on the Development, insured to the amount disbursed.

The first disbursement from the Escrow Account shall not be made until the following requirements have been satisfied:

- (1) The Escrow Agent has received from the Lenders written approval of the condition of title shown in the respective Lender's Title Policy(ies).
- (2) The Escrow Agent has received sufficient funds to cover the amount of the requested disbursement, together with a request signed by the Owner and the Lenders that the disbursement be made.
- (3) The Escrow Agent is in a position to issue an endorsement to the Title Policies substantially in the form attached to this Escrow Agreement as Exhibit B and made a part of it (with all variations subject to the approval of the Lenders. The amount shown in the respective endorsement shall be the amount of the first disbursement made by the respective Lender, and its effective date shall be the date that the respective Lender's funds are

disbursed by the Escrow Agent from the Escrow Account.

- (c) Prior to each subsequent disbursement under this Escrow Agreement, the following requirements must be satisfied:
- (1) The Escrow Agent has received from the Lenders, or the City in the case of TIF Funds, sufficient funds to cover the amount of the disbursement requested together with a request for disbursement signed by the Owner and approval of such disbursement request signed by the Lenders, or the City in the case of TIF Funds, in writing. Such disbursement amount, disbursement request and approval shall include any extras or change orders not previously covered by waivers or deposited funds.
 - (2) The Escrow Agent is in a position to issue an endorsement to the Title Policies in the form attached hereto as Exhibit B. The amounts shown in each respective endorsement shall be the amounts of the funds disbursed by the respective Lender under this Escrow Agreement plus any funds disbursed by Lenders for interest or other charges verified by Escrow Agent and its effective date shall be that of the most recent disbursement by the Escrow Agent of funds deposited by the Lender.
- (d) Prior to the final disbursement under this Escrow Agreement, the following requirements must be satisfied:
- (1) The Escrow Agent has received from the Owner's consulting architect a written certificate certifying that Project has been completed and all of the materials are in place to the extent shown in any request for payment by the General Contractor.
 - (2) The Escrow Agent has received from each of the Lenders , or the City in the case of TIF Funds, written approval of the Owner's and the General Contractor's request for final disbursement.
 - (3) The Escrow Agent is in a position to issue final endorsements to the Title Policies in the amount of the Lender financing and showing title to the Development to be subject only to such exceptions as have been approved in writing by the respective Lender as to their respective Title Policy(ies).
 - (4) All required documentation for the final draw request must be submitted to the Escrow Agent prior to any disbursements of the final draw.

In connection with each request for disbursement (unless such disbursement is made from the Owner Subaccount), provided that (i) the Owner is not in default under the Authority Financing; the City Financing, the Harris Loan, the ARC Loan or the TIF RDA; (ii) no event has occurred that would, with the passage of time or the giving of

notice or both, would be a default under the Authority Financing, the City Financing, the Harris Loan, the ARC Loan or the TIF RDA; and (iii) upon satisfaction of the conditions set forth in Paragraphs 2(a), 2(b) and 2(c) of this Section II, as applicable; the Lenders, or the City in the case of TIF Funds (as applicable), shall make deposits with the Escrow Agent, in immediately available funds, in the amount such Lender has approved.

- (e) It is understood by the parties and by the General Contractor, who has executed this Escrow Agreement to evidence its understanding of the provisions of this Paragraph 2(e) and not as a party, that the following will be required by the Escrow Agent in connection with each disbursement in order to enable the Escrow Agent to fulfill its obligations under this Escrow Agreement;
- (1) There shall be deposited with the Escrow Agent a properly executed General Contractor's sworn statement (the "Contractor's Sworn Statement") together with supporting waivers and releases in a form satisfactory to the Escrow Agent. The Contractor's Sworn Statement shall set forth in detail all subcontractors with whom the General Contractor has entered into a contract, together with their addresses, the work and materials to be furnished, the amounts of the contracts, amounts paid to date, and balance owing.
 - (2) There shall be deposited with the Escrow Agent a payout order from the General Contractor, which shall be approved by the Owner and the Lenders in writing. Such order may be embodied in the Contractor's Sworn Statement or may take the form of a separate document.
 - (3) There shall be deposited with the Escrow Agent a certification, on which the Escrow Agent is authorized to rely without further inquiry or investigation, that materials are in place and work has been completed on the improvements being constructed which have a value equal to the total of the funds (other than funds disbursed for non-construction items) that have been and are to be disbursed. This certificate is to be addressed to the Escrow Agent and is to be made by the Owner's Architect, Jim Cox, Cox, Ltd., whose address is 345 N. Canal Street, Suite 701, Chicago, Illinois 60606.
 - (4) There shall be deposited with the Escrow Agent a properly executed owner's sworn statement (the "Owner's Sworn Statement").
 - (5) The Escrow Agent may, at its discretion, take whatever steps the Escrow Agent may deem necessary to verify the accuracy of the Contractor's Sworn Statement or the Owner's Sworn Statement that may be required under this Escrow Agreement.
 - (6) The Escrow Agent shall not accept any blanket lien waivers by the General Contractor as to labor performed materials furnished by others. The Escrow

- Agent shall not accept any blanket pre-signed waivers by any subcontractors.
- (7) Upon completion of the Project, the Owner shall promptly submit notice of thereof to the Escrow Agent and the Lenders and, upon final disbursement under this Escrow Agreement, shall cause the Escrow Agent to issue a final endorsement to each of the Title Policies. Any amounts remaining in the Subaccounts shall be transferred to the respective depositor.
 - (8) If at any time the Escrow Agent discovers a misstatement of a material fact in any request or other notice from the Owner, it shall promptly give notice of such discovery to the Owner and the Lenders, and the Escrow Agent shall thereafter not disburse any funds (including TIF Funds) from the Escrow Account until such misstatements shall have been corrected to the satisfaction of all of the Lenders.
 - (9) Upon termination of this Escrow Agreement, the Escrow Agent shall disburse any funds then remaining in each Subaccount to the respective depositor.
 - (10) The Escrow Agent's charges for services performed and title insurance protection provided under this Escrow Agreement are to be paid from funds (excluding not TIF Funds), deposited in the Escrow Account and the Escrow Agent reserves the right to suspend further processing under this Escrow Agreement until such funds have been deposited or other arrangements satisfactory to the Escrow Agent have been made.

It is understood by the parties hereto that the requirements listed in this Paragraph 2(e) are solely for the Escrow Agent's benefit in assisting the Escrow Agent to fulfill its obligations under this Escrow Agreement.

SECTION III: MISCELLANEOUS

If any Lender (or the City, with respect to TIF Funds), pursuant to any disbursement request, deposits with the Escrow Agent funds in an amount greater than the amount requested pursuant to such disbursement request, the Escrow Agent shall promptly transfer the amount of such excess back to that Lender (or the City, with respect to TIF Funds).

NOTWITHSTANDING ANYTHING IN THIS ESCROW AGREEMENT TO THE CONTRARY, THE ESCROW AGENT SHALL NOT MAKE ANY DISBURSEMENTS UNDER THIS ESCROW AGREEMENT IF ANY LENDER (OR THE CITY IN THE CASE OF TIF FUNDS) HAS NOTIFIED THE ESCROW AGENT IN WRITING OR BY TELEX, TELECOPY OR TELEGRAM NOT TO DO SO. IF THE ESCROW AGENT HAS RECEIVED SUCH A NOTICE FROM ANY LENDER (OR THE CITY IN THE CASE OF TIF FUNDS), THE ESCROW AGENT SHALL NOT MAKE ANY DISBURSEMENTS UNDER THIS ESCROW AGREEMENT (a) EXCEPT AS PROVIDED IN THE IMMEDIATELY SUCCEEDING PARAGRAPH OR (b) UNLESS AND UNTIL SUCH LENDER (OR THE CITY IN THE CASE OF TIF FUNDS) HAS NOTIFIED THE

ESCROW AGENT IN WRITING TO DO SO.

Upon notice to the Escrow Agent from any Lender of the occurrence of an event of default under its mortgage (or the City of an event of default under the TIF RDA), the Escrow Agent shall, upon receipt of such written notice, transfer all amounts then remaining in the applicable Subaccount to the applicable depositor.

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

IF TO THE OWNER:

Hancock House Limited Partnership
345 N. Canal Street, Suite 301
Chicago, Illinois 60606
Attention: Brigitte Grossman

IF TO HARRIS:

Harris N.A.
111 West Monroe Street, 2nd Floor West
Chicago, Illinois 60603
Attention: Katherine B. Mazzocco

IF TO THE AUTHORITY:

Illinois Housing Development
Authority
401 N. Michigan Ave., Suite 700
Chicago, Illinois 60611
Attention: Finance Department

IF TO THE CITY:

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

IF TO CLHTF

Chicago Low-Income Housing Trust Fund
c/o Chicago Department of Community
Development
City of Chicago
121 N. LaSalle Street, Room 1006
Chicago, Illinois 60602
Attention: Executive Director

IF TO THE ESCROW AGENT:

First American Title Insurance Company

30 North LaSalle Street
Suite 2700
Chicago, Illinois
Attention: Dolores Saavedra

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 clause (a) shall be deemed received upon such personal service. Any notice, demand or request sent pursuant to clause (b) shall be deemed received on the business day immediately following deposit with the overnight courier, and any notice, demand or request sent pursuant to clause (c) shall be deemed received on the third (3rd) business day following deposit in the mail.

Notwithstanding any requirement or undertaking in this Escrow Agreement, the Escrow Agent assumes no obligation for insuring that sufficient funds will be available to pay all costs incurred in completing the Project, or that the Project will be completed. Except with respect to funds for which the Escrow Agent has received investment instructions in writing, the Escrow Agent shall be under no duty to invest or reinvest any cash at any time held by it under this Escrow Agreement. All income, if any, derived from any use that the Escrow Agent may make of any deposits under this Escrow Agreement shall belong to the respective depositors.

While the subcontractors and any suppliers of labor and materials listed on Sworn Statements deposited with the Escrow Agent are not parties to this Escrow Agreement and have no standing to alter its terms, it is understood by the parties hereto that the Escrow Agent is authorized to furnish to such subcontractors and suppliers information that the Escrow Agent may deem appropriate with regard to the times at which disbursements might be made to them, and what conditions remain unsatisfied when the Escrow Agent is not in a position to make disbursements.

No changes, amendments, modifications, cancellations or discharge of this Escrow Agreement, or any part of it, shall be valid unless in writing executed by the parties hereto or their respective successors and assigns. However, the Lenders may amend and modify this Escrow Agreement with the consent of the Escrow Agent, but without the written consent of any other party, so long as such amendments or modifications do not adversely affect the rights or obligations of the Owner.

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

This Escrow Agreement shall be governed as to performance and interpretation in accordance with the laws of the State of Illinois, exclusive of its conflict of laws provisions.

The Escrow Agent, the Lenders and the Owner agree that this Escrow Agreement is not intended by any of them to give any benefits, rights, privileges, actions or remedies to any person, partnership, firm or corporation, other than the Escrow Agent, the Lenders and the Owner, as a third party beneficiary or otherwise under any theory of law.

The captions used in this Escrow Agreement are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope or the intent of any provision of this Escrow Agreement.

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

SIGNATURES APPEAR ON THE FOLLOWING PAGES

AUTHORITY:

ILLINOIS HOUSING DEVELOPMENT
AUTHORITY

gls

By: 

Gloria L. Materre

Its _____

Executive Director

OWNER:

**HANCOCK HOUSE LIMITED PARTNERSHIP, an
Illinois limited partnership**

**By: Hancock House, L.L.C., an Illinois limited
liability company
Its General Partner**

**By: Source Works Development, LLC, an
Illinois limited liability company
Its Managing Member**

By: 
Bright Grossman
Its Sole Member

HARRIS:

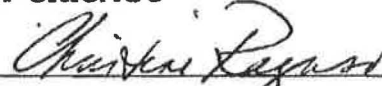
HARRIS N.A.

By: Katherine B. Mazzoni
Name: Katherine B. Mazzoni
Its UP

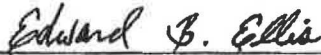
CITY:

CITY OF CHICAGO

By:




Christine Raguso, Acting Commissioner
Department of Community Development



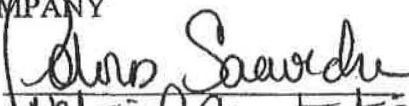
Ed Ellis, Deputy Commissioner
Department of Community Development
Financial Control

CLHTF

By: 
Name: Thomas J. McNulty
Its President

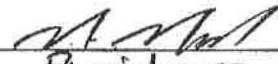
ESCROW AGENT:

FIRST AMERICAN TITLE INSURANCE
COMPANY

By: 
Its National Construction Escrow Officer

ACCEPTED BY GENERAL CONTRACTOR:

JOSEPH J. DUFFY CO.

By: 
Its President