



**COMMUNITY DEVELOPMENT COMMISSION  
OF THE  
CITY OF CHICAGO**

**RESOLUTION NO. 06-CDC - 43**

**AUTHORIZATION TO NEGOTIATE A  
REDEVELOPMENT AGREEMENT WITH NORTH CENTER ASSOCIATES, LLC  
AND/OR A RELATED AFFILIATE**

**AND  
RECOMMENDATION TO  
THE CITY COUNCIL OF THE CITY OF CHICAGO  
FOR THE DESIGNATION OF NORTH CENTER ASSOCIATES, LLC AND/OR A  
RELATED AFFILIATE AS DEVELOPER**

**WHEREAS**, the Community Development Commission (the "Commission") of the City of Chicago (the "City") has heretofore been appointed by the Mayor of the City with the approval of its City Council (the City Council referred to herein collectively with the Mayor as the "Corporate Authorities") as codified in Section 2-124 of the City's Municipal Code; and

**WHEREAS**, the Commission is empowered by the Corporate Authorities to exercise certain powers enumerated in Section 5/11-74.4-4(k) of the Illinois Tax Increment Allocation Redevelopment Act, as amended (65 ILCS 5/11-74.4-1 et seq.), (as amended from time to time, the "Act"); and

**WHEREAS**, the City Council, upon the Commission's recommendation pursuant to Resolution 99-CDC-239 and pursuant to the Act, enacted three ordinances on January 12, 2000 pursuant to which the City approved and adopted a certain redevelopment plan and project (the "Plan") for the Western Avenue South Redevelopment Project Area (the "Area"), designated the Area as a redevelopment project area and adopted tax increment allocation financing for the Area. The street boundaries of the Area are described on Exhibit A hereto; and

**WHEREAS**, North Center Associates, LLC and/or a related affiliate (the "Developer"), has presented to the City's Department of Planning and Development ("DPD") a proposal for redevelopment of the Area or a portion thereof that is in compliance with the Plan, consisting of the construction of a 97-unit senior condominium building, also referred as Belle Plaine Commons (the "Project"); and

**WHEREAS**, DPD requests that the Commission recommend to City Council that the Developer be designated as the developer for the Project and that DPD be authorized to negotiate, execute and deliver a redevelopment agreement with the Developer for the Project; now, therefore,

**BE IT RESOLVED BY THE COMMUNITY DEVELOPMENT COMMISSION OF THE CITY OF CHICAGO:**

- Section 1. The above recitals are incorporated herein and made a part hereof.
- Section 2. The Commission hereby recommends to City Council that the Developer be designated as the developer for the Project and that DPD be authorized to negotiate, execute and deliver on the City's behalf a redevelopment agreement with the Developer for the Project.
- Section 3. If any provision of this resolution shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such provision shall not affect any of the remaining provisions of this resolution.
- Section 4. All resolutions, motions or orders in conflict with this resolution are hereby repealed to the extent of such conflict.
- Section 5. This resolution shall be effective as of the date of its adoption.
- Section 6. A certified copy of this resolution shall be transmitted to the City Council.

ADOPTED: May 9, 2006

Attachment: Exhibit A, Street Boundary Description

**City of Chicago  
Department of Planning and Development**

**STAFF REPORT  
TO THE  
COMMUNITY DEVELOPMENT COMMISSION  
REQUESTING DEVELOPER DESIGNATION  
MAY 9, 2006**

**I. PROJECT IDENTIFICATION AND OVERVIEW**

Project Name: Belle Plaine Commons Senior Condominium

Applicant Name: North Center Associates, LLC

Project Address: 2335 W. Belle Plaine Ave.

Ward and Alderman: 47<sup>th</sup>, Alderman Gene Schuler

Community Area: North Center Community #5

Redevelopment Project Area: Western Avenue South TIF

Requested Action: TIF Developer Designation

Proposed Project: The Developer has proposed the construction of a senior condo building. The project will provide a minimum of 50 affordable housing units, or 51 percent, for senior households earning no more than 80 percent of the area median income (AMI) and a remaining 47 units, or 49 percent will be priced at below market rate.

TIF Assistance: \$3,380,000 in tax increment financing assistance subject to the actual amount of TIF-eligible costs incurred in completing the Project. The assistance will be provided through existing areawide incremental revenue from the Western Avenue South TIF, not limited to the project pins.

**II. PROPERTY DESCRIPTION**

Address: 2335 W. Belle Plaine Ave.

Location: Northwest Corner of Western Ave. and Belle Plaine Ave.

Land Area: The building will be located on a northern 1.56-acre (67,923 square feet) portion of the 5.4-acre senior campus site located on the northeast corner of Western Ave and Irving Park Rd in Chicago.

Current Use: The land on which the building will be constructed is currently vacant.

Current Zoning: Residential-Business-Institutional Planned Development No. 612 passed by the City Council on Feb 15, 2003.

### **III. BACKGROUND**

The North Center, Lincoln Square and Ravenswood neighborhoods in the 47<sup>th</sup> Ward have been in need of affordable senior living and a task force was formed to address the issue. The task force identified that there was a shortage of suitable land in the area. After an extensive search, Alderman Schuller and his ward office began negotiations with Advocate Health and Hospitals Corporation regarding a land donation on its Ravenswood / Martha Washington hospital campus located at Western Avenue and Irving Park Road. The discussions resulted in Advocate Health and Hospitals Corporation agreeing to donate more than 5 of its 7.5 acre campus to non-profit housing developers. The donated land has been and will be developed into three (3) senior affordable housing projects and related facilities. The two buildings owned and operated by Advocate will remain at the corner of Irving Park and Western.

The first senior affordable housing on the campus, The Martha Washington developed by North Center Senior Housing, LP, contains 104 affordable senior rental units and was completed in late 2005. The second building, The St. Vincent de Paul Residence developed by Catholic Charities Housing Corporation, will contain 87 units of HUD section 202 residence. The construction has begun in late 2005 and the building is expect to be ready for occupancy in early 2007. During the March 9, 2004 CDC meeting, CDC granted DPD an authority to negotiate a Redevelopment Agreement with the North Center Senior Housing L.P. and North Center Senior, LLC and/or related entity to be formed a the developer and recommended to the City Council of the City of Chicago the designation of the developer. The approval included two components. First, a \$2,000,000 TIF assistance was approved to be disbursed to the Master Development entity, "TACH Development Company, LLC" to assist in the demolition of the two buildings, environmental remediation and development of a common green space and a public park. Second, 100% reimbursement of the increment generated by the North Center Senior Apartment's PINs. No TIF assistance was sought by the St. Vincent de Paul Residence and the third developer entity for the affordable senior condo project was to be identified later. Below is a table summarizing the recommendations from the March 9, 2004 CDC meeting.

Description	Developer/Entity	Requested assistance
To assist in the demolition, environmental remediation and development of a common green space and a public park.	TACH Development Company LLC - a wholly owned entity of Technical Assistance Corporation for Housing (TACH)	\$2 million in TIF recommended at CDC meeting on March 9, 2004.
<b>Martha Washington</b> - 104 units affordable rental apartments.	North Center Senior Housing L.P.	\$2 million pay-as-go TIF approved in 2004.
<b>St. Vincent de Paul Residence</b> - 87 units - occupancy in early 2007	Catholic Charities Housing Development Corp.	No TIF assistance for HUD Section 202 units

Belle Plaine Commons, the affordable senior condominium building, is the third and final building in the North Center Senior Housing Campus.

#### **IV. PROPOSED DEVELOPMENT TEAM**

##### **Development Entity:**

North Center Associates LLC. Is an Illinois Limited Liability Corporation formed for the purpose of developing and owning the 97 unit Belle Plaine Commons Senior Condominium building.

The developer is licensed by the City as a Residential Developer. North Center Associates LLC has three partners:

- \* Sheldon L. Baskin is the managing member and owns 56% of the ownership interest. Mr. Baskin for over thirty years has been a principal member in over 150 multifamily housing developments containing more than 33,000 apartments in addition to a number of office, retail, hotel and loft properties.
- \* Henry Hyatt also has 30 years experience in housing and real estate developments. He has participated in the development and ownership of 23 projects with more than 4,000 housing units as well as office, historic home, resort restoration and retail projects. Mr. Hyatt owns 27.5% of the ownership interest.
- \* Kenneth E. Barnes has been active in the commercial real estate development and skilled in most aspect of development, including design, advertising and public relations. He has participated in development of a wide range of projects with a value in excess of \$450 million. Mr. Barnes owns 16.5% of the ownership interest.

**General Contractor** - To be determined.

**Architect - Papageorge/Haymes, Ltd.** For 20 years, firm's philosophy focused on respecting the history of the urban environment and creating a sense of place in neighborhoods, buildings and interior spaces. They worked on such residential projects as the 33 W. Huron, 530 N Lake Shore

Drive, and 435 W. Erie.

**Landscape architect - The Lakoda Group, Inc.** A Chicago based firm established in 1993, is a term of professionals in providing services in Planning, Urban Design, Landscape Architecture and Community Relations. The Lakoda Group is widely recognized for their large-scale land planning and design projects for Commercial, Industrial, Medical, Institutional and Residential campuses and corridors. They have worked on projects such as the Master Plan for US South Works and the Illinois Medical District.

## **V. PROPOSED PROJECT**

**Project Overview:** The Site of Belle Plaine Commons is approximately 1.56 acre (67,923 sq.ft) in size and is located at the northern portion of the land being donated by Advocate Health and Hospitals Corporation (AHHC). AHHC is donating approximately 5.1 of total 7.5 acre campus it owns at the northeast corner of West Irving Park Rd. and North Western Ave. to Technical Assistance Corporation for Housing (TACH), a non-profit housing developers. TACH will reconvey the land to TACH Development Company LLC, the master developer of the entire site, who will in turn convey the land to North Center Associates LLC, the developer of the Belle Plaine Commons. The site is located at 2335 W. Belle Plaine within the Western Avenue South TIF Redevelopment Project Area.

Belle Plaine Commons will be a five story 97 unit condominium for seniors age 55 and over. The L-shaped structure will be made with pre-cast concrete and masonry elevator structure. The ground floor will contain the main entrance lobby, a multipurpose community room, an exercise room, library, and 17 residential units. The upper four floors each contain 20 condominium units situated along two corridors. On each of the upper floors there is an elevator lobby, a trash room, recycling center, and two stairwells, one located at each end of the corridor. The units in the building will have either a patio (first floor), a balcony or a Juliet balcony (upper floors). The building will include a full basement that will contain 58 heated parking spaces, mechanical equipment and resident storage. There will be an additional 43 resident-owned reserved surface parking spaces located in a paved lot north of the building, plus 11 unreserved parking spaces set aside for guests.

A site plan, floor plans and elevation are provided as exhibits to this report.

### **Affordable Housing**

Belle Plaine Commons Senior Condominium provides an unique and affordable housing solution for seniors who have owned houses in the surrounding neighborhoods over the years but are now being priced out by (1) rising real estate taxes which accompany the rising real estate values in the area as well as (2) the increase burden of maintenance. Minimum of 50 units or 51% of the total units will be affordable units to the senior households earning no more than 80 percent of the area median income (AMI). Belle Plaine Commons is a housing solution for senior citizens who plan to or have sold their houses at a sizable capital gain but their income level still below

80 percent of the AMI. By allowing a bigger down payment, 45-70% of the purchase price, the developer was able to provide a housing solution to senior citizens with less than 80 percent of AMI. The Affordable Housing Pricing Guide sheet approved by DOH that includes unit prices in relations to required annual income and down payment levels is attached .

Table 1 below illustrates the qualified affordable housing units. Although below table indicates 68 units available as "Affordable TIF" units, only a minimum of 50 units are required by DOH. Per the Department of Housing, an "Affordable TIF" unit is one that is: a) sold to an 80% AMI or less buyer and, b) that buyer purchases a "qualified" unit with a base sales price of \$250,000 or less. When a TIF eligible unit is purchased by anyone earning more than 80% AMI, it will move into the "Below Market Unit" category. The \$67,600 average per unit TIF write down is based on the total TIF of \$3,380,000 divided by the required 50 units and not the 68 eligible units shown. The average cost of an Affordable TIF unit will adjust depending on actual sales.

<b>Table 1. Initial Qualified Affordable TIF Units - Below 80% AMI</b>							
<b>Unit Type</b>	<b>Quantity</b>	<b>Size in SF</b>	<b>Market Price</b>	<b>TIF Write Down</b>	<b>Affordable Base Price</b>	<b>Price Per Sq. Ft.</b>	<b>Total Revenue</b>
1 Bedroom 1 Bath	29	757 to 987	\$209,276 to \$256,516	\$40,286 to \$52,526	\$168,990 to \$203,990	\$206.68 to \$223.24	\$5,363,710
1 Bedroom, Den/ 1 Bath	24	944 to 1,037	\$245,228 to \$285,177	\$50,238 to \$55,187	\$194,990 to \$229,990	\$206.56 to \$228.45	\$5,226,760
1 Bedroom, Den/ 1.5 Baths	9	985 to 1,011	\$274,228 to \$295,177	\$50,238 to \$55,187	\$223,990 to \$239,990	\$227.40 to \$237.38	\$2,085,910
2 Bedroom 2 Bath	6	1,116 to 1,134	\$305,382 to \$310,340	\$59,392 to \$60,350	\$245,990 to \$249,990	\$220.42 to \$220.45	\$1,487,940
<b>Total</b>	<b>68</b>	<b>63,512</b>					<b>\$14,164,320</b>
<b>Average</b>		<b>934</b>		<b>\$67,600</b>	<b>\$208,299</b>	<b>\$223.02</b>	

Remaining 47 units, or 49 percent will be priced at "Below Market Rate". There will be no income restrictions on the "Below Market Rate" units. However, the "Below Market Rate" units are benefitting from a \$4,200,000 land donation to achieve the below market price.

Although there are 29 units shown below as "Below Market Rate", once the 50 "Affordable TIF" units have been determined, there will be a maximum total of 47 "Below Market" units. The average cost of a Below Market unit will adjust depending on actual sales.

<b>Unit Type</b>	<b>Quantity</b>	<b>Size in SF</b>	<b>Market Price</b>	<b>Average Land Write Down</b>	<b>Base Price</b>	<b>Price Per Sq. Ft.</b>	<b>Total Revenue</b>
2 Bedroom 2 Bath	28	1,116 to 1,376	\$341,352 to \$392,352	\$89,362	\$251,990 to \$302,990	\$220.20 to \$225.80	\$7,682,720



2 Bedroom, Den/ 2 Bath	1	1,464	\$394,352	\$89,362	\$304,990	\$208.33	\$304,990
<b>Total</b>	<b>29</b>	<b>35,358</b>					
<b>Average</b>		<b>1,219</b>		<b>\$89,362</b>	<b>\$275,438</b>	<b>\$225.91</b>	<b>\$7,987,710</b>

The base price of a unit includes an outdoor dedicated parking space. An indoor space upgrade is available at \$12,250 per parking space.

## VI. FINANCIAL STRUCTURE

The City, through its Department of Planning and Development intends to negotiate a redevelopment agreement with the Developer in connection with the Project.

The City proposes to provide the Developer with TIF assistance in an amount not to exceed a Maximum amount of \$3,380,000 subject to the actual amount of TIF-eligible costs incurred in completing the Project. The assistance will be provided through Available Incremental Revenues from the Western Avenue South TIF, not limited to the project pins. We will also incorporate a profit sharing component as part of the redevelopment agreement.

### Available Increment

· \$3,380,000 will be provided in a single payment from Available Increment after the issuance of the Certificate of Completion for the project.

· Payment will be issued once the Developer has completed construction and sold/closed each of the 50 Affordable Units and 37 of the additional units.

<u>Sources</u>	<u>Amount</u>	<u>% of Total</u>
Condominium Sales Proceeds	\$22,152,030.00	81.73%
Unit upgrades	\$664,561.00	2.45%
Parking Revenue	\$710,500.00	2.62%
TIF/Loan Proceeds	\$3,380,000.00	12.47%
Master Developer TIF Contribution	\$197,000.00	0.73%
<b>Total Sources</b>	<b>\$27,104,091.00</b>	<b>100.00%</b>

\* Letters of intent from Harris Bank attached.

<u>Uses</u>	<u>Amount</u>	<u>\$ per Square Ft</u>
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Hard costs:

Base Construction	\$17,464,390.00	\$124.94
Unit upgrades construction	\$564,877.00	\$4.01
Contingency	\$850,000.00	\$6.03
<b>Total Hard Costs</b>	<b>\$18,879,267.00</b>	<b>\$133.98</b>

Soft cost:

	<u>Amount</u>	<u>% of TPC</u>
Architecture, Engineering & Planning	\$619,500.00	2.29%
Survey	\$25,000.00	0.09%
Environmental Consultants, Testing & Inspection	\$40,000.00	0.15%
Appraisal & Market Research Fee	\$21,000.00	0.08%
Legal, Accounting & Consulting	\$402,000.00	1.48%
Initial & Unit Title Charges & Unit Closing Costs(1.5% of Sales Revenue)	\$364,500.00	1.34%
Builders Risk & Liability Insurance	\$70,000.00	0.26%
Sales & Marketing (2.8% of Sales Revenue)	\$650,000.00	2.40%
Sales Commission (2.9% of Sales Revenue)	\$693,670.00	2.56%
General & Administrative	\$965,000.00	3.56%
DCAP, Permit Fee	\$59,000.00	0.22%
Miscellaneous Reimbursable Expenses	\$20,000.00	0.07%
Construction Period Real Estate Taxes	\$150,000.00	0.55%
Customer Service and Warranty	\$170,700.00	0.63%
Interim Assessments and Management Fee	\$88,000.00	0.32%
Contingency	\$350,000.00	1.29%
Construction Period Interest (primary loan)	\$1,440,000.00	5.31%
TIF Bridge Loan Interest	\$245,000.00	0.90%
Loan Origination Fees (Construction & Bridge)	\$125,000.00	0.46%
<b>Total Soft Costs</b>	<b>\$6,498,370.00</b>	<b>23.98%</b>

		<u>% of TPC</u>
<b>Developer Profit</b>	<b>\$1,726,454.00</b>	<b>6.37%</b>
<b>Total Uses</b>	<b>\$27,104,091.00</b>	

\* Building has 140,914 gross square feet

## **VII. PUBLIC BENEFITS**

The proposed project will provide the following public benefits.

- (1) **Affordable Senior Housing:** The project will provide at least 50 new affordable housing units for seniors.
- (2) **Environmental Features:** The project will incorporate environmental remediation by demolishing and clean up vacant senior campus buildings and construction of central green space and neighborhood park. Both central green space and neighborhood park, once built, will be donated to the City and open to the public.
- (3) **Affirmative Action:** The developer will comply with the requirements of Chicago's affirmative action ordinance, which requires contract participation of 24% by minority-owned business enterprises (MBEs) and 4% by woman-owned business enterprises (WBEs). The developer has provided notification of the proposed project, by certified mail, to eight associations of minority and women contractors. A sample version of the letter and copies of the post office receipts for the certified letters are presented as exhibits to this report.
- (4) **City Residency:** The developer will comply with the requirements of Chicago's city residency ordinance, which requires that at least half of all construction-worker hours be filled by Chicago residents. The developer will also comply with the requirement that all construction jobs are paid the prevailing wage.

## **VIII. COMMUNITY SUPPORT**

Alderman Schuler endorses the project and has provided a letter of support (see exhibits for copy). The project was presented to the community at a meeting held in July 2002 with more than 800 people in attendance. A master plan of development was approved and a PD ordinance was approved by City Council in February 2003.

## **IX. CONFORMANCE WITH REDEVELOPMENT AREA PLAN**

The proposed project is located in the Western Avenue South Tax Increment Financing Redevelopment Project Area created in September 1999. The proposed project will satisfy the

following goals of the area's redevelopment plan:

- (1) Encourage retail, commercial, industrial, and residential development by facilitating the assembly, preparation and marketing of vacant and improved sites, and assisting private developers to assemble suitable sites for modern development needs;
- (2) Encourage the development of senior housing;
- (3) Facilitate the remediation of environmental problems to provide additional land for new retail, commercial and residential development and redevelopment, as appropriate;
- (4) Encourage the development of mixed-use retail/commercial, residential, and institutional uses, as appropriate, along Irving Park Road, at the core intersection of Irving Park/Damen/Lincoln, along Western Avenue, Montrose Avenue and Lincoln Avenue.

The implementation strategy for achieving the plan's goals envisions the need to provide TIF financial assistance for the development of senior housing.

#### **X. CONDITIONS OF ASSISTANCE**

If the proposed resolution is approved by the CDC, DPD will negotiate a redevelopment agreement with the developer. The redevelopment agreement will incorporate the parameters of the proposed project as described in this staff report.

It is DPD policy that no business will be conducted with a development entity whose principal has outstanding municipal debts (such as unpaid parking tickets, unpaid water bills, unpaid business licenses, and others), is in arrears of child support payments, or who is a debtor in bankruptcy, a defendant in a legal action for deficient performance, a respondent in an administrative action for deficient performance, or a defendant in any criminal action. Before today's action is presented to the city council for approval, the department will conduct a thorough background check of all principals having an ownership interest of 7.5 percent or greater, and of the boards of directors and trustees of non-profit organizations. Similar background checks will be conducted on the development entity itself.

Closing of the redevelopment agreement will not occur before the City Council has approved the agreement, the developer has obtained all necessary City approvals including zoning and building permits, and the developer has presented proof of financing. The redevelopment agreement will include a development timetable.

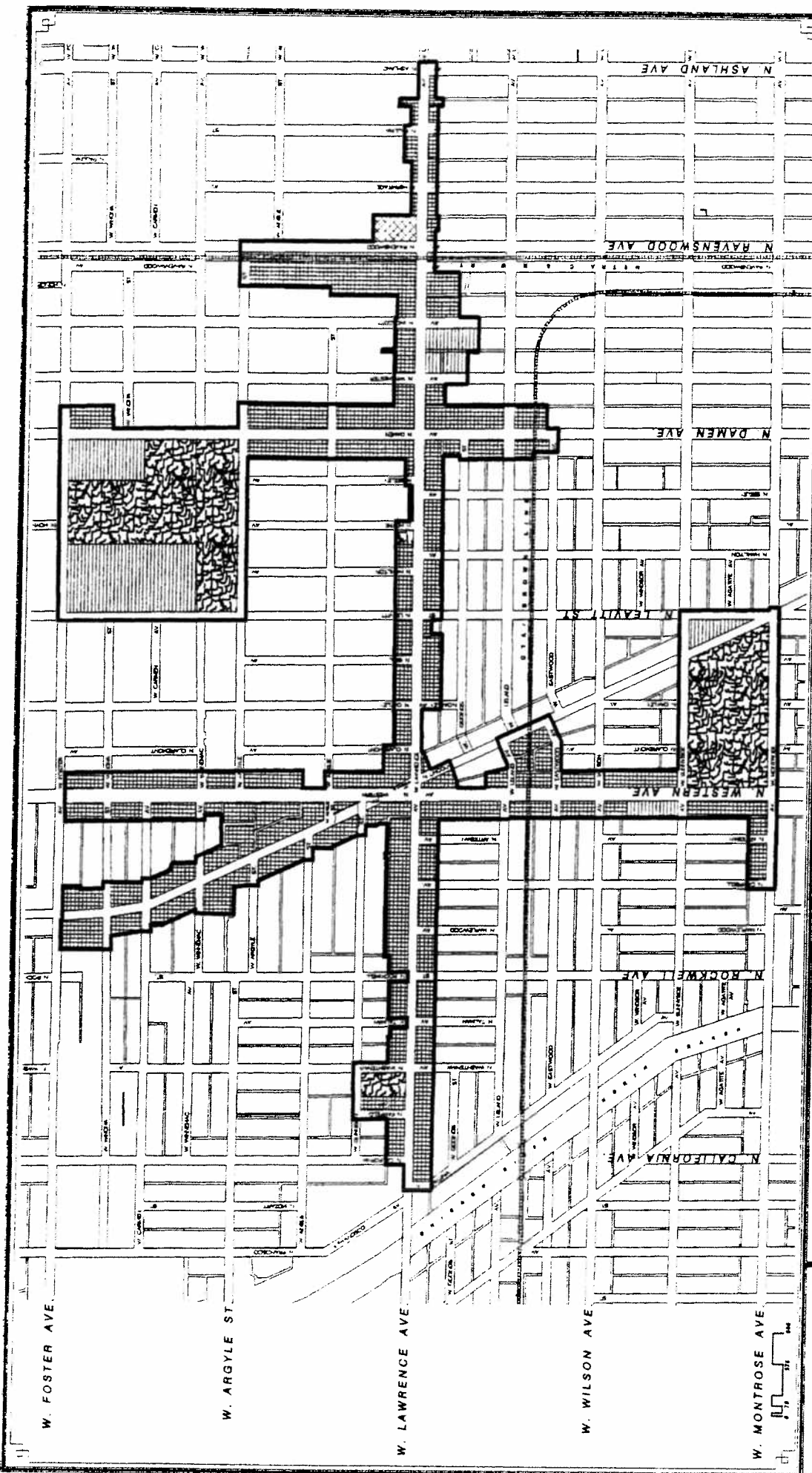
#### **XI. RECOMMENDATION**

The Department of Planning and Development has thoroughly reviewed the proposed project, the qualifications of the development team, the financial structure of the project, its need for public assistance, its public benefits, and the project's conformance with the redevelopment area plan, and DPD recommends that the CDC recommend to the City Council the designation of North

Center Associates LLC as Developer for the development of Belle Plaine Commons Senior Condominium at 2335 W. Belle Plaine Ave.

**EXHIBITS**

Redevelopment Area Map  
Neighborhood Map or Aerial  
Site Plan  
Front Elevation or Rendering  
Copies of M/WBE Certified Letter Receipts  
DOH For-Sale Affordable Housing Project Profile Form  
Term Sheet  
Lender's Letters of Intent (TIF Note & Construction Loan)  
Developer's License  
Alderman's Letter of Support



MAP 5  
 PROPOSED  
 LAND USE  
 SEPTEMBER 1999

# CITY OF CHICAGO

WESTERN AVENUE NORTH  
 TIF DISTRICT



## LEGEND

- TIF BOUNDARY
- PREDOMINANT USE
- MIXED USE
- INSTITUTIONAL
- PARK/OPEN SPACE
- INDUSTRIAL

S. B. Friedman & Company  
 PROFESSIONAL ENGINEERS AND ARCHITECTS

Campbell Tiu Campbell, Inc.  
 ARCHITECTS



Belle Plaine Commons Senior Residence

Irving Park Rd.

Western Ave.



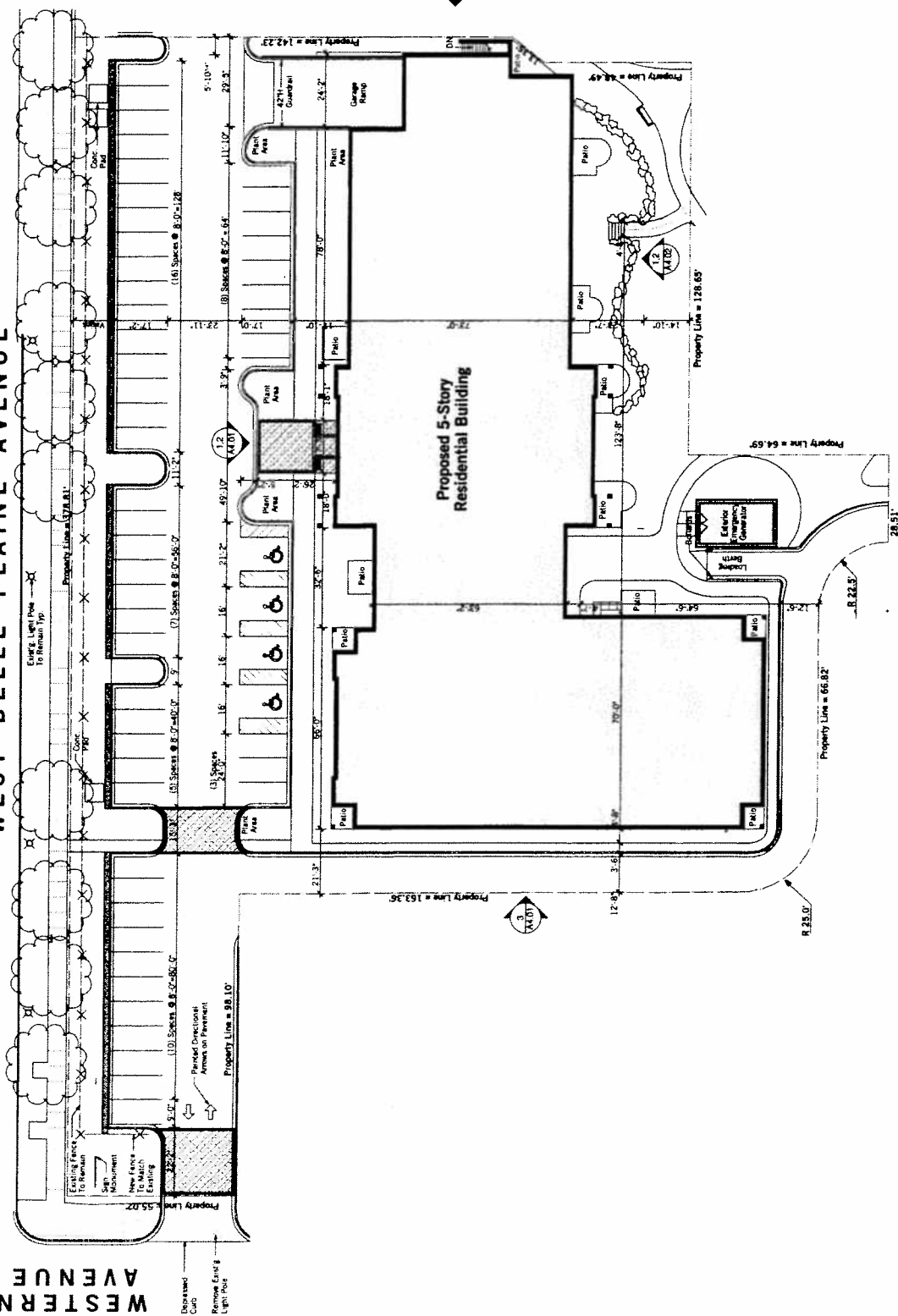
WEST BELLE PLAINE AVENUE

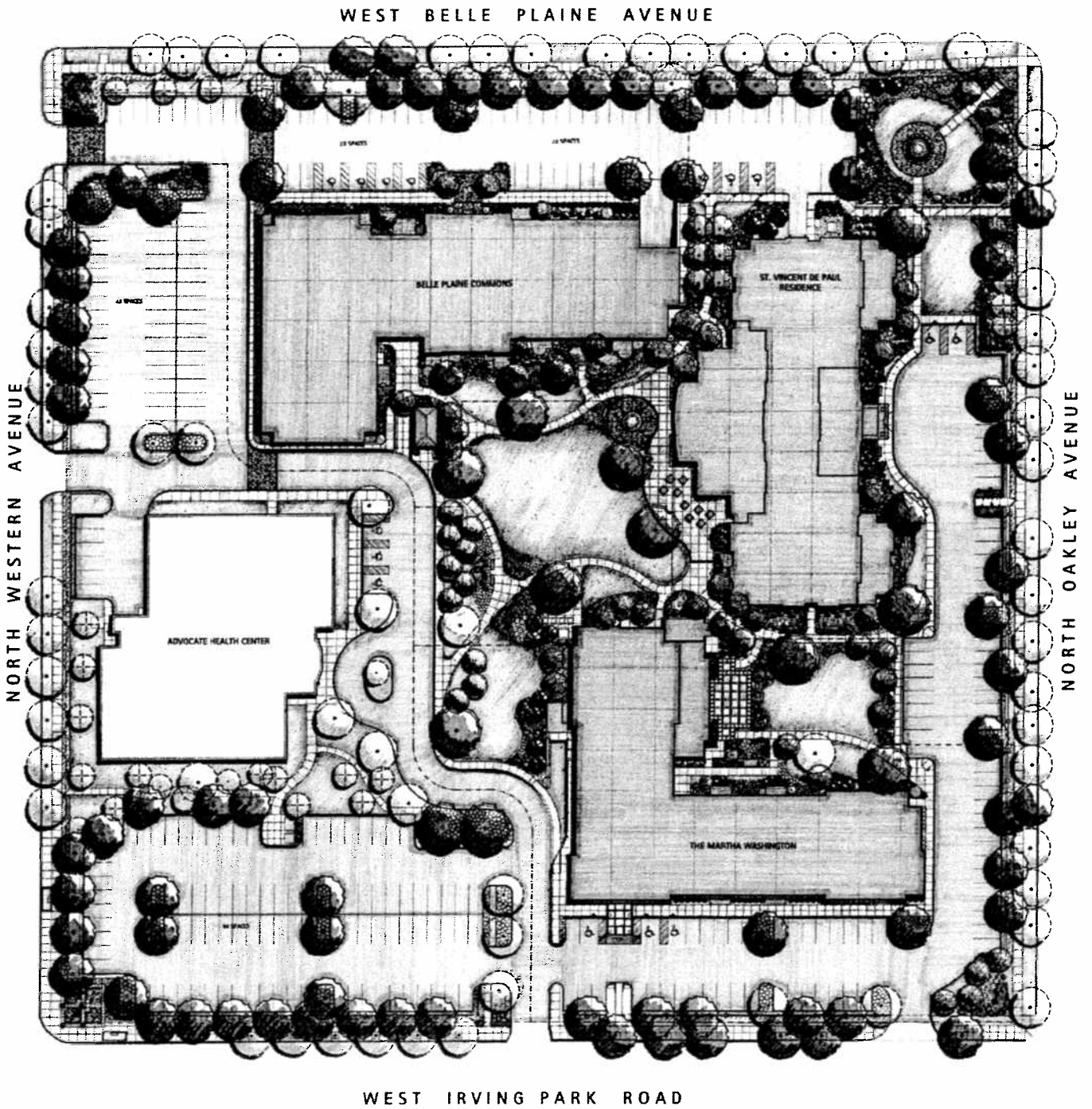
WESTERN AVENUE

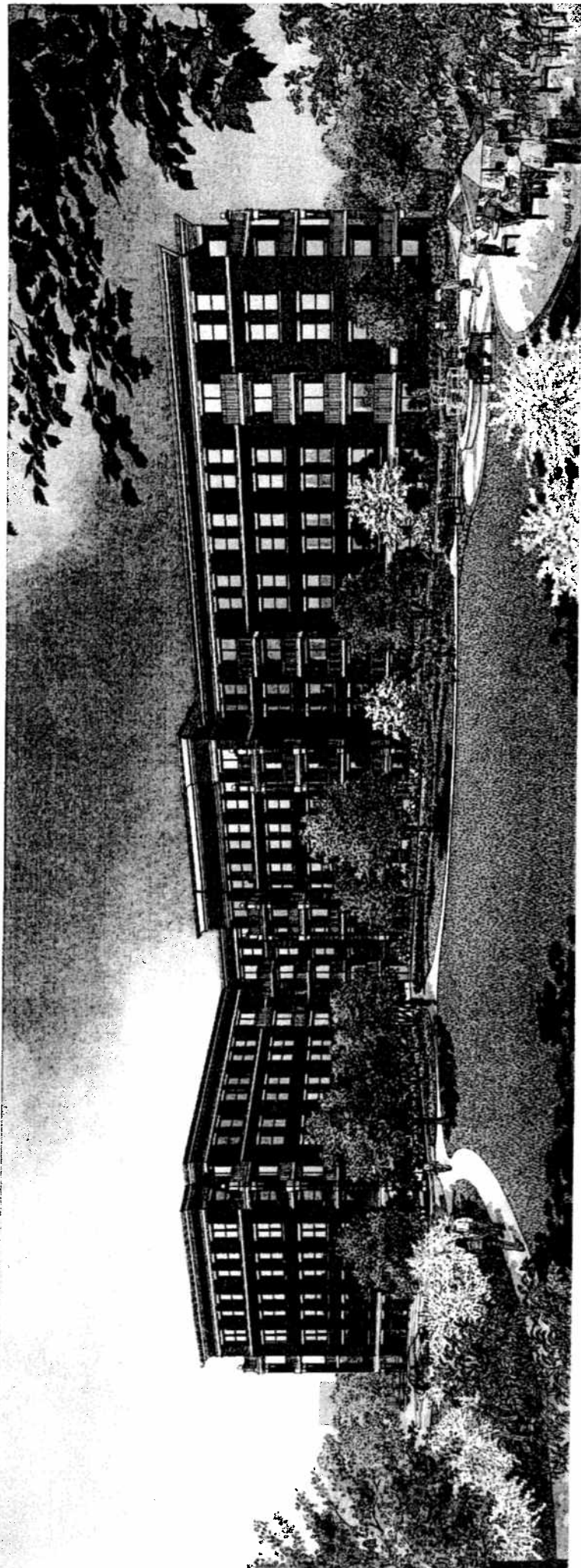
BELLE PLAINE COMMONS  
Chicago, Illinois

SITE PLAN

09.28.05  
PAPPAGEORGE/HAYMES Ltd.  
ARCHITECT







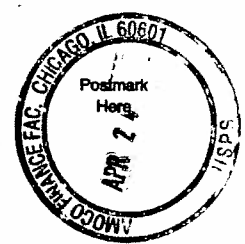
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Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 4.64



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**African American Contractors Association**  
 Attn: Omar Shareef / Crystal Overton  
 Street, Apt. No., or PO Box No. 3706 South Indiana Avenue, 1<sup>st</sup> Floor  
 City, State, ZIP+4 Chicago, Illinois 60653

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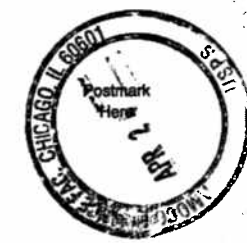
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Total Postage & Fees	\$ 4.64



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**Black Contractors United**  
 Attn: Edward T. McKinnie  
 Street, Apt. No., or PO Box No. 400 W. 76<sup>th</sup> Street  
 City, State, ZIP+4 Chicago, Illinois 60620

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Total Postage & Fees	\$ 4.64



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**Federation of Women Contractors**  
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Restricted Delivery Fee (Endorsement Required)	
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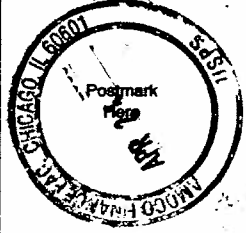
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<b>Total Postage &amp; Fees</b>	<b>\$ 4.64</b>

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 Illinois Association of Minority Contractors  
 Attn: Babette Payton  
 1643 East 71<sup>st</sup> Street  
 Chicago, Illinois 60649

PS Form 3800, June 2002 See Reverse for Instructions



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<b>Total Postage &amp; Fees</b>	<b>\$ 4.64</b>

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**Sent To**  
 Mexican American Chamber of Commerce  
 Attn: Juan Ochoa  
 33 N. LaSalle, Suite 1720  
 Chicago, Illinois 60602

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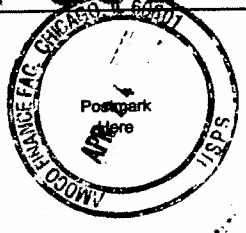
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Return Receipt Fee (Endorsement Required)	1.85
Restricted Delivery Fee (Endorsement Required)	
<b>Total Postage &amp; Fees</b>	<b>\$ 4.64</b>

Postmark Here

**Sent To**  
 Women Business Development Center  
 Attn: Hedy Ratner  
 8 South Michigan Avenue Suite 400  
 Chicago, Illinois 60603

PS Form 3800, June 2002 See Reverse for Instructions





**Monthly Expenses for Affordable Units**

	Unit Type	Number of Bedrooms/Unit	Estimated Monthly Condo Assessments	Estimated Monthly Property Tax	Estimated Monthly Property Insurance
Affordable Units					

Is parking included in the price of a market rate unit?   x   Yes, in the affordable units    No

Is parking optional?    Yes    No

If parking is not included in the unit price, what is the price to purchase parking?

Estimated date for the commencement of marketing:   10/15/05  

Estimated date for completion of construction of the affordable units:   August – November 2007  

**SECTION 4: FINANCIAL CONTRIBUTION (Affordable Housing Density Bonus only)**


If providing a financial contribution for the downtown affordable housing density bonus, complete the following calculation, using the median cost per buildable square foot listed below.

Financial Contribution = Affordable Housing Bonus Floor Area x 80% x median cost of buildable land per square foot

$$\underline{\hspace{2cm}} \text{ Bonus Floor Area (sq ft)} \times 80\% \times \underline{\hspace{2cm}} \text{ median price per base FAR foot} = \underline{\hspace{2cm}} \text{ Contribution}$$

Submarket	Median Land Price per Base FAR Foot
<b>Loop:</b> Chicago River on north and west; Congress on south; Lake Shore Drive on east	\$22
<b>North:</b> Division Street on north; Chicago River on south and west; Lake Shore Drive on the east	\$25
<b>South:</b> Congress on north; Stevenson Expressway on south; Chicago River on west; Lake Shore Drive on east.	\$9
<b>West:</b> Lake Street on north; Congress on the south; Chicago River on east; Racine on west	\$17

**DOH Approval (to be completed by DOH and returned to DPD contact)**

  
 \_\_\_\_\_  
 Signature

  3/27/16    
 \_\_\_\_\_  
 date

  Tracy Sanchez  

Phone: 312-742-0827  
 Fax: 312-742-1396  
 E-mail: [tsanchez@cityofchicago.org](mailto:tsanchez@cityofchicago.org)



**DEPARTMENT OF HOUSING  
DEPARTMENT OF PLANNING AND DEVELOPMENT  
AFFORDABLE HOUSING PRICING GUIDE**

Property: 2335 W. Belle Plaine  
 Address: 2335 W. Belle Plaine  
 Developer: North Center Associates (Ken Barnes)

Project Manager: Christopher Jang  
 Date: 1/20/2006

**NOTE: Only enter data in the shaded cells.**

Line	Ownership Type	55%	63%	45%	44%	58%	55%	45%
1	Condominium	1	1	1	1	1	1	1
2	Unit Type/ Number of Bedrooms (enter)	\$188,990	\$203,990	\$170,990	\$168,990	\$193,990	\$188,990	\$170,990
3	Developer's Market Price (enter)	\$276	\$297	\$249	\$246	\$283	\$276	\$249
4	Monthly Tax Estimate	\$240	\$279	\$218	\$214	\$254	\$240	\$217
5	Monthly Condo Assessment or Dues (enter)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6	Monthly Private Mortgage Insurance	\$39	\$42	\$36	\$35	\$40	\$39	\$36
7	Monthly Homeowner's Insurance	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%
8	Mortgage Interest Rate (enter 1st box)							

9	Estimated Affordable Price (enter)	\$84,327	\$94,161	\$92,515	\$93,667	\$80,685	\$84,327	\$92,694
10	Mortgage Principal Loan-to-Value Varies	\$84,327	\$94,161	\$92,515	\$93,667	\$80,685	\$84,327	\$92,694
11	Monthly Principal & Interest Payment	\$519	\$580	\$570	\$577	\$497	\$519	\$571
12	Plus: Tax, Insurance, Assessment, PMI	\$555	\$619	\$503	\$496	\$577	\$555	\$502
13	Total Monthly Payments	\$1,074	\$1,199	\$1,073	\$1,072	\$1,074	\$1,074	\$1,073
14	Required Annual Gross Income	\$42,968	\$47,950	\$42,905	\$42,895	\$42,964	\$42,968	\$42,909

45%	60%	66%	48%	48%	46%	60%	60%
1	1	1	1	1	1	1	1
\$168,990	\$198,990	\$212,990	\$175,990	\$174,990	\$172,990	\$198,990	\$194,990
\$137	\$116	\$104	\$133	\$134	\$135	\$116	\$114
\$214	\$254	\$281	\$218	\$217	\$214	\$254	\$267
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$35	\$41	\$44	\$37	\$36	\$36	\$41	\$41
6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%

\$93,667	\$79,366	\$71,430	\$91,196	\$91,639	\$92,612	\$79,366	\$78,456
\$93,667	\$79,366	\$71,430	\$91,196	\$91,639	\$92,612	\$95,000	\$78,456
\$577	\$489	\$440	\$562	\$564	\$570	\$585	\$483
\$386	\$411	\$430	\$388	\$387	\$385	\$411	\$422
\$963	\$900	\$869	\$949	\$951	\$955	\$996	\$905
\$38,501	\$35,995	\$34,774	\$37,967	\$38,053	\$38,213	\$39,845	\$36,204



	61%	59%	50%	49%	48%	69%	67%	70%
	1	1	1	1	1	1	1	1
	\$202,990	\$197,990	\$179,990	\$178,990	\$176,990	\$219,990	\$216,990	\$224,990
	\$114	\$120	\$131	\$132	\$134	\$99	\$102	\$97
	\$254	\$240	\$218	\$217	\$214	\$293	\$282	\$293
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$42	\$41	\$37	\$37	\$37	\$46	\$45	\$47
	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%

	\$78,312	\$81,954	\$90,142	\$90,584	\$91,558	\$67,708	\$70,241	\$66,389
	\$78,312	\$81,954	\$90,142	\$90,584	\$91,558	\$67,708	\$70,241	\$66,389
	\$482	\$505	\$555	\$558	\$564	\$417	\$432	\$409
	\$410	\$401	\$387	\$386	\$384	\$438	\$430	\$437
	\$893	\$905	\$942	\$944	\$948	\$854	\$862	\$845
	\$35,707	\$36,215	\$37,679	\$37,765	\$37,925	\$34,178	\$34,485	\$33,818

	68%	69%	51%	52%	56%	56%	61%
	1	1	2	2	1+den	1+den	1+den
	\$217,990	\$222,990	\$245,990	\$247,990	\$205,990	\$210,990	\$227,990
	\$102	\$100	\$177	\$176	\$133	\$134	\$131
	\$281	\$282	\$315	\$320	\$267	\$267	\$282
	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$45	\$46	\$51	\$52	\$43	\$44	\$47
	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%

	\$70,112	\$68,659	\$121,694	\$120,427	\$120,771	\$91,000	\$92,000	\$90,000
	\$70,112	\$68,659	\$121,694	\$120,427	\$120,771	\$91,000	\$92,000	\$90,000
	\$432	\$423	\$749	\$741	\$744	\$560	\$566	\$554
	\$429	\$429	\$544	\$547	\$543	\$442	\$445	\$461
	\$860	\$851	\$1,293	\$1,289	\$1,287	\$1,003	\$1,011	\$1,015
	\$34,414	\$34,053	\$51,720	\$51,551	\$51,473	\$40,102	\$40,448	\$40,591

Bedrooms	HUD Median Income for Unit Type/Family Size			
	Family Size	80% Median	100% Median	120% Median
Studio	1	\$40,600	\$52,800	\$63,350
1	1.5	\$43,500	\$56,550	\$67,850
2	3.0	\$52,200	\$67,900	\$81,500
3	4.5	\$60,325	\$78,400	\$94,100
4	6.0	\$67,300	\$87,500	\$105,000

HUD figures as of February 2005

	61%	62%
	1+den	1+den
	\$228,990	\$229,990
	\$131	\$128
	\$278	\$293
	\$0	\$0
	\$48	\$48
	6.25%	6.25%

	\$90,000	\$88,000
	\$90,000	\$88,000

LINE NOTES:

- 1 Condominium ownership exists when the owners of individual living units share in the ownership of the development's land and common areas. Condo pricing is only applicable for those developments where the allocation of common areas is based on sale price and not floor area.
- 2 Enter unit type and number of bedrooms.
- 3 Enter developer's market rate price. Does the price include parking? \_\_\_ yes \_\_\_ no (Inclusion of parking must be consistent between market and affordable prices for the purpose of these calculations).
- 4
- 5 **Property taxes are estimated at 1.75% of the Market price for this development not the affordable price.** Enter the developer's estimated condo assessment. If not known, enter the typical condo assessment of approximately \$250. If there are no assessments, insert zero.
- 6 **PMI not applicable down payment assumed is more than 20%.**
- 7 Property insurance is estimated at 0.25% of the market price.
- 8 Enter the current 30-year mortgage rate in the first box.
- 9 Use trial-and-error to match the affordable price to the required annual gross income necessary to qualify for this price (Line 14). Does the affordable price include parking? \_\_\_ yes \_\_\_ no (See Line 3 note).
- 10 **Loan is maximum loan amount affordable to buyers with incomes of 80% of ami.**
- 11 Monthly payments based on a 30-year loan at the mortgage rate entered on Line 8.
- 12 The total of Lines 4, 5, 6 and 7.
- 13 The total of Lines 11 and 12.
- 14 The annual gross income (assuming that the family's housing costs total no more than 30% of their total gross annual income) required to qualify for a loan on the affordable unit at the indicated affordable price (Line 9). Compare to income indicated on table for appropriate unit type.

May-05

\$554	\$542
\$457	\$469
\$1,011	\$1,011
<b>\$40,452</b>	<b>\$40,439</b>

## Term Sheet

The project consists of the development of a five-story, 97-unit affordable senior condominium building that will be located at 2335 W. Belle Plain. The Project will be part of the 5.4-acre senior campus located on the northeast corner of Western Avenue and Irving Park Road in Chicago. This TIF request applies to only the 97-unit senior condo building, also referred to as Belle Plain Commons.

The building will be located on a 1.56-acre portion of the Area. Of the 97 units 51 %, or 50 units, will be designated for households at or below 80% of the Area Median Income and 49%, or 47 units, will be designated for households at or below 120% of AMI. The building will be a five-story pre-cast concrete and masonry structure with amenities for residents including a multipurpose community room, an exercise room, library and either a patio, balcony or Juliet balcony with each unit. The number of parking spaces, as per Residential-Business-Institutional Planned Development No. 612, shall be no less than 112 spaces including 58 resident-owned indoor spaces, 43 resident owned outdoor spaces, and 11 unreserved parking spaces for guests.

The City, through its Department of Planning and Development intends to negotiate a redevelopment agreement with the Developer in connection with the Project. The City proposes to provide the Developer with TIF assistance in an amount not to exceed a Maximum amount of \$3,380,000 subject to the actual amount of TIF-eligible costs incurred in completing the Project. The assistance will be provided through Available Incremental Revenues from the Western Avenue South TIF, not limited to the project pins.

<u>Sources</u>	<u>Amount</u>	<u>% of Total Project Costs</u>
Condominium Sales Proceeds	\$22,152,030	81.73%
Unit Upgrades	\$664,561	2.45%
Parking Revenue	\$710,500	2.62%
TIF/Loan Proceeds	\$3,380,000	12.47%
Master Developer TIF Contribution	\$197,000	0.73%
<b>Total Sources</b>	<b>\$27,104,091</b>	<b>100.00%</b>

<u>Uses</u>	<u>Amount</u>	<u>\$ Per Square Ft.</u>
Hard Costs:		
Base Construction	\$17,464,390	\$123.94
Unit Upgrades Construction	\$564,877	\$4.01
Contingency	\$850,000	\$6.03
<b>Total Hard Costs</b>	<b>\$18,879,267</b>	<b>\$133.98</b>

<u>Soft Costs</u>	<u>Amount</u>	<u>% of Total Project Costs</u>
Architecture, Engineering & Planning	\$619,500	2.29%
Survey	\$25,000	0.09%
Environmental Consultants, Testing & Inspections	\$40,000	0.15%
Appraisal & Market Research Fees	\$21,000	0.08%
Legal, Accounting & Consulting	\$402,000	1.48%
Initial & Unit Title & Unit Closing Costs (1.5% of Sales Revenue)	\$364,500	1.34%
Builders Risk & Liability Insurance	\$70,000	0.26%
Sales & Marketing (2.8% of Sales Revenue)	\$650,000	2.40%

Sales Commissions (2.9% of Sales Revenue)	\$693,670	2.56%
General & Administrative	\$965,000	3.56%
DECAP, Permit & Impact Fees	\$59,000	0.22%
Miscellaneous Reimbursable Expenses	\$20,000	0.07%
Construction Period Real Estate Taxes	\$150,000	0.55%
Customer Service & Warranty	\$170,700	0.63%
Interim Assessments & Management Fee	\$88,000	0.32%
Contingency	\$350,000	1.29%
Construction Period Interest (primary loan)	\$1,440,000	5.31%
TIF Bridge Loan Interest	\$245,000	0.90%
Loan Origination Fees (Construction & Bridge)	\$125,000	0.46%
<b>Total Soft Costs</b>	<b>\$6,498,370</b>	<b>23.98%</b>
<b>Developer Profit</b>	<b>\$1,726,454</b>	<b>6.37%</b>
<b>Total Uses</b>	<b>\$27,104,091</b>	

\*Building has 140,914 gross square feet



# HARRIS

111 West Monroe Street  
Chicago, IL 60603  
T 312-461-2121

Writers' Information  
Martin F. Babbo, V.P.  
Direct: 312-461-3863  
FAX: 312-765-8348  
E-Mail: marty.babbo@harrisbank.com

January 27, 2006

Mr. Ken Barnes, President  
Developers Design Corporation  
200 E. Randolph St., Suite 2100  
Chicago, IL 60601-6432

## Letter of Intent

Dear Mr. Barnes:

Per our recent discussions, Harris N.A. ("Harris") is pleased to offer the following proposal to **finance a Department of Planning and Development TIF Note issued to reimburse TIF qualified project costs (plus interest)** at the to-be-constructed 97-unit Belle Plaine Commons Senior Condominium ("Project"), located at the northeast corner of the Western Ave. and Irving Park Rd. in Chicago, IL.

Please understand that this Letter of Intent is not a Commitment and does not purport to address all the terms and conditions that may be contained in a final Commitment Letter.

### Summary of Terms and Conditions

**Borrower:** North Center Associates LLC

**Guarantors:** Sheldon Baskin, Ken Barnes, and Henry Hyatt

**Loan Amount:** Up to \$3,700,000.

**Minimum  
TIF Note  
Interest**

**Rate:** Borrower's TIF Note Interest Rate shall be at minimum, 20% higher than Harris' Loan Interest Rate.

**Loan Type  
& Purpose:**

A non-revolving line of credit to fund Project costs.

**Maturity/  
Loan Term:**

Loan shall have a term no greater than 5 years.

**Loan**

**Repayment:** Loan shall be fully repaid within the stated Harris Loan Term. However, for the first 36 months, Loan shall be interest-only, with Harris Interest funded from a predetermined interest reserve to be included within the Loan, structured to fund interest until scheduled TIF Note payments begin.

**Frequency of Loan**

**Payments:** Harris' Loan interest payments shall be due quarterly.

**Interest Rate:** Option One: Loan shall have a rate equal to Harris' Prime Lending Rate.

Option Two: Loan shall have a fixed rate equal to 5-Year Treasuries plus 2.50%. Presently this rate is 6.88%. The actual rate will be set the week of closing.

Under Option Two, there shall be a pre-payment penalty if the loan is refinanced by a lender other than Harris. The penalty declines over the term of the loan, but begins at 5% of the loan balance and ends in the 5<sup>th</sup> year at 1% of the loan balance. Other shorter-term fixed rate options are available, which would lessen the impact of a pre-payment penalty.

**Loan Fee:** There shall be a fee equal to 1.00% of the loan payable at closing.

**Source of**

**Repayment:** The Source of Harris' Loan Repayment (Principal and Interest) shall be cash installments from "area-wide" TIF increment funded to Borrower under the terms of its TIF Note.

**TIF Area**

**Minimum**

**Debt**

**Coverage:**

Harris shall analyze data provided by the Department of Planning and Development ("DPD") to confirm the TIF District/Area's cash flow, and that this cash flow exceeds DPD's obligations under its TIF Note at a debt coverage ratio of not less than 1.25:1.

**Collateral:**

Collateral shall include a pledge of "in-place", area-wide real estate tax increment. Pledge shall trigger the availability of funds under DPD's TIF Note if certain agreed to Project "milestones" are met. Harris does not necessarily require a First Priority Interest/Pledge of this area-wide increment, only acceptable covenants from the City/DPD reserving increment in the amount necessary to meet the aforementioned Debt Coverage Ratio.

Additionally there shall be an Assignment to Harris of Borrower's TIF Note with DPD.

**Expenses:** Bank Legal, and other closing related costs shall be born by the Borrower.

**DPD TIF Note**

**Conditions:** DPD shall fund 100% of the amount due under its TIF Note when a minimum of 25 of the Project's "80% of median" affordable units plus 25 additional Project units are delivered to purchasers.

**Important**

**Harris Loan**

**Conditions:** There shall be a pre-certification by DPD of the Project's TIF eligible costs.

City/DPD shall not condition payments under its TIF Note on the status of any loan between Harris and the Borrower. That is a default under this loan, a construction loan, or any other loan to the Borrower shall not trigger a default under the City/DPD's TIF note obligation.

TIF Redevelopment Agreement shall not "cloud" title or negatively impact Harris' mortgage rights against the to-be-improved property.

**Other**

**Conditions:** Underwriting may be adjusted depending on credit quality or special circumstances.

Harris shall be satisfied with TIF related financial data including municipal and county records confirming available real estate tax increment.

Harris shall be satisfied with the City/DPD Pledge Agreement.

Harris shall be satisfied with the City/DPD TIF Note.

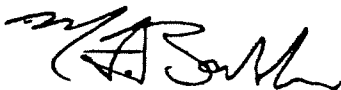
Harris shall be satisfied with the TIF Redevelopment Agreement.

Guarantors shall provide Harris with updated Personal Financial Statements, Federal Income Tax Returns, and Personal Credit Histories prior to credit approval.

The proposal outlined in this Letter of Intent is subject to final Harris credit approval.

Thank you for this opportunity. Please feel free to contact me direct at (312) 461-3863 with any questions.

Sincerely,



Martin F. Babbo,  
Vice President  
HARRIS N.A.

## SUMMARY OF TERMS AND CONDITIONS

*This Summary, the Bank's Commitment Letter, is intended as an outline only and does not purport to summarize all the conditions, covenants, representations, warranties and other provisions which would be contained in definitive legal documentation for the financing contemplated hereby. The commitment of Harris N.A. ("Harris Bank") will be subject to negotiation and execution of definitive Loan Documents in form and substance satisfactory to Harris Bank, the Borrower, and their respective counsels.*

- Borrower:** North Center Associates LLC, a project-specific development entity with Sheldon Baskin, Ken Barnes, Henry Hyatt, and TACH Senior Condo, LLC as principal members.
- Guarantors:** Sheldon Baskin, Ken Barnes, and Henry Hyatt
- Loan Type:** Secured non-revolving line of credit ("Loan") to finance the construction a five story building containing 97 condominium units for individuals age 55 or older, known as Belle Plaine Commons ("Project"). Subject building is part of a master development taking place at the northeast corner of Western Avenue and Irving Park Road in Chicago, Illinois.
- Amount:** **\$18,000,000**
- Maturity:** Loan term shall not exceed **24** months. During the construction period, at Borrower's request, credit approval will be sought for a 6 month loan term extension. There shall not be a loan fee for this extension. However, Harris N.A. shall be entitled to reimbursement for legal expenses attributable to the extension.
- Interest Rate:** Loan shall bear interest at a floating rate of Prime as announced from time to time by Harris N.A.
- Loan Fee:** Harris Bank shall receive a loan fee at closing of the transaction of \$90,000.
- Release Deed Fee:** There shall be a fee of \$150 per Partial Release Deed issued by Harris Bank.
- Repayment:** Interest is due monthly. However, funds to pay interest shall be advanced from an interest reserve budgeted within the Loan.
- Principal is repaid from the sale of Project units with proceeds generated from a Partial Release Price. This price shall equal the greater of 93% of per unit gross sales proceeds or such amount as reasonably projected by Harris Bank to cause full repayment of the Loan with the closing of the 83<sup>rd</sup> condominium unit, which is equivalent to 85% of Project units.
- Interest Reserve:** There shall be a Loan interest reserve of \$1,440,000, which shall be used to pay interest accrued under the Loan.



- 
- Prepayment:** Borrower may prepay any portion of the construction loan without penalty.
- Equity:** The required equity contribution shall include the development site, free clear of encumbrances, a minimum of \$3,297,000 of TIF proceeds to fund budgeted construction costs, and a minimum contribution of \$1,267,590 of Project related soft costs. Soft cost equity shall fund budget line items acceptable to Harris Bank. See the attached Project Budget for detail.
- Collateral:** As collateral security for repayment of the Loans, Borrower shall execute and deliver, or cause to be executed and delivered the following documents. All security documents shall be satisfactory to the Harris Bank in its sole discretion:
1. First Mortgage creating a valid first mortgage lien on the Project property and its construction improvements located at the northeast corner of Western Avenue and Irving Park Road in Chicago, Illinois;
  2. Chattel Mortgage on all furniture, fixtures, equipment, etc.;
  3. Assignment of condominium unit sales contracts;
  4. Assignment of all other relevant contracts/agreements including but not limited to General Contractor's Agreement, Architect's Agreement, and TIF Redevelopment Agreement, all related to the improvements financed by Loan proceeds;
  5. Environmental Indemnity Agreement signed by the Borrower and Guarantors.
- Guarantees:** **Repayment:** The Guarantors shall guaranty, on a several basis only, the repayment of \$5,400,000 of outstanding Loan Principal plus all Loan Interest, Loan Fees, Bank Expenses inclusive of any and all collection costs, Real Estate Taxes, Insurance Premiums, and Maintenance associated with the Improvements. The Guarantors shall each be responsible for a portion of the \$5,400,000 guaranty. Respective portions are as follows: Sheldon Baskin \$3,000,240 (55.56%); Henry Hyatt \$1,500,120 (27.78%); and Ken Barnes \$899,640 (16.66%).
- Completion:** The Guarantors shall guaranty, on a several basis, the lien-free and timely completion of the Project, pursuant to the approved plans and specifications and the final approved construction budget. The Guarantors shall each be responsible for a portion of the guaranty. Respective portions are as follows: Sheldon Baskin 55.56%; Henry Hyatt 27.78%; and Ken Barnes 16.66%.
- Balanced Budget:** The Budget, requiring equity and debt, must be in balance at all times.
- Market Study:** Harris Bank has received an acceptable market study.
- Appraisal:** Harris Bank has received an acceptable appraisal, which indicates an "as-is" land value, a "gross sell-out" value, and "discounted cash flow/bulk sale" value. The "as-is" value is \$4,200,000. The "gross sell-out" value (restricted below market pricing) is \$23,550,000. The "discounted cash flow/bulk sale" value (restricted below market pricing) is \$18,800,000.
- Title Restrictions:** This Commitment is conditioned upon the absence of title restrictions or redevelopment agreements that would compel Harris Bank or a future project

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owner, in the event of a foreclosure (or a deed in lieu), to sell remaining project units subject to age and income restrictions.

**Environmental /  
Engineering:**

Environmental, architectural, and engineering reports satisfactory to Harris Bank, in form and from firms acceptable to Harris Bank will be required at its sole discretion.

**Disbursements:**

Disbursements will be made in accordance with the final approved project cost budget. Disbursement of proceeds for the Improvements shall be based on work completed. Disbursement shall be made through a title company satisfactory to Harris Bank. Further, Borrower shall retain, at Borrower's expense, an inspecting architect who, from time to time, will be required to inspect and certify the work for which payment is requested. Harris Bank shall also require satisfactory Sworn Owner's and Contractor's Statements and copies of all subcontracts.

**Pre-Sale Requirements and Construction Funding Limitations:**

For Harris Bank to release Loan proceeds for approved Project costs, 50% of project condominium units shall be pre-sold. A pre-sold unit is one that is under binding real estate sales contract. Sales contracts shall be reviewed and accepted by Harris Bank prior to funding. Each contract is subject to Harris Bank review and approval. See attached Exhibit B for detail.

**Deposit Account  
Relationship:**

In consideration for Harris Bank's financing commitment, Borrower shall establish a project related deposit account relationship.

Please open all accounts through the Loop office in consultation with the undersigned. On-going service on these accounts can be obtained by contacting the undersigned or Ms. Dora Araiza at 312-461-2181. Once the accounts are established, feel free to utilize any Harris branch as convenience dictates. However, your commercial banker and his colleagues should be regarded as the main point of contact for all your banking.

**Conditions  
Precedent:**

Borrower shall fulfill the following conditions to the Harris Bank's satisfaction. Such conditions include, without limitation, the following:

1. Satisfactory review and approval by the Harris Bank and/or its Inspecting Architect of final plans and specifications which shall be approved by the proper governmental agency. The construction schedule and construction budget shall also be reviewed and approved by the Harris Bank.
2. Borrower to obtain from all governmental agencies having jurisdiction over the site in an ordinary course of time all authorizations, ordinances, licenses, approvals, consents and permissions (including, without limitation, zoning ordinances which permit the intended use without requiring a variance), as may be required in order to permit construction of the Project in accordance with the final approved budget.

3. Satisfactory review and approval of the general contract, major subcontracts, and the construction schedule.
4. Satisfactory review and approval of the title insurance policy, survey, and builder's risk insurance for the approved improvements.
5. Prior to closing and funding under the Loan, Harris Bank shall have received from each of the Guarantors updated Personal Financial Statements, full 2004 Federal Income Tax Returns, as well as confirmation of liquid assets (current bank and investment account statements).

**Reporting:**

Borrower shall provide the following to the Harris Bank on an ongoing basis

1. For all construction draws, an owner's sworn statement, a contractor's sworn statement, and copies of invoices and canceled checks for all reimbursable soft costs.
2. Harris Bank review of all unit sales contracts prior to related construction funding.
3. Annual Personal Financial Statements for Sheldon Baskin, Ken Barnes, and Henry Hyatt.
4. Annual Federal Income Tax Returns for Sheldon Baskin, Ken Barnes, and Henry Hyatt.

**Other Documents:**

Harris Bank shall receive such other documents, in form and substance satisfactory to the Harris Bank and its counsel as it may reasonably request.

**Expenses:**

Whether or not the Facility is closed, Borrower will promptly pay or reimburse Harris for all legal, appraisal, environmental, title insurance, recording, and other closing costs, which have actually been incurred.

*This Summary, Harris Bank's Commitment Letter, is intended as an outline only and does not purport to summarize all the conditions, covenants, representations, warranties and other provisions which would be contained in definitive legal documentation for the financing contemplated hereby. The commitment of Harris Bank will be subject to negotiation and execution of definitive Loan Documents in form and substance satisfactory to Harris Bank, the Borrower, and their respective counsels.*

To indicate your acceptance hereof, kindly execute letter as provided below and return the same to Harris Bank no later than **December 07, 2005**. As consideration for this commitment and to serve as a deposit against to be incurred Harris Bank legal costs, please also include a check in the amount of **\$10,000**. Harris Bank acknowledges prior receipt of \$9,000, which was applied toward the purchase of the completed appraisal report.

If this commitment has been accepted with required consideration, but the transaction has not closed by May 08, 2006, this commitment shall become null and void. In this case, the transaction shall be eligible for a new commitment. However, eligibility shall be judged at the sole discretion of Harris Bank.

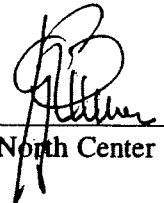
Thank you for this opportunity. If there are any questions, please feel free to contact me direct at 312-461-3863 or marty.babbo@harrisbank.com.

Sincerely,



Martin F. Babbo  
Vice President  
Harris N.A.

Accepted By:

 Ken Barnes, Manager Date: 12/2/05  
North Center Associates LLC

# CITY OF CHICAGO

## LICENSE CERTIFICATE

### NON-TRANSFERABLE

BY THE AUTHORITY OF THE CITY OF CHICAGO, THE FOLLOWING SPECIFIED LICENSE IS HEREBY GRANTED TO

NAME: NORTH CENTER ASSOCIATES LLC

DBA: NORTH CENTER ASSOCIATES LLC

AT: 200 E. RANDOLPH ST., Apt./Suite 2100  
CHICAGO, IL 60601

LICENSE NO.: 1647104

CODE: 1020

FEE: \$\*\*\*\*125.00

LICENSE: Residential Real Estate Developer

MANAGING MEMBER: SHELDON L. BASKIN

MEMBER: HENRY HYATT

PRINTED ON : 11/07/2005

\$\*\*\*\*125.00

THIS LICENSE IS ISSUED AND ACCEPTED SUBJECT TO THE REPRESENTATIONS MADE ON THE APPLICATION THEREFOR, AND MAY BE SUSPENDED OR REVOKED FOR CAUSE AS PROVIDED BY LAW. LICENSEE SHALL OBSERVE AND COMPLY WITH ALL LAWS, ORDINANCES, RULES AND REGULATIONS OF THE UNITED STATES GOVERNMENT, STATE OF ILLINOIS, COUNTY OF COOK, CITY OF CHICAGO AND ALL AGENCIES THEREOF.

WITNESS THE HAND OF THE MAYOR OF SAID CITY AND THE CORPORATE SEAL THEREOF

THIS 04 DAY OF NOVEMBER, 2005

EXPIRATION DATE: November 15, 2006

ATTEST:

*Rick M. Daley*

MAYOR

*James J. Fort*

CITY CLERK

DREV NO. 297168 S/E 1

TRANS NO.

THIS LICENSE MUST BE POSTED IN A CONSPICUOUS PLACE UPON THE LICENSED PREMISES.

THE FACE OF THIS DOCUMENT HAS A MULTI-COLORED DOCUMENT ON WHITE PAPER





## Alderman Gene Schulter

April 24, 2006

Lori T. Healey  
Commissioner  
Department of Planning and Development  
121 North LaSalle Street  
Chicago, IL 60602

Dear Commissioner Healey,

I would like to take this opportunity to express my support for the tax increment financing (TIF) assistance to be used in support of Belle Plaine Commons located at 2335 West Belle Plaine Avenue within the Western Avenue South TIF area.

Thank you for your cooperation in this matter. If you have any questions please call my Chief of Staff Dan Luna, at 773/ 348-8400.

Sincerely,

Gene Schulter  
Alderman, 47th Ward

GS;dl

**EXHIBIT A**

Street Boundary Description of the  
Western Avenue South Tax Increment Financing  
Redevelopment Project Area

The Area is generally bounded by Montrose Avenue on the north, Ravenswood Avenue on the east, Belmont Avenue on the south, and the North Branch of Chicago River on the west.