

ROOSEVELT HOTEL REDEVELOPMENT AGREEMENT

BY AND BETWEEN

THE CITY OF CHICAGO

AND

**SOMERSET HOTEL, L.L.C., NRP RH, LLC, ROOSEVELT, LLC,
ROOSEVELT HOTEL, L.P. AND
THE CHICAGO TITLE LAND TRUST COMPANY, AS TRUSTEE**

This agreement was prepared by
and after recording return to:
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c:\wptext\roosevelthotel.ra4 (EXECUTION)

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Exhibit B	*Property
Exhibit C	*TIF-Funded Improvements
Exhibit D	Redevelopment Plan
Exhibit E	Construction Contract
Exhibit F	Escrow Agreement
Exhibit G-1	*Project Budget
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Exhibit H	*Permitted Liens
Exhibit I	Approved Prior Expenditures
Exhibit J	Opinion of Developer's Counsel
Exhibit K	Form of Lease

(An asterisk(*) indicates which exhibits are to be recorded.)

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Prepared by and
after recording return to:
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Chicago, IL 60602

ROOSEVELT HOTEL REDEVELOPMENT AGREEMENT

This Roosevelt Hotel Redevelopment Agreement (this "Agreement") is made as of this 16th day of October, 2001, by and between the City of Chicago, an Illinois municipal corporation (the "City"), through its Department of Planning and Development ("DPD"), The Chicago Title Land Trust Company, not personally, but as Trustee under Trust Agreement dated January 20, 2000 and known as Trust No. 1108010 (the "Trust"), Roosevelt, LLC, an Illinois limited liability company (the "Managing General Partner"), Somerset Hotel, L.L.C., an Illinois limited liability company, and NRP RH, LLC, an Illinois limited liability company (the "Co-General Partners") and Roosevelt Hotel, L.P, an Illinois limited partnership (the "Beneficiary" and collectively with the Trustee and the Co-General Partners, 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 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 "the City Council") adopted the following ordinances on November 28, 1990: (1) "An Ordinance of the City of Chicago, Illinois Approving a Tax Increment Redevelopment Plan and Redevelopment Project for the Central Station Area Redevelopment Tax Increment Financing Project and Redevelopment Project" (later expanded and redesignated as the Near South Redevelopment Project Area); (2) "An Ordinance of the City of Chicago, Illinois Designating the Central Station Area as a Redevelopment Project Area Pursuant to the Tax Increment Allocation Redevelopment Act"; and (3) "An Ordinance of the City of Chicago, Illinois Adopting Tax Increment Financing for the Central Station Area Redevelopment Project Area" (as amended, the "TIF Adoption Ordinance"), (as amended, collectively referred to herein as the "TIF Ordinances"). The redevelopment project area referred to above (the "Redevelopment Area") is legally described in Exhibit A hereto.

D. The Project: The Trust has previously purchased that certain property located within the Redevelopment Area at 1152 South Wabash Avenue, Chicago, Illinois 60605 commonly known as the Roosevelt Hotel and legally described on Exhibit B hereto (the "Property").

At the time the City Council approved this Agreement, Roosevelt, L.L.C., an entity owned and controlled by Keith Giles and Allison Davis and their affiliates, was the sole beneficial owner and holder of power of direction with respect to the Trust and was designated the developer for the Project, as defined below. In order to obtain certain benefits under Section 118 of the Internal Revenue Code of 1986 (the "Code"), Roosevelt, L.L.C., has, simultaneously with the execution of this Agreement, assigned its beneficial interest in and power of direction with respect to the Trust as follows: (i) a 43.5% undivided interest to Somerset Hotel, L.L.C., an entity owned and controlled by Keith Giles and certain affiliated trusts; (ii) a 43.5% undivided interest to NRP RH, LLC, an entity owned in part and controlled by Allison Davis and certain affiliated trusts; and (iii) a 13.0% undivided interest to the Beneficiary. The total consideration paid to Roosevelt Hotel, L.L.C., for such assignment was \$2,700,000, with \$1,175,000 being paid by each of the Co-General Partners and the remainder being paid by the Beneficiary.

In connection with such assignment, the City will fund one-half of the \$2,350,000 in City Funds provided for under this

Agreement to each Co-General Partner. Each Co-General Partner will use such funds to purchase its respective undivided interest in the beneficial interest in the Trust and, immediately upon such acquisition, contribute such interests to the Beneficiary in exchange for their co-general partnership interests. Simultaneously therewith, and as contemplated at the time of City Council approval of this Agreement, a historic tax credit investor, Community Reinvestment Fund Limited Partnership, will be admitted as a limited partner to the Beneficiary, and³ Roosevelt, L.L.C. will also be admitted as the managing general partner of the Beneficiary.

Upon completion of such transactions, the Beneficiary will thereafter be the sole beneficiary and holder of power of direction with respect to the Trust. Within the time frames set forth in Section 3.01 hereof, the Developer shall commence and complete rehabilitation and renovation of the existing building ("Building"), which is listed on the National Register of Historic Places, into approximately 42 residential rental units (at least 20% of which shall be "adaptable dwelling units" within the meaning of 71 Ill. Admin. Code §§400.210 and 400.350 and at least 20% of which (including 1 studio apartment, 7 one-bedroom apartments and 1 two-bedroom apartment) shall be Affordable Units (as defined in Section 8.21), and first-floor retail and/or commercial space totaling approximately 3,400 rentable sq. ft. Approximately 7 units will be studio apartments, 28 units will be one-bedroom apartments, and 7 units will be two-bedroom apartments. Restoration of the Building will include facade cleaning, repairs, and replacement of missing masonry; rehabilitation of the entrances and ground floor storefronts; replacement of windows; restoration of walls and flooring; and replacement of all mechanical systems, electrical, plumbing and HVAC. In addition the Building will be brought up to fire code standards, and additional improvements such as landscaping, flower boxes, awnings, special lighting, and signage acceptable to the City will be added. The rehabilitation and renovation of the Building 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 will be carried out in accordance with this Agreement and the City of Chicago as amended, Redevelopment Project Area and Plan (the "Redevelopment Plan") attached hereto as Exhibit D, as amended from time to time.

F. City Financing: The City agrees to use, in the amounts set forth in Section 4.03 hereof, Available Incremental Taxes or other legally available funds of the City (including, without limitation, any proceeds of the Near South TIF Bonds, interest

earned thereon, and any other amounts on deposit in the general account maintained by the trustee for the Near South TIF Bonds) to pay for or reimburse the Co-General Partners for the costs of TIF-Funded Improvements pursuant to the terms and conditions of this Agreement.

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:

"Affiliate" shall mean any person or entity directly or indirectly controlling, controlled by or under common control with the Beneficiary.

"Architect" shall mean Pappageorge & Haymes, Ltd., an Illinois corporation.

"Available Incremental Taxes" shall mean Incremental Taxes which are not required to be paid, pledged or reserved under the terms of the bond documents evidencing and securing the Near South TIF Bonds.

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

"Certificate" shall mean the Certificate of Completion of Rehabilitation 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 3.02, Section 3.03 and Section 3.04, respectively.

"City Funds" shall mean the funds described in Section 4.03(b) hereof, as the same may be reduced as described in Section 4.03 and Section 7.01.

"Closing Date" shall mean the date of execution and delivery of this Agreement by all parties hereto.

"Construction Contract" shall mean that certain contract, substantially in the form attached hereto as Exhibit E, to be entered into between the Beneficiary and the General Contractor providing for rehabilitation and renovation of the Project.

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

"Dark Days Covenant Commencement Date" shall mean the earlier of (a) the date in which Section 3.01(c) is satisfied, or (b) the date that is one year after the City's issuance of a Certificate.

"Deemed Pro Rata Share" shall mean (a) the product of (i) a fraction, the numerator of which is \$2,350,000 and the denominator of which is sum of the principal amount of the Tax Credit Equity, Lender Financing and Maximum City Funds, as set forth in Section 4.01, and (ii) the amount of any given draw request under the Escrow, less (b) fifteen percent (15%) of the amount in clause (a).

"Developer Parties" shall mean the Beneficiary, Roosevelt, L.L.C., Somerset Hotel, L.L.C., NRP RH, L.L.C., Alison Davis and Keith Giles.

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

"Engineers" shall mean Structural Shop, Ltd. Consulting Engineers, an Illinois corporation.

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

are providing the construction financing for the project. After the issuance of the Certificate, the term "Lender" shall also include a financial institution, insurance company or other lender providing replacement Lender Financing, as defined below.

"Lender Financing" shall mean (a) funds borrowed by the Beneficiary from the Lender and available to pay for costs of the rehabilitation and renovation of the Project, in the amount set forth in Section 4.01 hereof, and (b) any replacement permanent financing for the Project, provided (i) the principal amount of such replacement permanent financing does not in aggregate exceed an amount equal to the difference between the actual Project costs as of such refinancing date and the maximum City Funds), (ii) the City grants its prior written consent to such replacement lender, which consent shall not be unreasonably withheld or delayed, and (iii) no Developer Party nor any affiliate thereof receives a refinancing fee, commission or payment, either directly or indirectly (such as, for example, as a priority payment under the Beneficiary's partnership agreement) in connection with such refinancing.

"MBE(s)" shall mean a business identified in the Directory of Certified Minority Business Enterprises published by the City's Purchasing Department, or otherwise certified by the City's Purchasing Department as a minority-owned business enterprise.

"MBE/WBE Budget" shall mean the budget attached hereto as Exhibit G-2, as described in Section 10.03.

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

"Near South TIF Bonds" shall mean the City of Chicago Tax Increment Allocation Bonds (Near South Redevelopment Project) Series 1999A and 1999B, issuance pursuant to an ordinance of the City Council adopted November 18, 1998 and published in the Journal of Proceedings of the City Council at pages 83348-83448.

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

"Performance L/C" shall mean an irrevocable, direct pay letter of credit with a declining principal balance as described in this definition issued by a financial institution and in a form acceptable to DPD naming the City as the sole beneficiary, providing by its terms for payment to the City upon the City's submission of a certificate stating that the City is entitled to draw upon such Performance L/C under the terms of this Agreement. The Performance L/C shall be in the initial principal amount of \$2,350,000. Upon the Developer's delivery to the City of written

evidence of Part II approval from the National Park Service and the Illinois State Historic Preservation Agency and the City's review and approval of such written evidence, and upon occurrence of "Project Start-Up," as defined in Section 9.8 of the Beneficiary's limited partnership agreement and termination of the limited partner withdrawal rights described therein, the principal balance of the Performance L/C shall decline by an amount equal to the City's Deemed Pro Rata Share of all approved draw requests under the Escrow prior to such delivery date. Thereafter, the principal amount of the Performance L/C may decline after the payment of each subsequent approved draw request by an amount equal to the City's Deemed Pro Rata Share of each such approved draw request (which approvals shall require, among other things, evidence acceptable to DPD of the Developer's compliance with its MBE/WBE utilization obligations under this Agreement) until the principal amount declines to an amount equal to the greater of (a) 2.50% of the Project Budget amount (with any increase in such Project Budget to result in an increase in the Performance L/C amount), or (b) the Developer's initial development fee, if any, as set forth in the Project Budget. The City and the Developer shall provide a joint written direction to the issuer of the Performance L/C to advise such issuer of the incremental declines provided for under this definition at the time of each such decline. The Performance L/C shall, by its terms, renew annually throughout the Term of this Agreement in an amount equal to the then-existing principal balance as of the time of renewal, provided that the issuer may elect to not renew such Performance L/C by giving the City written notice of such election at least thirty (30) days prior to the expiry date, in which case the Developer shall deliver a replacement Performance L/C to the City at least ten (10) days prior to such expiry date.

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

"Plans and Specifications" shall mean final construction documents containing working drawings and specifications for the Project, including, without limitation, construction drawings, landscaping plans, signage plans, landmark and historic preservation plans, accessibility plans and ornamentation studies and plans.

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

"Project Budget" shall mean the budget attached hereto as Exhibit G-1, showing the total cost of the Project by line item, furnished by the Developer to DPD, in accordance with Section 3.03 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.

"Reimbursement Event" shall mean the occurrence of any of the following acts or omissions by the Developer Parties with respect to the Project: (i) a material misrepresentation, fraudulent act or omission or misappropriation of funds; (ii) any intentional or material waste to the Property; (iii) use of City Funds for payment or reimbursement of amounts other than the TIF-Funded Improvements; (iv) a transfer, refinancing or condominium or cooperative conversion in violation of the terms of this Agreement (including any transfer of an ownership interest in any upper tier owner or entity having an ownership interest in the Developer that has the practical effect of a transfer of the Property, or any refinancing at such level); (v) any material breach of the Developer's representations, warranties or covenants, as applicable, regarding environmental matters contained in this Agreement; (vi) the occurrence of any material uninsured casualty event to the Building, unless the portion of the Building damaged by such event is restored within a reasonable period of time; (vii) the material misappropriation or misapplication of insurance proceeds relating to the Property by the Developer; or (viii) any material misrepresentation in any Economic Disclosure Statement and Affidavit submitted by the Developer Parties.

"Scope Drawings" shall mean preliminary schematic drawings and construction documents describing the proposed rehabilitation and restoration work and including drawings and specifications for the Project.

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

"Tax Credit Equity" shall mean capital contributions made to the Beneficiary derived from the syndication of Historic Tax Credits relating to the Project irrevocably available for the Project, in the amount set forth in Section 4.01 hereof, of which approximately (a) \$1,042,788 will be funded on the Closing Date, (b) an additional 53,333 will be funded on the later to occur of "placement in service" for historic tax credit purposes and Part III approval, (c) an additional \$53,334 will be funded on the

later to occur of July 1, 2003 or initial rent-up and attainment of break-even operations, and (d) \$58,145 of which will be payable in installments over the time period from July 1, 2002 through July 1, 2007, or such other contribution schedule as to which DPD may consent.

"Term of the Agreement" shall mean the period of time commencing on the Closing Date and ending on the date on which the Redevelopment Area is no longer in effect.

"TIF-Funded Improvements" shall mean those acquisition costs or improvements related to the Project which (i) qualify as Redevelopment Project Costs, (ii) are eligible costs under the Redevelopment Plan (iii) the City has agreed to pay for out of the City Funds, subject to the terms of this Agreement, and (iv) are identified on Exhibit C.

"Title Company" shall mean Near North National Title Corporation, a Delaware corporation.

"Title Policy" shall mean an ALTA owner's policy of title insurance issued by the Title Company showing fee simple title in the Trust. The Title Policy shall note 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.

"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 Purchasing Department, or otherwise certified by the City's Purchasing Department as a women-owned business enterprise.

SECTION 3. THE PROJECT

3.01 The Project. The Developer has previously commenced rehabilitation and renovation and shall, pursuant to the Plans and Specifications and subject to the provisions of Section 18.17 hereof: (a) complete rehabilitation and renovation no later than fifteen months after the Closing Date; (b) receive Part III approval from the National Park Service no later than December 31, 2003; and (c) cause at least eighty-five percent (85%) of the apartment units (by number) and at least fifty percent (50%) of the ground floor space to be leased within one year of the City's issuance of a Certificate.

3.02 Scope Drawings and Plans and Specifications. The Developer has delivered the Scope Drawings to DPD and DPD has approved same. The Developer shall also deliver the Plans and Specifications to DPD for review and approval. After such initial approval, subsequent proposed changes to Plans and Specifications shall be submitted to DPD 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 amended from time to time and all applicable federal, state and local laws, ordinances and regulations. The Developer shall submit all necessary documents to the City's Building Department, Department of Transportation and such other City departments or governmental authorities as may be necessary to acquire building permits and other required approvals for the Project.

3.03 Project Budget. The Developer has furnished to DPD, and DPD has approved, a Project Budget and sworn owner's statement showing total costs for the Project in an amount not less than Nine Million Seven Hundred One Thousand Twenty-Five Dollars (\$9,701,025). The Developer hereby certifies to the City that (a) the City Funds, together with the Lender Financing, Equity, and Tax Credit Equity 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 DPD certified copies of any Change Orders with respect to the Project Budget for approval pursuant to Section 3.04 hereof.

3.04 Change Orders. Except as provided below, all Change Orders (and documentation substantiating the need and identifying the source of funding therefor) relating to material changes to the Project must be submitted by the Developer to DPD concurrently with the progress reports described in Section 3.07 hereof. The Developer shall not authorize or permit the performance of any work relating to any Change Order or the furnishing of materials in connection therewith prior to the receipt by the Developer of DPD'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 committed pursuant to this Agreement or provide any other additional assistance to the Developer. Notwithstanding anything to the contrary in this Section 3.04, Change Orders that do not (a) decrease the Project Budget, (b) reflect a change in the basic use of the Property, (c) reduce the square footage of the Project or the apartment sizes, or (d) change the completion date in Section 3.01, do not require DPD's prior written approval as set forth in this Section 3.04, but DPD shall be notified in writing of all such Change Orders prior to the implementation thereof and the Developer, in

connection with such notice, shall identify to DPD the source of funding therefor. DPD shall respond to any request for approval of a Change Order requiring DPD's approval within ten (10) business days.

3.05 DPD Approval. Any approval granted by DPD 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 DPD pursuant to this Agreement constitute approval of the quality, structural soundness or safety of the Property or the Project.

3.06 Other Approvals. Any DPD approval under this Agreement shall have no effect upon, nor shall it operate as a waiver of, the Developer's obligations to comply with the provisions of Section 5.03 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, DPD's approval of the Plans and Specifications, evidence of the Beneficiary's (or the General Contractor's) having met with at least 4 MBE/WBE contractor associations prior to the Closing Date, and evidence of the General Contractor's and each subcontractor's bonding as required hereunder.

3.07 Progress Reports and Survey Updates. The Developer shall provide DPD with written monthly progress reports detailing the status of the Project, including a revised completion date, if necessary (with any change in completion date being considered a Change Order, requiring DPD's written approval pursuant to Section 3.04), and the status of the Developer's tenant relocation efforts, if any tenant dislocation or relocation is required a subcontractor's activity report, a monthly utilization report, authorization for payroll agent and certified payroll. The Developer shall provide three (3) copies of any updated Survey to DPD upon the request of DPD.

3.08 Inspecting Agent or Architect. An independent agent or architect (which may be the inspecting architect of either Lender providing the Lender Financing) approved by DPD 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 DPD, prior to requests for disbursement for costs related to the Project pursuant to the Escrow Agreement.

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. DPD retains the right to approve the maintenance, appearance, color scheme, painting, nature, type, content and design of all barricades.

3.10 Signage 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. After the issuance of the City's Certificate, DPD shall also have the right to approve any changes in signage that are inconsistent with the original signage approved for the Project as depicted in the Plans and Specifications.

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, 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, provided, subject to any applicable fee waivers.

SECTION 4. FINANCING

4.01 Total Project Cost and Sources of Funds. The cost of the Project is estimated to be \$9,701,025, to be applied in the manner set forth in the Project Budget. Such costs shall be funded from the following sources:

Equity (subject to <u>Section 4.06</u>)	\$ 1,979,904
Tax Credit Equity	1,096,121
Lender Financing	4,275,000
Maximum City Funds (subject to <u>Section 7.01</u>)	2,350,000
ESTIMATED TOTAL	\$ 9,701,025

4.02 Developer Funds. Equity, Tax Credit 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 be used to pay directly or reimburse the Co-General Partners only 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 paid by or reimbursed from City Funds for each line item therein (subject to Section 4.05(d)), contingent upon receipt by the City of documentation satisfactory in form and substance to DPD evidencing such cost and its eligibility as a Redevelopment Project Cost.

(b) Sources of City Funds. Subject to the terms and conditions of this Agreement, including but not limited to this Section 4.03 and Section 7.01 hereof, the City hereby agrees to pay the Co-General Partners the amount described below (the "City Funds") for the cost of the TIF-Funded Improvements:

<u>Source of City Funds</u>	<u>Maximum Amount</u>
Available Incremental Taxes or other legally available City funds	\$2,350,000

A total of \$2,350,000 of such City Funds shall be paid to the Co-General Partners, which shall use such funds to purchase their respective 43.5% undivided interests in the beneficial interest in the Trust and, upon such acquisition, contribute such beneficial interests to the Beneficiary, on the Closing Date.

Provided the total Project costs exceed \$8,140,042 (the original Project Budget estimate at the time the Project was approved by the Community Development Commission of the City), then the total amount of City Funds shall equal \$2,350,000 and no payment shall be required by the Developer pursuant to Section 7.01. If the total Project costs are less than \$8,140,042, then (i) the total amount of City Funds shall equal Twenty-Eight and 87/100 percent (28.87%) of such actual total Project costs; and (ii) if the City Funds previously paid to Developer exceed such amount, then the Developer shall make the payment described in Section 7.01.

(c) Conditional Grant of City Funds. The City Funds provided hereunder are being provided on a conditional basis subject to the Developer's compliance with the requirements of this Agreement.

4.04 Construction Escrow. The City and the Developer hereby agree to enter into the Escrow Agreement, to which the Lender and the Title Company (or its affiliate) shall also be parties. All disbursements of Project funds (except for the Prior Expenditures, including any acquisition costs, which may be paid directly to the Co-General Partners as described in Section

4.03(b), either inside or outside of the Escrow) shall be made through the funding of draw requests pursuant to the Escrow Agreement and this Agreement. In case of any conflict between the terms of this Agreement and the Escrow Agreement, the terms of this Agreement shall control. The City will have the right to receive copies of all draw request packages delivered pursuant to the Escrow Agreement. The Escrow Agreement shall provide for the funding of Equity first, City Funds second, and Lender Financing and Tax Credit Equity thereafter.

4.05 Treatment of Prior Expenditures and Subsequent Disbursements.

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

(b) Purchase of Property. A portion of the purchase price of the Property (i.e., the consideration paid by the Co-General Partners' for their collective undivided 87% beneficial interest in the Trust) exclusive of transaction costs, in an amount not to exceed \$2,350,000, shall be paid to the Co-General Partners from City Funds on the Closing Date as a TIF-Funded Improvement.

(c) Allocation Among Line Items. Disbursements for expenditures related to TIF-Funded Improvements may be allocated to and charged against the appropriate line only, with transfers of costs and expenses from one line item to another, without the prior written consent of DPD, being prohibited; provided, however, that such transfers among line items, in an amount not to exceed \$25,000 or \$100,000 in the aggregate, may be made without the prior written consent of DPD.

4.06 Cost Overruns. If the aggregate cost of the TIF-Funded Improvements exceeds City Funds available pursuant to Section 4.03 hereof, the Developer shall be solely responsible for such excess costs, and shall hold the City harmless from any and all costs and expenses of completing the TIF-Funded Improvements in excess of City Funds.

SECTION 5. CONDITIONS PRECEDENT

The following conditions shall be complied with to the City's satisfaction within the time periods set forth below or, if no time period is specified, at least five (5) business days prior to the Closing Date:

5.01 Project Budget. The Developer shall have submitted to DPD, and DPD shall have approved, a Project Budget in accordance with the provisions of Section 3.03 hereof.

5.02 Scope Drawings and Plans and Specifications. The Developer shall have submitted to DPD and DPD shall have approved the Scope Drawings and Plans and Specifications in accordance with the provisions of Section 3.02 hereof.

5.03 Other Governmental Approvals. The Developer shall have secured all other necessary approvals and permits required by any state, federal, or local statute, ordinance or regulation and shall submit evidence thereof to DPD.

5.04 Financing. The Developer shall have furnished proof reasonably acceptable to the City (including, without limitation, copies of all financing and tax credit documents) that the Developer has Equity, Tax Credit Equity and Lender Financing, in the amounts set forth in Section 4.01 hereof committed to complete the Project and satisfy its obligations under this Agreement. If a portion of such funds consists of Lender Financing or Tax Credit Equity, the Developer shall have furnished proof as of the Closing Date that such funds 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. Any Lender liens against the Property in existence at the Closing Date shall be 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 shall furnish the City with a copy of the Title Policy for the Property. The Title Policy shall be dated as of the Closing Date and shall contain only those title exceptions listed as Permitted Liens on Exhibit H hereto and shall evidence the recording of this Agreement pursuant to the provisions of Section 8.18 hereof. The Title Policy shall also contain a comprehensive endorsement and satisfactory endorsements regarding zoning (3.1 with parking), contiguity, location, access, survey and waiver of

creditor's rights. The Developer shall provide to DPD, prior to the Closing Date, documentation related to the purchase of the Property and certified copies of all easements and encumbrances of record with respect to the Property not addressed, to DPD's satisfaction, by the Title Policy and any endorsements thereto.

5.06 Evidence of Clean Title. The Developer, at its own expense, shall have provided the City with current searches in the names of each of the Developer Parties 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
Clerk of Circuit Court, Cook County	Pending suits and judgments

showing no liens against such parties or the Property or any fixtures now or hereafter affixed thereto, except for the Permitted Liens.

5.07 Surveys. The Developer shall have furnished the City with three (3) copies of the Survey.

5.08 Insurance. The Developer, at its own expense, shall have insured the Property in accordance with Section 12 hereof and shall have delivered to DPD the certificates required pursuant to Section 12 hereof evidencing the required coverages.

5.09 Opinion of the Developer's Counsel. On the Closing Date, the Developer shall furnish the City with an opinion of counsel, substantially in the form attached hereto as Exhibit J, with such changes as may be required by or acceptable to Corporation Counsel. If the Developer has engaged special counsel in connection with the Project, and such special counsel is unwilling or unable to give some of the opinions set forth in Exhibit J hereto, such opinions shall be obtained by the Developer from its general corporate counsel.

5.10 Evidence of Prior Expenditures. The Developer shall have provided evidence satisfactory to DPD in its sole but good faith discretion, of the Prior Expenditures in accordance with the provisions of Section 4.05(a) hereof.

5.11 Financial Statements. The Developer shall have provided unaudited opening financial statements for the Beneficiary and such other financial statements as the Developer may submit to the Lender.

5.12 Documentation. The Developer shall have provided documentation to DPD, satisfactory in form and substance to DPD, in its sole but good faith discretion, including, without limitation, with respect to current employment matters, a General Contractor's sworn statement identifying which subcontractors are MBE/WBE certified, an owner's sworn statement, a contractor letter of understanding, evidence that MBE/WBE Contractor associations have been informed of the Project via written notice and meetings and a Contractor's Certification regarding labor standards.

5.13 Environmental and Accessibility Audits. The Developer shall have provided DPD with copies of any phase I environmental and accessibility audits completed with respect to the Property. Based on the City's review of the phase I environmental audit(s), the City may, in its sole discretion, require the completion of a phase II environmental audit with respect to the Property prior to the Closing Date. The City reserves the right to terminate negotiations with respect to this Agreement if, in the City's view, such audits reveal the existence of material environmental or accessibility problems that will not be cured by the rehabilitation and renovation work. Prior to the Closing Date, the Developer shall provide the City with a letter from the consultant(s) who completed such audit(s), authorizing the City to rely on such audit(s).

5.14 Corporate Documents. The Developer shall provide a copy of its Certificate of Limited Partnership and its Managing General Partner's and Co-General Partners Articles of Organization, containing the original certification of the Secretary of State of Illinois; certificates of good standing and existence from the Secretary of State of Illinois; a general partner's and managing member's certificate in such form and substance as the Corporation Counsel may require, attaching copies of the Beneficiary's partnership agreement and the Managing General Partner's operating agreement, any required consents, a listing of the partners and members and their respective ownership interests, and an incumbency certificate with specimen signatures; and such comparable organizational and authority documentation as the City may request for any of the other Developer Parties or their upper-tier owners (excluding the limited partners investing in Davis Associates Managers, LLC and the upper-tier owners of Community Reinvestment Fund 2000 Limited Partnership).

5.15 Litigation. The Developer shall provide to Corporation Counsel and DPD a description of all pending or threatened litigation or administrative proceedings involving the Developer Parties, 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.

5.16 Performance L/C. The Developer shall have delivered to the City the Performance L/C.

5.17 Historic Tax Credit Approvals. The Developer shall have delivered to the City evidence of Part I approval from the National Park Service.

5.18 Relocation Plan. If any tenant dislocation or relocation is required, the Developer shall have delivered, and DPD shall have approved, a tenant relocation plan relating to the relocation and termination of leases of the existing tenants in the Building.

5.19 Parking. The Developer and City shall have executed a lease in substantially the form of Exhibit K, which leased space will provide for not less than 30 parking spaces for the Building.

5.20 Preconditions of Draw Requests. Prior to each disbursement of funds from the Escrow and/or reduction in the principal amount of the Performance L/C, the Developer shall submit documentation of such expenditures to DPD, which shall be satisfactory to DPD in its sole discretion. Notwithstanding the preceding sentence, the City shall have no approval rights over the disbursement of any Lender Financing from the Escrow. Delivery by the Developer of any draw request or request for a reduction in the principal amount of the Performance L/C shall, in addition to the items therein expressly set forth, constitute a certification to the City, as of the date of such request, that:

(a) the total amount of the draw request represents the actual cost of the acquisition or the actual amount payable to (or paid to) the General Contractor and/or subcontractors who have performed work on the Project, and/or their payees;

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

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

(d) the representations and warranties contained in this Redevelopment 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;

(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; and

(g) the Project is in balance. The Project shall be deemed to be in balance ("In Balance") only if the total of the available Project funds equals or exceeds the aggregate of the amount necessary to pay all unpaid Project costs incurred or to be incurred in the completion of the Project. "Available Project Funds" as used herein shall mean: (i) the undisbursed Lender Financing, if any; (ii) the unfunded Equity, (iii) the unfunded Tax Credit Equity, and (iv) any other amounts deposited by the Developer pursuant to this Agreement. The Developer hereby agrees that, if the Project is not In Balance, the Developer shall, within 10 days after a written request by the City, deposit with the City or the escrow agent, cash in an amount that will place the Project In Balance, which deposit shall first be exhausted before any further disbursement from the Escrow shall be made or reduction in the principal amount of the Performance L/C occur. The Developer shall be entitled to all interest on any such deposit.

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 approval of the request 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. In addition, the Developer shall have satisfied all other preconditions of funds from the Escrow, including but not limited to requirements set forth in the, the TIF Ordinances, this Agreement and/or the Escrow Agreement.

SECTION 6. AGREEMENTS WITH CONTRACTORS

6.01 Bid Requirement. (a) Except as set forth in Section 6.01(b) below, prior to entering into an agreement with a General Contractor or any subcontractor for construction of the Project, the Developer shall solicit, or shall cause the General Contractor to solicit, bids from qualified contractors eligible to do business with the City of Chicago, and shall submit all bids received to DPD for its inspection and written approval. For Project work other than the TIF-Funded Improvements, if the Developer selects a General Contractor (or the General Contractor selects any subcontractor) who has not submitted the lowest responsible bid, the difference between the lowest responsible bid and the higher bid selected shall be subtracted from the actual total Project costs for purposes of the calculation of the amount of City Funds to be contributed to the Project pursuant to Section 4.03(b) hereof. The Developer shall submit copies of the

Construction Contract to DPD in accordance with Section 6.02 below. Photocopies of all subcontracts entered or to be entered into in connection with the TIF-Funded Improvements shall be provided to DPD within five (5) business days of the execution thereof. The Developer shall ensure that the General Contractor shall not (and shall cause the General Contractor to ensure that the subcontractors shall not) begin work on the Project until the Plans and Specifications have been approved by DPD and, if required, the Commission on Chicago Landmarks, and all requisite permits have been obtained.

(b) If, prior to entering into an agreement with a General Contractor for construction of the Project, the Developer does not solicit bids pursuant to Section 6.01(a) hereof, then the fee of the General Contractor shall be limited to 10% of the total amount of the Construction Contract. Except as explicitly stated in this paragraph, all other provisions of Section 6.01(a) shall apply, including but not limited to the requirement that the General Contractor shall solicit competitive bids from all subcontractors.

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

6.03 Performance and Payment Bonds. Prior to commencement of rehabilitation of any portion of the Project, the Developer shall require that the General Contractor be bonded for its performance and payment by sureties having an AA rating or better using American Institute of Architect's Form No. A311 or its equivalent. The City shall be named as obligee or co-obligee on such bond. Prior to the commencement by the General Contractor or any subcontractor of work in the public way, the General Contractor and any such subcontractor shall comply with the licensing, letter of credit, insurance and bonding, and other requirements applicable under the Municipal Code.

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 8.09 (Prevailing Wage), Section 10.01(e) (Employment Opportunity), Section 10.02 (City Resident Employment Requirement), Section 10.03 (MBE/WBE Requirements; General Contractor only), Section 12 (Insurance) and Section 14.01 (Books and Records) hereof. Photocopies of all contracts or subcontracts entered or to be entered into in connection with the TIF-Funded Improvements shall be provided to DPD within five (5) business days of the execution thereof.

SECTION 7. COMPLETION OF CONSTRUCTION OR REHABILITATION

7.01 Certificate of Completion of Rehabilitation. After (a) completion of the rehabilitation and renovation of the Project in accordance with the terms of this Agreement, (b) the final disbursement from the Escrow, and (c) issuance of Part III approval by the National Park Service, and upon the Developer's written request, DPD shall issue to the Developer a Certificate in recordable form certifying that the Developer has fulfilled its obligation to complete the Project in accordance with the terms of this Agreement. The Certificate shall only concern the physical rehabilitation and renovation work. DPD shall respond to the Developer's written request for a Certificate within thirty (30) 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. In the event that both the total Project costs are less than \$8,140,042 and the City Funds previously paid to the Developer exceed 28.87% of the final Project Budget amount, then, as a condition precedent to the issuance of such Certificate, the City shall require the Developer to pay the City the difference between the City Funds previously paid to the Developer and an amount equal to 28.87% of the final Project Budget amount.

7.02 Effect of Issuance of Certificate; Continuing Obligations. The Certificate relates only to the rehabilitation and renovation 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 Section 8.01 (d), (j), (l), (m), (n), (o) and (p), 8.02, 8.19, 8.20 and 8.21 shall be 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. The other executory terms of this Agreement that remain after the issuance of a Certificate shall be binding only upon the Developer or a permitted assignee of the Developer who, pursuant to Section 18.15 of this Agreement, has contracted to take an assignment of the Developer's rights under this Agreement and assume the Developer's liabilities hereunder.

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

(a) the right to terminate this Agreement and draw on the Performance L/C;

(b) the right (but not the obligation) to complete those TIF-Funded Improvements that are public improvements and to pay for the costs of TIF-Funded Improvements (including interest costs) out of City Funds or other City monies. In the event that the aggregate cost of completing the TIF-Funded Improvements exceeds the amount of City Funds available pursuant to Section 4.01, the Beneficiary 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 (or an amount equal thereto) from the Beneficiary, the Managing General Partner and the Co-General Partners.

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

SECTION 8. COVENANTS/REPRESENTATIONS/WARRANTIES OF THE DEVELOPER.

8.01 General. The Beneficiary, the Managing General Partner and the Co-General Partners each represents, warrants and covenants, as of the date of this Agreement, as of the date of each draw request under the Escrow, and throughout the term of this Agreement, that:

(a) it is a limited partnership or limited liability company, as applicable, entity is duly organized, validly existing, and qualified to do business in Illinois;

(b) it has the right, power and authority to enter into, execute, deliver and perform this Agreement;

(c) its execution, delivery and performance has been duly authorized by all necessary limited partnership and limited liability company action, as applicable, and does not and will not violate any such party's certificate of limited partnership or limited partnership agreement or articles of organization or operating agreement, as the same may have been amended and supplemented, as applicable, nor any applicable provision of law, or constitute a breach of, default under or require any consent under any agreement, instrument or document to which any such parties is now a party or by which any Developer Party or the Property is now or may become bound;

(d) prior to the Fifth Anniversary Date, (i) the Trust shall maintain good, indefeasible and merchantable fee simple title to the Property free and clear of all liens (except liens permitted under Section 8.01(j) and non-governmental charges that the Developer is contesting in good faith pursuant to Section 8.15 hereof), (ii) the Beneficiary shall continue to hold 100% of the beneficial interest of the Trust and the power of direction with respect thereto, and (iii) there shall be no change in the ownership interests of the Beneficiary, excluding only transfers of the ownership interests by the limited partners and shareholders of Davis Associates Managers, LLC, Community Reinvestment Fund 2000 Limited Partnership and Community Reinvestment Fund, Inc., respectively, and transfers permitted under Section 8.01(l);

(e) it is and 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, or, to its knowledge, threatened or affecting the Developer Parties or the Property which would impair its ability to perform under this Agreement;

(g) it has and will maintain (or will cause the Beneficiary to have and 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) it 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 it is a party or by which such entity or the Property 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 party submitting such statements, and there has been no material adverse change in the assets, liabilities, results of operations or financial condition of the submitting party since the date of such entity's most recent Financial Statements;

(j) it has not incurred, and shall not, without the prior written consent of the Commissioner of DPD, allow the existence of any liens against the Property (other than the Permitted Liens) or prior to the issuance of a Certificate, incur any indebtedness, secured or to be secured by the Property or any fixtures now or hereafter attached thereto except Lender Financing disclosed in the Project Budget;

(k) no Developer Party and no direct or indirect owner of any Developer Party has made or caused to be made, directly or indirectly, any payment, gratuity or offer of employment in connection with this 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 in violation of Chapter 2-156-120 of the Municipal Code;

(l) prior to the Fifth Anniversary Date, it shall do any of the following without the prior written consent of DPD, which consent shall be in DPD's sole discretion: (1) be a party to any merger, liquidation or consolidation; (2) directly or indirectly sell, transfer, convey, lease (except in the ordinary course of business) 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), or permit any transfer of its ownership interests to any non-Developer Party, (any such transfer, a "Transfer"), provided that at any time prior to or after the Fifth Anniversary Date (A) individual owners of a Developer Party may transfer membership interests to a personal trust controlled by such individual for estate planning purposes, (B) the limited partner of the Beneficiary may effect a "for cause" removal of any general partners of the Beneficiary pursuant to the Beneficiary's limited partnership agreement, (C) the limited partner of Beneficiary may, after the Closing Date, freely transfer its partnership interests in Beneficiary and itself, and (D) transfers described in Section 8.01(d)(iii) shall be permitted, in each case without the prior written consent of the City or DPD; and (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 any Developer Party's financial condition;

(m) after the Fifth Anniversary Date, the the Trust may Transfer the Property (or any portion thereof) and the Beneficiary may transfer the beneficial interest in the Trust to an owner of the Beneficiary, or such owner's affiliate, or permit a Transfer to occur without the City's or DPD's prior written consent, or, with the City's prior written consent, which consent shall not be unreasonably withheld or delayed, such a Transfer may be made to another person or entity, provided that no such owner, affiliate or third party transferee, or any property directly or beneficially owned by the proposed transferee, (1) is in violation of any City ordinances or other legal requirements, (2) is involved in litigation with the City, (3) is unable or unwilling to accept an assignment of any unperformed obligations of the developer under the Redevelopment Agreement, (including, without limitation, the affordability requirements in Section 8.21, or (4) has a creditworthiness that is unacceptable to the City. For purposes of the preceding sentence, an "affiliate" shall include any entity or person which would be required to complete a City Economic Disclosure Statement ("EDS") if the proposed transferee completed an EDS at the time of the transfer (regardless of whether such transferee is required to complete such an EDS);

(n) after the issuance of a Certificate, it will not obtain financing that does not constitute Lender Financing (whether secured or unsecured) without the City's prior written consent, which consent shall be in the City's sole discretion;

(o) prior to the Fifth Anniversary Date, all 42 units in the Building shall be leased as rental apartments and no declaration of condominium shall be recorded with respect to any portion of the Property nor shall any portion of the Property be converted to cooperative housing; thereafter, a declaration of condominium may be recorded and individual units conveyed to private purchasers subject to the Developer Party's continued compliance (and such purchasers' compliance) with Section 8.21;

(p) it shall cooperate with DPD in identifying and leasing the first floor retail and commercial space to tenants. In no instance shall such space be leased to fast food restaurants or franchises. In addition, the space may not be leased to regional or national retail or commercial franchises or tenants, without the prior written consent of DPD, which consent shall not be unreasonably withheld but which may be denied if the proposed tenant is a regional or national retail or commercial tenant and

DPD, in its sole discretion, determines that such use would be inconsistent with the historic character of the Property or inconsistent with City planning objectives. DPD's may reasonably withhold its consent if a proposed tenant will use the demised premises for any of the following uses:

- Currency exchange;
- Offices (business and professional);
- Loan offices;
- Travel bureaus and transportation ticket offices;
- Auto accessory stores;
- Employment agencies;
- Laundries and laundrettes;
- Plumbing showroom and shops;
- Second hand store and rummage shops;
- Pawn shops;
- Tattoo parlor;
- Astrology, card-reading, palm-reading or fortune telling, in any form
- Payday loan store; or
- Inter-track wagering facility.

In addition, any and all food-service or food-related tenants shall be subject to strict review by DPD.

8.02 Covenant to Redevelop. Upon DPD's approval of the Project Budget, the Scope Drawings and Plans and Specifications as provided in Sections 3.02 and 3.03 hereof, and the Developer's receipt of all required building permits and governmental approvals, the Beneficiary, the Managing General Partner and the Co-General Partner shall redevelop the Property in accordance with this Agreement and all Exhibits attached hereto, the TIF Ordinances, the Scope Drawings, Plans and Specifications, Project Budget and all amendments thereto, and all federal, state and local laws, ordinances, rules, regulations, executive orders, codes and landmarks and historical preservation requirements applicable to the Project, the Property and/or the Developer. The covenants set forth in this Section shall run with the land and be binding upon any transferee.

8.03 Redevelopment Plan. The Beneficiary, the managing general and the Co-General Partners each represents that the Project is and shall be in compliance with all of the terms of the Redevelopment Plan.

8.04 Use of City Funds. City Funds disbursed to the Developer shall be used by the Developer solely to pay for (or to reimburse the Developer or its Co-General Partners for their payment for) the TIF-Funded Improvements as provided in this Agreement.

8.05 Other Bonds. The Developer Parties 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 Project or the redevelopment project area in which the Project is located ("Bonds"); provided, however, that any such amendments shall not have a material adverse effect on the Developer, the Property or the Project. The Developer Parties shall, at their 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 [Intentionally Deleted]

8.07 Employment Opportunity; Progress Reports. The Beneficiary 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 Beneficiary shall deliver to the City written progress reports detailing compliance with the requirements of Sections 8.09, 10.02 and 10.03 of this Agreement. Such reports shall be delivered to the City when the Project is 25%, 50%, 70% and 100% completed (based on the amount of expenditures incurred in relation to the Project Budget). If any such reports indicate a shortfall in compliance, the Beneficiary shall also deliver a plan to DPD which shall outline, to DPD's satisfaction, the manner in which any shortfall shall be corrected.

8.08 Employment Profile. The Beneficiary shall submit, and contractually obligate and cause the General Contractor or any subcontractor to submit, to DPD, from time to time, statements of its employment profile upon DPD's request.

8.09 Prevailing Wage. The Beneficiary 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 Beneficiary 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 8.09.

8.10 Arms-Length Transactions. Unless DPD shall have given its prior written consent with respect thereto, no Affiliate of any Developer Party 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 Parties 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 Party for such costs using City Funds, or otherwise), upon DPD's request, prior to any such disbursement.

8.11 Conflict of Interest. Pursuant to Section 5/11-74.4-4(n) of the Act, the Beneficiary, the Managing General Partner and each Co-General Partner each 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 or any Developer Party 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 any such entity's business, the Property or any other property in the Redevelopment Area.

8.12 Disclosure of Interest. No legal counsel providing services to any Developer Party has any direct or indirect financial ownership interest in the Developer, the Property or any other aspect of the Project.

8.13 Financial Statements. The Beneficiary shall obtain and provide to DPD Financial Statements for the Beneficiary's fiscal year ended December 31, 2000 and each fiscal year thereafter for the Term of the Agreement. In addition, the Beneficiary shall submit unaudited financial statements as soon as reasonably practical following the close of each fiscal year and for such other periods as DPD may request and such other financial statements as the Beneficiary may prepare for the Lender.

8.14 Insurance. The Beneficiary, at its own expense, shall comply with all provisions of Section 8.19 and Section 12 hereof.

8.15 Non-Governmental Charges. (a) Payment of Non-Governmental Charges. Except for the Permitted Liens, the Beneficiary 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 or may 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 Beneficiary 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 Beneficiary shall furnish to DPD, within thirty (30) days of DPD's request, official receipts from the appropriate entity, or other proof satisfactory to DPD, evidencing payment of the Non-Governmental Charge in question.

(b) Right to Contest. The Beneficiary shall have 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 Beneficiary's covenants to pay any such Non-Governmental Charge at the time and in the manner provided in this Section 8.15); or

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

8.16 Developer's Liabilities. Neither the Beneficiary, the Managing General Partner nor either Co-General Partner shall 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 to any other person or entity. Each such party shall immediately notify DPD of any and all events or actions which may materially affect its ability to carry on its business operations or perform its obligations under this Agreement or any other documents and agreements.

8.17 Compliance with Laws. To the best of the Beneficiary's, the Managing General Partner's and each Co-General Partner's knowledge, after diligent inquiry, the Property and the Project shall, upon completion, be in compliance with all applicable federal, state and local laws, statutes, ordinances, rules, regulations, executive orders and codes pertaining to or

affecting the Project and the Property. Upon the City's request, such party shall provide evidence satisfactory to the City of such compliance.

8.18 Recording and Filing. The Beneficiary shall cause this Agreement, certain exhibits (as specified by Corporation Counsel), all amendments and supplements hereto to be recorded and filed 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, provided, however, that if such mortgage has been recorded prior to the Closing Date, a subordination agreement in which the Lender subordinates its mortgage lien to the covenants specified in Section 7.02 that run with the land may be recorded instead. The Developer shall pay all fees and charges incurred in connection with any such recording. Upon recording, City shall be transmitted an executed original of this Agreement showing the date and recording number of record.

8.19 Real Estate Provisions.

(a) Governmental Charges.

(i) Payment of Governmental Charges. The Beneficiary agrees to pay or cause to be paid when due all Governmental Charges (as defined below) which are assessed or imposed upon the Beneficiary, the Property or the Project, or become due and payable, and which create or may create a lien upon the Beneficiary 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 relating to the Beneficiary, the Property or the Project including but not limited to real estate taxes.

(ii) Right to Contest. The Beneficiary shall have 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 Beneficiary's covenants to pay any such Governmental Charge at the time and in the manner provided in this Agreement unless the Beneficiary has given prior written notice to DPD of the Beneficiary's intent to contest or object to a Governmental Charge and, unless, at DPD's sole option,

(A) the Beneficiary shall demonstrate to DPD's satisfaction that legal proceedings instituted by the Beneficiary 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

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

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

(c) Insurance. In addition to the insurance required pursuant to Section 12 hereof, the Beneficiary shall procure and maintain the following insurance:

(i) Prior to the execution and delivery of this Agreement and during construction of the Project, All Risk Property Insurance in the amount of the full replacement value of the Property; and

(ii) Post-construction, throughout the Term of the Agreement, All Risk Property Insurance, including improvements and betterments in the amount of full replacement value of the Property. Coverage extensions

shall include business interruption/loss of rents, flood and boiler and machinery, if applicable.

8.20 Dark Days Covenant. After the Dark Days Covenant Commencement Date and continuing through the Term of the Agreement, at least (a) 50% of the ground floor space (by square footage) and (b) 85% (by number) of the apartment units shall be leased. If a breach of covenant (a) occurs and continues for more than 24 consecutive calendar months, or for more than 242 months in any 36 consecutive calendar month period, an immediate Event of Default shall exist. If a breach of covenant (b) occurs and continues for 24 consecutive calendar months, an immediate Event of Default shall exist. Covenant (b) shall not apply after the permitted conversion of Property to a condominium form of ownership and sale of units to private purchasers.

8.21 Affordable Housing Covenant. The Developer Parties agree and covenant to the City that at all times during the Term of this Agreement, the following affordable housing covenants shall be complied with:

(a) The floors of the Building above the ground floor shall be operated and maintained solely as residential housing, that, prior to the Fifth Anniversary Date, shall be rental housing;

(b) At least nine (9) (representing 20% by number) of the residential units in the Building shall be available for occupancy to and be occupied solely by Families that constitute Low Income Families (as defined below) at the time of initial occupancy (the "Affordable Units"); and

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

(d) If any Affordable Units are converted to a condominium or cooperative form of ownership after the Fifth Anniversary Date, such Affordable Units, if sold, may only be sold to a Qualified Family which (i) pays an Affordable Price, (ii) executes a Junior Note and a Junior Mortgage, (iii) upon acquiring title, owns and occupies the Affordable Unit as the Qualified Family's primary residence as long as it owns the Affordable Unit, (iv) does not lease the Affordable Unit to any person without the prior written consent of the City, which shall

be in the City's sole discretion, and which, if granted, may require that the total amount payable by any tenant household not exceed 30% of the income of a Low Income Family, and (v) may not sell the Affordable Unit unless it sells the unit to another Qualified Family or, in connection with a sale to a purchaser that is not a Qualified Family, repays the City Subsidy Amount. This restriction shall apply to the initial sale and every resale of each Affordable Unit during the Term of the Agreement.

(e) As used in this Section 8.21, the following terms shall have the following meanings:

(i) "Affordable Price" shall mean a purchase price that will result in the monthly homeownership costs for principal, interest, taxes, insurance and condominium assessment payments for a residential unit totaling not more than an amount equal to 30% of the income of a Qualified Family;

(ii) "City Subsidy Amount" shall mean the difference in price between the Affordable Price and the fair market value price for a comparable residential unit in the Building, as reasonably determined by DPD at the time of the execution of the Junior Mortgage;

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

(iv) "Junior Mortgage" shall mean a second mortgage in form and substance acceptable to the Corporation Counsel, which shall secure the Junior Note and entitle the City to recapture, upon any resale of the Affordable Unit, the City Subsidy Amount, in the event the Affordable Unit is resold during the term of the agreement to someone other than a Qualified Family, but which shall be released (and the indebtedness evidenced by the Junior Note forgiven) if such resale is to a Qualified Family.

(v) "Junior Note" shall mean a promissory note in form and substance acceptable to the Corporation Counsel executed by the Qualified Family and payable to the City in an original principal amount equal to the City Subsidy Amount and bearing interest at three percent (3%) per annum.

(vi) "Low Income Families" shall mean Families whose annual income does not exceed eighty percent (80%) 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.

(vii) "Qualified Family" shall mean a Family earning not more than one hundred twenty percent (120%) of the Chicago- area median income, adjusted for Family size, as determined in accordance with the definition of "Low Income Family."

(f) The covenants set forth in this Section 8.21 shall run with the land and be binding upon any transferee of the Property and any portion thereof (including, without limitation, any owner of an Affordable Unit) during the Term of the Agreement.

8.22 Public Benefits Program. In connection with the Project, the Beneficiary shall contribute to a new neighborhood "Clean Streets" beautification program for Roosevelt Road between Indiana Street and Wabash Avenue called the Roosevelt Road Clean Streets Program. The New South Association will coordinate residents of the Chicago Christian Industrial League to work on the project. The program will operate from May 1 of every year through December 31st. Once a week, between those dates, a program employee will remove trash and garbage along both sides of Roosevelt Road between the identified streets. In the program's inaugural year, the Beneficiary shall contribute the full operating budget for the program. It is anticipated that the cost of the program will be approximately \$1,000 per month, but additional start-up costs may be necessary. On the Closing Date, the Beneficiary will pay \$8,000 towards that initial operation cost. Any additional reasonable sums which may be required will be coordinated with the New South Association. On the first, second and third anniversary dates of the Closing Date, the Beneficiary shall contribute half of the operating budget, which contribution is estimated to be \$4,000. Thereafter, through the Term of the Agreement, the Beneficiary shall contribute one-quarter of the operating budget, which contribution is estimated to be \$2,000.

8.23 No Business Relationship With City Officials. The Beneficiary, the Managing General Partner and each Co-General Partner each acknowledges that it has read and understand Section 2-156-030(b) of the Municipal Code. Pursuant to Section 2-156-030(b) of the Municipal Code, 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 official has a "Business Relationship" (as defined in Section 2-156-080 of the Municipal Code) or to participate in any discussion of 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. Violation of Section 2-156-030(b) by any elected official, or with any person acting at the direction of such official, with respect to this Agreement, or in

connection with the transactions contemplated hereby, shall be grounds for termination of this Agreement and the transactions contemplated hereby. Each such party represents and warrants that no violation of Section 2-156-030(b) has occurred with respect to this Agreement, or the transactions contemplated thereby.

8.24 Survival of Covenants. All warranties, representations, covenants and agreements contained in this Section 8 and elsewhere in this Agreement shall be true, accurate and complete at the time of the 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 Beneficiary, 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 Beneficiary operating on the Property (collectively, with the Beneficiary, the "Employers" and individually an "Employer") to agree, that for the Term of this Agreement with respect to Beneficiary and during the period of any other party's provision of services to the Beneficiary 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 Beneficiary agrees for itself and its successors and assigns, and shall contractually obligate its General Contractor and shall cause the General Contractor to contractually obligate its subcontractors, as applicable, to agree, that during the construction of the Project they shall comply with the minimum percentage of total worker hours performed by actual residents of the City as specified in Section 2-92-330 of the Municipal Code (at least 50 percent of the total worker hours in the aggregate for the entire Project 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 Beneficiary, 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 Beneficiary 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 in accordance with standards and procedures developed by the Purchasing Agent 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 Beneficiary, 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, to the extent applicable. Each Employer shall maintain copies of personal documents supportive of every Chicago employee's actual record of residence, to the extent applicable.

Weekly certified payroll reports (U.S. Department of Labor Form WH-347 or equivalent) shall be submitted to the Commissioner of DPD in triplicate, which shall identify clearly the actual residence of every employee on each submitted certified payroll. The first time that an employee's name appears on a payroll, the date that the Employer hired the employee should be written in after the employee's name.

The Beneficiary, the General Contractor and each subcontractor shall provide full access to their employment records to the Purchasing Agent, the Commissioner of DPD, the Superintendent of the Chicago Police Department, the Inspector General or any duly authorized representative of any of them. The Beneficiary, the General Contractor and each subcontractor shall maintain all relevant personnel data and records for a period of at least three (3) years after final acceptance of the work constituting the Project.

At the direction of DPD, affidavits and other supporting documentation will be required of the Beneficiary, 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 Beneficiary, 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 Purchasing Agent) shall not suffice to replace the actual, verified achievement of the requirements of this Section concerning the worker hours performed by actual Chicago residents.

When work at the Project is completed, in the event that the City has determined that the Beneficiary 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 Beneficiary 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 Beneficiary, the General Contractor and/or the subcontractors to prosecution. Any retainage to cover contract performance that may become due to the Beneficiary pursuant to Section 2-92-250 of the Municipal Code may be withheld by the City pending the Purchasing Agent's determination as to whether the Beneficiary 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 Beneficiary 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 The Beneficiary's MBE/WBE Commitment. The Beneficiary 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 the Minority-Owned and Women-Owned Business Enterprise Procurement Program (the "MBE/WBE" Program"), Section 2-92-420 et seq., Municipal Code, 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 aggregate "hard costs" set forth in the MBE/WBE Budget shall be expended for contract participation by MBEs or WBEs:

- i. At least 25 percent by MBEs.
- ii. At least 5 percent by WBEs.

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

c. Consistent with Section 2-92-440, Municipal Code, the Beneficiary's MBE/WBE commitment may be achieved in part by the Beneficiary's status as an MBE or WBE (but only to the extent of any actual work performed on the Project by the Beneficiary), 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 Beneficiary utilizing a MBE or a WBE as a 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 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 Beneficiary's MBE/WBE commitment as described in this Section 10.03. The Beneficiary or the General Contractor may meet all or part of this commitment through credits received pursuant to Section 2-92-530 of the Municipal Code for the voluntary use of MBEs or WBEs in its activities and operations other than the Project.

d. During the rehabilitation and renovation work, the Beneficiary shall submit reports to DPD as part of each draw request under the Escrow 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 Beneficiary 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 DPD in determining the Beneficiary's compliance with this MBE/WBE commitment. DPD shall have access to the

Beneficiary's books and records, including, without limitation, payroll records, books of account and tax returns, and records and books of account in accordance with Section 14 of this Agreement, on five (5) business days' notice, to allow the City to review the Beneficiary'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 Beneficiary 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 Section 2-92-540, Municipal Code.

f. Any reduction or waiver of the Beneficiary's MBE/WBE commitment as described in this Section 10.03 shall be undertaken in accordance with Section 2-92-450, Municipal Code.

g. Prior to the commencement of the Project, the Beneficiary, the General Contractor and all major subcontractors shall be required to meet with the monitoring staff of DPD with regard to the Beneficiary's compliance with its obligations under this Section 10.03. During this meeting, the Beneficiary shall submit its MBE/WBE Utilization Plan, including Schedules C and D thereto, and shall demonstrate to DPD its plan to achieve its obligations under this Section 10.03, the sufficiency of which shall be approved by DPD. During the Project, the Beneficiary shall submit the documentation required by this Section 10.03 to the monitoring staff of DPD. Failure to submit such documentation on a timely basis, or a determination by DPD, upon analysis of the documentation, that the Beneficiary is not complying with its obligations hereunder shall, upon the delivery of written notice to the Beneficiary, be deemed an Event of Default hereunder. 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 Beneficiary to halt the Project, (2) withhold any further payment of any City Funds to the Beneficiary or the General Contractor, (3) draw on the Performance L/C, and (4) seek any other remedies against the parties to this Agreement available at law or in equity.

SECTION 11. ENVIRONMENTAL MATTERS

The Beneficiary, the Managing General Partner and each Co-General Partner hereby represents and warrants to the City that it has conducted environmental studies sufficient to conclude that, to the best of its knowledge, 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 and the Redevelopment Plan.

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

SECTION 12. INSURANCE

The Beneficiary shall provide and maintain, or cause to be provided, at the Beneficiary's own expense, during the term of this Agreement, the insurance coverages 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 Insurance

Workers Compensation and Employers Liability Insurance, as prescribed by applicable law covering all employees who are to provide a service under this Agreement and Employers Liability coverage with limits of not less than \$100,000 each accident or illness.

(ii) Commercial General Liability Insurance (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 shall 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.

(b) Construction

(i) Workers Compensation and Employers Liability Insurance

Workers Compensation and Employers Liability Insurance, as prescribed by applicable law covering all employees who are to provide a service under this Agreement and Employers Liability coverage with limits of not less than \$500,000 each accident or illness.

(ii) Commercial General Liability Insurance (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 shall include the following: All premises and operations, products/completed operations (for a minimum of two (2) years following project completion), explosion, collapse, underground, 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) Automobile Liability Insurance (Primary and Umbrella)

When any motor vehicles (owned, non-owned and hired) are used in connection with work to be performed, the Contractor shall provide 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 bases.

(iv) Railroad Protective Liability Insurance

When any work is to be done adjacent to or on railroad or transit property, Contractor shall provide, or cause to be provided with respect to

the operations that the Contractor performs, Railroad Protective Liability Insurance in the name of railroad or transit entity. The policy shall 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) Builders Risk Insurance

When the General Contractor undertakes any construction, including improvements, betterments, and/or repairs, the General Contractor shall 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 permanent facility. Coverages shall include but are not limited to the following: collapse, boiler and machinery if applicable. The City of Chicago shall be named as an additional insured and loss payee.

(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 shall be maintained with limits of not less than \$1,000,000. Coverage shall include contractual liability. 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.

(vii) Valuable Papers Insurance

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

(viii) Contractor's Pollution Liability

When any remediation work is performed which may cause a pollution exposure, contractor's Pollution Liability shall be provided with limits of not less than \$1,000,000 insuring bodily injury, property damage and environmental remediation,

cleanup costs and disposal. When policies are renewed, 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 one (1) year. The City of Chicago is to be named as an additional insured on a primary, non-contributory basis.

(c) Other Requirements

The Beneficiary will furnish the City of Chicago, Department of Planning and Development, City Hall, Room 1000, 121 North LaSalle Street 60602, original Certificates of Insurance evidencing the required coverage 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 Beneficiary shall submit evidence of insurance on the City of Chicago Insurance Certificate Form (copy attached) or equivalent prior to Agreement award. 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 the Beneficiary shall not be deemed to be a waiver by the City. The Beneficiary shall advise all insurers of the Agreement provisions regarding insurance. Non-conforming insurance shall not relieve the Beneficiary 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 terminate this Agreement until proper evidence of insurance is provided.

The insurance shall 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 and all deductibles or self insured retentions on referenced insurance coverages shall be borne by the Beneficiary.

The Beneficiary agrees that insurers shall waive rights of subrogation against the City of Chicago, its employees, elected officials, agents, or representatives.

The Beneficiary expressly understands and agrees that any coverages and limits furnished by the Beneficiary shall in no way limit the Beneficiary's liabilities and responsibilities specified within the Agreement documents or by law.

The Beneficiary expressly understands and agrees that the Beneficiary's insurance is primary and any insurance or self insurance programs maintained by the City of Chicago shall not

contribute with insurance provided by the Beneficiary under the Agreement.

The required insurance shall not be limited by any limitations expressed in the indemnification language herein or any limitation placed on the indemnity therein given as a matter of law.

The Beneficiary shall require the contractor, and all subcontractors to provide the insurance required herein or Beneficiary may provide the coverages for the Contractor, or subcontractors. All Contractors and subcontractors shall be subject to the same requirements (Section C) of Beneficiary unless otherwise specified herein.

If the Beneficiary, Contractor or subcontractor desires additional coverages, the Beneficiary, Contractor and each subcontractor shall be responsible for the acquisition and cost of such additional protection.

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

SECTION 13. INDEMNIFICATION

The Beneficiary, the Managing General Partner and each Co-General Partner agrees to indemnify, defend and hold the City harmless from and against any losses, costs, damages, liabilities, claims, suits, actions, causes of action and expenses (including, without limitation, reasonable attorneys' fees and court costs) suffered or incurred by the City arising from or in connection with (i) its failure to comply with any of the terms, covenants and conditions contained within this Agreement, or (ii) the Beneficiary'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 the Redevelopment Plan or any other document related to this Agreement that is the result of information supplied or omitted by it or its agents, employees, contractors or persons acting under its control or at its request, or (iv) its failure to cure any misrepresentation in this Agreement or any other agreement relating hereto.

SECTION 14. MAINTAINING RECORDS/RIGHT TO INSPECT

14.01 Books and Records. The Beneficiary 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 Beneficiary'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 Beneficiary's offices for inspection, copying, audit and examination by an authorized representative of the City, at the Beneficiary's expense. The Beneficiary shall incorporate this right to inspect, copy, audit and examine all books and records into all contracts entered into by the Beneficiary with respect to the Project.

14.02 Inspection Rights. Upon three (3) business days' notice, and subject to the reasonable rights of tenants occupying any portion of the Property, any authorized representative of the City shall have 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" hereunder:

(a) the failure of the Beneficiary, Managing General Partner or either Co-General Partner or any other applicable party or person to perform, keep or observe any of the covenants, conditions, promises, agreements or obligations under this Agreement or any related agreement;

(b) the failure of the Beneficiary, Managing General Partner or either Co-General Partner or any other applicable party or person to perform, keep or observe any of the covenants, conditions, promises, agreements or obligations of such entity or person under any other agreement with any person or entity if such failure may have a material adverse effect on such entity or person's business, property, assets, operations or condition, financial or otherwise;

(c) the making or furnishing by the Beneficiary, the Managing General Partner or either Co-General Partner or any other applicable party or person 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, 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 Beneficiary, the Managing General Partner or any Co-General Partner or for the liquidation or reorganization of such entity or alleging that any such entity is insolvent or unable to pay its debts as they mature, or for the readjustment or arrangement of any such entity'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 any such entity; 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 Beneficiary, the Managing General Partner or either Co-General Partner for any substantial part of any such entity's assets or the institution of any proceedings for the dissolution, or the full or partial liquidation, or the merger or consolidation, of any such entity; 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 Beneficiary, the Managing General Partner, or either Co-General Partner that has a material adverse affect on its business, property, assets, operations, condition (financial or otherwise), which remains unsatisfied or undischarged and in effect for sixty (60) days after such entry without a stay of enforcement or execution;

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

(i) the dissolution of the Beneficiary, the Managing General Partner or either Co-General Partner or the death of any natural person who directly or indirectly owns a material interest in such entity, unless, in the case of the death of any natural person, the Developer reasonably establishes to DPD that adequate provision has been made to continue the entity's business; or

(j) the institution in any court of a criminal proceeding (other than a misdemeanor) against any person named in Section 5.06 which is not dismissed within thirty (30) days, or the indictment of the Developer or any person named in Section 5.06, for any crime (other than a misdemeanor).

15.02 Remedies. Upon the occurrence of an Event of Default, the City may terminate this Agreement and all related agreements and draw on the Performance L/C. In addition, 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 at law or in equity or provided for hereunder, including, without limitation, injunctive relief and specific performance of the agreements contained herein, provided, however, that in no event shall the City's damages ever exceed the amount of City Funds paid under this Agreement, plus costs of enforcement as provided for in Section 18.21. The occurrence of a Reimbursement Event shall entitle the City to recover all City Funds paid under this Agreement.

15.03 Curative Period. In the event the Beneficiary, the Managing General Partner or either Co-General Partner or any other obligated person or entity fails to perform a monetary covenant which it is required to perform under this Agreement, notwithstanding any other provision of this Agreement to the contrary, an Event of Default shall not be deemed to have occurred unless such person or entity shall have failed to perform such monetary covenant within thirty (30) days of the City's deemed delivery of written notice in accordance with Section 17 specifying that the default under such monetary covenant. In the event the Beneficiary, the Managing General Partner or either Co-General Partner or any other obligated person or entity shall fail to perform a non-monetary covenant which it is required to perform under this Agreement, notwithstanding any other provision of this Agreement to the contrary, an Event of Default shall not be deemed to have occurred unless such person or entity shall have failed to cure such default within sixty (60) days of the City's deemed delivery of written notice in accordance with Section 17 specifying the nature of the default; provided, however, with respect to those non-monetary defaults which are not capable of being cured within such sixty (60) day period, an Event of Default shall not be deemed to have been committed if the defaulting entity or person has commenced to cure the alleged default within such sixty (60) day period and thereafter diligently and continuously prosecutes the cure of such default until the same has been cured. The above cure periods shall not apply to a failure to comply with any covenant that runs with the land, as specified in Section 7.02 (excluding Section 8.20, which shall have the cure period described herein), or the covenants set forth in Sections 8.01(d), (l), (m), (n) and (o) and Section 18.15. For such failures, there shall be no notice requirement and no cure period, and such failure shall constitute an immediate Event of Default.

SECTION 16. MORTGAGING OF THE PROJECT

All mortgages, deeds of trust and collateral assignments of beneficial interest (each, a "Mortgage") in place as of the date hereof with respect to the Property or any portion thereof are listed on Exhibit H hereto and are referred to herein as the "Existing Mortgages." Any Mortgage executed, delivered and, if applicable, recorded by a successor Lender is referred to herein

as a "Permitted Mortgage." It is hereby agreed by the Beneficiary, the Managing General Partner and each Co-General Partner as follows:

(a) In the event that a Lender shall succeed to the Beneficiary'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, deed in lieu of foreclosure or UCC sale of a beneficial interest in a land trust, and in conjunction therewith accepts an assignment hereunder in accordance with Section 18.15 hereof, the City hereby agrees to attorn to and recognize such Lender as the successor in interest to the parties hereto for all purposes under this Agreement so long as such party accepts all of the obligations and liabilities of such parties hereunder, including, without limitation, the posting of any Performance L/C; provided, however, that, notwithstanding any other provision of this Agreement to the contrary, it is understood and agreed that if such party accepts such an assignment, such party shall have no liability under this Agreement for any Event of Default which accrued prior to the time such party succeeded to the interest of such parties under this Agreement, in which case the Beneficiary, Managing General Partner and each Co-General Partner shall remain responsible. However, if such Lender does not expressly accept such an assignment of all such obligations and responsibilities, such Lender shall be bound only by the covenants specified in Section 7.02 that run with the land.

(b) Prior to the City's issuance of a Certificate, no new Mortgage may be executed with respect to the Property or any portion thereof. After the issuance of such Certificate, only Mortgages securing certain of Lender Financing may be permitted, subject to the limitations set forth herein.

SECTION 17. NOTICE

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

If to the City: City of Chicago
Department of Planning and Development
121 North LaSalle Street, Room 1000
Chicago, IL 60602
Attention: Commissioner
Facsimile: (312) 744-6550

With Copies To: City of Chicago
Department of Law
Finance and Economic Development
Division
121 North LaSalle Street, Room 600

Chicago, IL 60602
Facsimile: (312) 744-8538

If to the Developer:
Parties: Roosevelt, L.L.C.
1538 S. State Street
Chicago, IL 60605
Attn: Keith Giles
Facsimile: (312) 949-1680

and to: Community Reinvestment Fund 2000
Limited Partnership
c/o Community Reinvestment Fund
One East Superior, Suite 604
Chicago, Illinois 60611
Attn: Nicholas Shapiro
Facsimile: (312) 943-9276

with a copy to: John George, Esq.
20 S. Clark Street, Suite 400
Chicago, Illinois 60603
Facsimile: (312) 726-8819

and a copy to: David Cohen, Esq.
Duane Morris & Heckscher LLP
227 West Monroe St., Suite 3400
Chicago, Illinois 60606
Facsimile: (312) 499-6701

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 but good faith discretion, may amend, modify or supplement Exhibits A and D hereto without the consent of any party hereto, provided that any such amendment, modification or supplement shall not have a material adverse effect on the Beneficiary, the Managing General Partner, the Co-General Partners, the Property or the Project.

18.02 Entire Agreement. This Agreement (including each Exhibits 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 any Developer Party or any successor in interest in the event of any default or breach by the City or for any amount which may become due from the City or any successor in interest or on any obligation under the terms of this Agreement.

18.04 Further Assurances. The Beneficiary, Managing General Partner and Co-General Partner each 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 any of the parties hereto 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 such party in writing.

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, such ordinance(s) shall prevail and control.

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

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

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

18.15 Assignment. After the Closing Date, no Developer Party may directly or indirectly (such as, for example, by means of any of any transfer of ownership interests in any Developer Party, or of the beneficial interest or power of direction with respect to the Trust) sell, assign or otherwise transfer its interest in this Agreement in whole or in part without the written consent of the City, which consent shall be in the City's sole discretion. Any permitted successor in interest 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 8.19, 8.20 and 8.21 hereof, for the Term of the Agreement. The City shall be free, in its sole discretion, to sell, transfer, assign or otherwise dispose of its interest under this Agreement at any time in whole or in part.

18.16 Binding Effect. This Agreement shall be binding upon the parties hereto, the City and their respective successors and permitted assigns (as provided herein) and shall inure to the benefit of the parties, the City and their respective successors and permitted assigns (as provided herein).

18.17 Force Majeure. Neither the City nor the parties hereto 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 Beneficiary is required to provide notice under the WARN Act, the Beneficiary 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 Beneficiary has locations in the State. Failure by the Beneficiary 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 hereto agrees to submit to the jurisdiction of the courts of Cook County, the State of Illinois, or 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, the parties hereto agree to pay upon demand the City's out-of-pocket expenses, including reasonable attorneys' fees, incurred in connection with the City's enforcement of this Agreement and any Junior Mortgage.

18.22 City Dealings With Managing General Partner. Notwithstanding anything else in this Agreement, the City, in administering and exercising its rights under this Agreement, shall be entitled to request from the Developer's Managing General Partner at any time a copy of its operating agreement and certificate of incumbency setting forth the current officers and other authorized persons entitled to act on behalf of the Managing General Partner, provided, however, that the City shall have no duty to determine whether any such individual(s) are acting in an authorized manner on behalf of the Managing General Partner or Beneficiary.

18.23 Trustee's Exculpation. It is expressly understood and agreed by the parties hereto, anything to the contrary notwithstanding, that each and all of the warranties, indemnities, representations, covenants, undertakings and

agreements made on the part of the Trustee while in form purporting to be the warranties, indemnities, representations, covenants, undertakings and agreements of said Trustee are nevertheless each and every one of them, made and intended not as personal warranties, indemnities, representations, covenants, undertakings and agreements by the Trustee or for the purpose or with the intention of binding said Trustee personally but are made and intended for the purpose of binding only that portion of the trust property specifically described herein, and this instrument is executed and delivered by said Trustee not in its own right, but solely in the exercise of the powers conferred upon it as such Trustee; and that no personal liability or personal responsibility is assumed by nor shall at any time be asserted or enforceable against CHICAGO TITLE LAND TRUST COMPANY, on account of this instrument, or on account of any warranty, indemnity, representation, covenant or agreement of the said Trustee in this instrument contained, either express or implied, all such personal liability, if any, being expressly waived and released.

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.

CITY

CITY OF CHICAGO, acting by and through its Department of Planning and Development

By: Alicia Mazur Berg
Alicia Mazur Berg, Commissioner *AK*

DEVELOPER ENTITIES

ROOSEVELT HOTEL, L.P., an Illinois limited partnership, as Beneficiary

By: Roosevelt, L.L.C., an Illinois limited liability company, its Managing General Partner

By: _____
Keith Giles, Member

By: Neighborhood Rejuvenation Partners, L.P., an Illinois limited partnership, Member

By: Davis Associates Managers LLC, an Illinois limited liability company, its General Partner

By: _____
Allison Davis, Manager

SOMERSET HOTEL, L.L.C., an Illinois limited liability company, as Co-General Partner

By: _____
Keith Giles, Managing Member

NRP RH, LLC, an Illinois limited liability company, as Co-General Partner

By: Neighborhood Rejuvenation Partners, L.P., an Illinois limited partnership, Member

By: Davis Associates Managers LLC, an Illinois limited liability company, its General Partner

By: _____
Allison Davis, Manager

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.

CITY

CITY OF CHICAGO, acting by and through its
Department of Planning and Development

By: _____
Alicia Mazur Berg, Commissioner

DEVELOPER ENTITIES

ROOSEVELT HOTEL, L.P., an Illinois limited
partnership, as Beneficiary

By: Roosevelt, L.L.C., an Illinois limited
liability company, its Managing General
Partner, *AS SUCH, AND IN ITS CAPACITY AS A DEVELOPER PARTY*

By: _____
Keith Giles, Member

By: Neighborhood Rejuvenation Partners,
L.P., an Illinois limited
partnership, Member

By: Davis Associates Managers LLC,
an Illinois limited liability
company, its General Partner

By: _____
Allison Davis, Manager

SOMERSET HOTEL, L.L.C., an Illinois limited
liability company, as Co-General Partner

By: _____
Keith Giles, Managing Member

NRP RH, LLC, an Illinois limited liability
company, as Co-General Partner

By: Neighborhood Rejuvenation Partners,
L.P., an Illinois limited
partnership, Member

By: Davis Associates Managers LLC,
an Illinois limited liability
company, its General Partner

By: _____
Allison Davis, Manager

CHICAGO TITLE LAND TRUST COMPANY, as Trustee
U/T/A No. 1108010 dated January 20, 2000

Srdia McLean

~~ASST VICE PRESIDENT~~



STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

I, Karri E. Smith, a notary public in and for the said County, in the State aforesaid, DO HEREBY CERTIFY that Keith Giles, personally known to me the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he signed, sealed, and delivered said instrument, pursuant to the authority given to him in the various capacities described therein, as his free and voluntary act, and as the free and voluntary of the entities described therein, for the uses and purposes therein set forth.

GIVEN under my hand and official seal this 9th day of October, 2001.

Karri E. Smith
Notary Public



(SEAL)

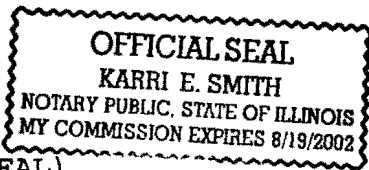
My Commission Expires 8/19/02

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

I, Karri E. Smith, a notary public in and for the said County, in the State aforesaid, DO HEREBY CERTIFY that Allison Davis, 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, sealed, and delivered said instrument, pursuant to the authority given to him in the various capacities described therein, as his free and voluntary act, and as the free and voluntary of the entities described therein, for the uses and purposes therein set forth.

GIVEN under my hand and official seal this 9th day of October, 2001.

Karri E. Smith
Notary Public



(SEAL)

My Commission Expires 8/19/02

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

I, the undersigned, a notary public in and for the said County, in the State aforesaid, DO HEREBY CERTIFY that LYNDA S. BARRIE, personally known to me to be the ASST VICE PRESIDENT of Chicago Title Land Trust Company, as Trustee U/T/A Trust Agreement dated January 20, 2000 a/k/a Trust No. 1108010 (the "Trustee"), 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, sealed, and delivered said instrument, pursuant to the authority given to him by as his free and voluntary act, and as the free and voluntary act of the Trustee, for the uses and purposes therein set forth.

GIVEN under my hand and official seal this 10th day of October, 2001.

.....
"OFFICIAL SEAL"
LYNDA S. BARRIE
Notary Public, State of Illinois
My Commission Expires 4/27/02
.....

Lynda S. Barrie
Notary Public

My Commission Expires _____

(SEAL)

STATE OF ILLINOIS)
) ss
COUNTY OF COOK)

I, the undersigned, a Notary Public in and for said County, in the State aforesaid, do hereby certify that Alicia Mazur Berg, the Commissioner of the Department of Planning and Development of the City of Chicago ("City"), who is 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 she signed and delivered the said instrument on behalf of the City, for the uses and purposes therein set forth.

Given under my hand and notarial seal, this 1st day of October, 2001.


NOTARY PUBLIC

(SEAL)

My Commission Expires: 6-28-05



EXHIBIT F

ESCROW AGREEMENT

[NOT ATTACHED FOR RECORDING PURPOSES]

PROJECT BUDGET -- EXHIBIT G-1

NAME	TYPE OF WORK	AMOUNT
MER-CAR CORP	REPAYMENT OF EXISTING MORT.	\$ 3,100,661.30
PAPPAGEORGE / HAYMES LTD	ARCHITECTURAL	\$ 135,000.00
HAYDEN BULIN LARSON	ARCHITECTURAL	\$ 1,000.00
THE STRUCTURAL SHOP	STRUCTURAL ENGINEERING	\$ 15,000.00
SUNNYSIDE DESIGN GROUP	MEP CONSULTANT	\$ 25,000.00
TARGET GROUP	WBE/MBE CONSULTANT	\$ 19,816.00
KRONE/FAHLSTROM/BLUESTONE	HISTORIC CONSULTANT	\$ 60,000.00
LOUIK/SCHNEIDER	TIF CONSULTANT	\$ 43,646.44
VARIOUS	CONSULTANTS	\$ 2,775.00
NEW CENTURY	LETTER OF CREDIT-TIF	\$ 23,715.84
LEND LEASE	LOAN DEPOSIT LETTER OF CREDIT FEE	\$ 1,923.75
LEND LEASE	LOAN PROCESSING FEE	\$ 5,000.00
LEND LEASE	LEND LEASE GOOD FAITH DEPOSIT	\$ 128,600.00
NEW CENTURY	LOAN FEE	\$ 74,812.50
LEND LEASE	LOAN FEE	\$ 23,376.00
ROOSEVELT LLC	DEVELOPER FEE	\$ 100,000.00
GEOPOOL SURVEYORS INC.	SURVEY	\$ 5,000.00
NEAR NORTH TITLE/CHICAGO TITLE	TITLE CHARGES	\$ 10,000.00
BRONSON & KAHN	LEGAL	\$ 25,000.00
SEYFARTH & SHAW	LEGAL	\$ 5,000.00
ILLINOIS SECRETARY OF STATE	LEGAL	\$ 200.00
DALEY & GEORGE	LEGAL	\$ 61,378.85
BANK COUNSEL	LEGAL	\$ 82,590.87
WILLIAM B. KOHN	LEGAL	\$ 728.25
VARIOUS	BANK FEES	\$ 5,489.66
MCLEAN, KOHN & DEBES	ACCOUNTING	\$ 7,000.00
NEAR NORTH NATIONAL TITLE	TRANSFER TAXES	\$ 24,300.00
COOK CO ASSESSOR/CHICAGO TITLE	REAL ESTATE TAX	\$ 50,866.80
LM CONSULTANTS	LOAN DRAW COSTS	\$ 13,450.00
APPRAISAL RESEARCH	APPRAISAL	\$ 7,500.00
BOLAND & ASSOCIATES	ENGINEERING	\$ 1,550.00
ENVIRONMENTAL DESIGN	ENVIRONMENTAL	\$ 5,290.00
NEAR NORTH INSURANCE	INSURANCE	\$ 31,428.75
CITY OF CHICAGO, DEPT OF REV.	BUILDING PERMITS/IMPACT FEES	\$ 75,421.56
SAFWAY	BUILDING PROTECTION REQmnts	\$ 20,000.00
VARIOUS	MARKETING/ADVERT/SIGNAGE	\$ 25,000.00
CITY OF CHICAGO	PUBLIC BENEFITS PROGRAM	\$ 8,000.00
VARIOUS	LANDSCAPING--PARKING LOT	\$ 25,000.00
(LENDER)	INTEREST RESERVE	\$ 300,000.00
DAVIS GROUP	DEVELOPER FEE	\$ 60,000.00
ROOSEVELT LLC	PRECONST OPERATING EXPENSES	\$ 39,213.30
ROOSEVELT LLC	SOFT COST CONITINGENCY HOLDBACK	\$ 10,000.00
WOLVERINE CONSTRUCTION	CONSTRUCTION COSTS	\$ 5,041,586.11
TOTAL BUDGET	TOTAL:	\$ 9,701,024.88

ROOSEVELT HOTEL, L.L.C
"Redevelopment Agreement"

EXHIBIT "G-2"
(MBE/WBE BUDGET)

<u>Activity:</u>	<u>Cost</u>
• Construction hard costs	\$ <u>4,942,730.50</u>
Sub-Total:	\$ 4,942,730.50
Project MBE Dollar Value:	Total: \$ 1,235,682.63*
Project WBE Dollar Value:	Total: \$ 247,136.63**

* Whether future contracts let equal this value or not, the Developer is obligated to expend the required MBE / WBE dollar value.

** The above MBE / WBE dollar value is an estimate. If the actual cost of the above applicable MBE / WBE activities increase, the associated MBE /WBE dollar value will increase correspondingly.

EXHIBIT H

PERMITTED LIENS

1. Liens or encumbrances against the Property:

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

EXHIBIT I
APPROVED PRIOR EXPENDITURES

Acquisition	\$2,600,000
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EXHIBIT J

OPINION OF DEVELOPER'S COUNSEL

[NOT ATTACHED FOR RECORDING PURPOSES]

Exhibit K

LEASE

[NOT ATTACHED FOR RECORDING PURPOSES]