

Contract Summary Sheet

Contract (PO) Number: 4664

Specification Number: 21290

Name of Contractor: SOUTH PARK PLAZA, L P

City Department: DEPARTMENT OF HOUSING

Title of Contract: New Construction

Dollar Amount of Contract (or maximum compensation if a Term Agreement) (DUR):

\$7,992,100 00

PO Start Date: 9/1/03

PO End Date: 9/1/23

Brief Description of Work: New Constuction

Procurement Services Contact Person: BARBARA SUTTON

Vendor Number: 50069301

Submission Date:


MAR 0 6 2004

MAR 0 6 2004

HOUSING LOAN AGREEMENT

THIS HOUSING LOAN AGREEMENT is entered into and executed as of this 1st day of September, 2003 by and between the City of Chicago, Illinois, an Illinois municipal corporation (the "City"), through its Department of Housing ("DOH"), having its offices at 318 South Michigan Avenue, Chicago, Illinois 60604, and South Park Plaza, L P., an Illinois limited partnership (the "Borrower") having its offices at 6040 South Harper Avenue, Chicago, Illinois 60637

RECITALS

WHEREAS, DOH was established on December 20, 1979 by ordinance of the City Council of the City, and

WHEREAS, DOH has the power and authority to act on behalf of the City and has as its primary purpose the revitalization of Chicago neighborhoods by improving the quality of housing through various rehabilitation and housing redevelopment programs, and

WHEREAS, the City has received from the United States Department of Housing and Urban Development ("HUD") an allocation of HOME Investment Partnerships Program ("HOME Program") grant funds, pursuant to the Cranston-Gonzalez National Affordable Housing Act, 42 U S C Section 12701 et seq , which authorizes the United States Department of Housing and Urban Development to make funds available to participating jurisdictions to increase the number of families served with decent, safe, sanitary and affordable housing and to expand the long-term supply of affordable housing, through, among other things, acquisition, new construction, reconstruction and moderate and substantial rehabilitation; and

WHEREAS, the Borrower desires to borrow and the City desires to lend a sum (the "Loan") to be funded from HOME Funds (as hereinafter defined) and to be used as more specifically described on Exhibit A attached hereto and hereby made a part hereof, and

WHEREAS, the City Council of the City adopted an ordinance on the date described on Exhibit A authorizing the Loan to the Borrower,

NOW, THEREFORE, in consideration of the mutual covenants contained herein and for other good and valuable consideration, receipt of which is hereby acknowledged, the parties hereto agree as follows:

SECTION 1. RECITALS The above recitals are incorporated herein and made a part of by reference

SECTION 2 DEFINITIONS

"Affidavits" shall mean, collectively, those certain Economic Disclosure Statement and Affidavits, in each case dated the Closing Date and executed by or on behalf of the Borrower or a related party thereto in connection with the Loan

"Architect" shall mean that certain architect identified on Exhibit A

"Assignment of Contracts" shall mean that certain Assignment of Contracts and Documents dated as of the Closing Date from the Borrower to the City, as from time to time supplemented, amended and restated

"Assignment of Rents" shall mean that certain Assignment of Rents and Leases dated as of the Closing Date from the Borrower to the City with respect to the Premises, as from time to time supplemented, amended and restated

"Available Funds" shall have the meaning given to such term in Section 27 hereof

"Borrower's Liabilities" shall mean all obligations and liabilities of the Borrower to the City (including without limitation all debts, claims and indebtedness), whether primary, secondary, direct, contingent, fixed or otherwise heretofore, now and/or from time to time hereafter owing, due or payable, however evidenced, created, incurred, acquired or owing and however arising whether under this Loan Agreement, the Escrow Agreement, the Mortgage, the Assignment of Rents, the Assignment of Contracts, the Environmental Agreement, the Regulatory Agreement, the Note or the other Loan Documents

"Business Day" shall mean a day on which banks in the City of Chicago, Illinois are not authorized or required to remain closed and which shall not be a public holiday under the laws of the State of Illinois or any ordinance or resolution of the City of Chicago, Illinois

"Change Orders" shall mean any amendments or modifications to the Plans and Specifications, the Project Budget or the Construction Contract for the Project

"Claims" shall mean any and all claims, demands, actions, notices, liens, suits, causes of action, complaints, enforcement actions, citations, notices of violation, legal or administrative proceedings, warnings or inquiries.

"Closing Date" shall mean the date hereof

"Construction Contract" shall have the meaning given to that term as provided on Exhibit A

"Construction Schedule" shall mean the detailed schedule for completion of the Project, which shall be approved by the City and is attached as Exhibit C to the Regulatory Agreement

"Corporation Counsel" shall mean the Law Department of the City.

"Costs" shall mean any and all costs, expenses, damages, judgments, obligations, contribution, cost recovery compensation, penalties, fines or fees (including attorneys', experts' and consulting fees and disbursements and expenses incurred in investigating, defending or prosecuting any Claim)

"Disbursement" shall mean a disbursement of Loan proceeds for or in connection with the Project

"Eligible Costs" shall mean any Project Costs for activities for which HOME Funds may be used, pursuant to the HOME Regulations in the exclusive determination of HUD

"Environmental Agreement" shall mean that certain Environmental Indemnity Agreement dated as of the date hereof between the parties described on Exhibit A, as from time to time supplemented, amended and restated

"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, including but not limited to (i) the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C §9601 et seq), (ii) any so-called "Superlien" law, (iii) the Hazardous Materials Transportation Act (49 U.S.C. §1801 et seq.), (iv) the Resource Conservation and Recovery Act (42 U.S.C §6901 et seq); (v) the Clean Air Act (42 U.S.C §7401 et seq); (vi) the Clean Water Act (33 U.S.C §1251 et seq), (vii) the Toxic Substances Control Act (15 U.S.C §2601 et seq), (viii) the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C §136 et seq), (ix) Executive Order 11738, (x) regulations of the United States Environmental Protection Agency (40 C.F.R Part 15), (xi) the Illinois Environmental Protection Act (415 ILCS 5/1 et seq), and (xii) the Municipal Code of Chicago

"Equity" shall mean the funds provided by the Borrower, unencumbered by any debt, obligation, lien or encumbrance, irrevocably committed to the Project, in the amounts described on Exhibit D attached hereto and hereby made a part hereof, and which represent the Borrower's equity contribution to the Project.

"Escrow Account" shall have the meaning given to such term in the Escrow Agreement.

"Escrow Agent" shall mean that certain escrow agent identified on Exhibit A, and its successors and assigns

"Escrow Agreement" shall mean that certain Escrow Agreement among the City, the Borrower, the Senior Lender, if any, the Junior Lender, if any, and the Escrow Agent, dated as of the Closing Date, as from time to time amended, supplemented and restated

"FHLB assignment", if any shall have the meaning given to that term as provided on Exhibit A

"FHLB Lender", if any, shall mean that certain FHLB Lender, if any as identified on Exhibit A, and its successors and assigns

"FHLB Loan", if any, shall mean a loan by the FHLB Lender, if any, to the Owner in the principal amount identified on Exhibit A for financing a portion of the cost of the project

"FHLB Loan Documents", if any, shall mean all documents executed by or on behalf of the Owner in connection with the FHLB Loan, if any

"FHLB Mortgage", if any, shall have the meaning given to that term as provided on Exhibit A.

"FHLB Note", if any, shall have the meaning given to that term as provided on Exhibit A.

"FHLB Regulatory Agreement", if any, shall have the meaning given to that term as provided on Exhibit A

"Financial Statements" shall mean those financial statements provided to the City with the Loan application of the Borrower on or prior to the Closing Date

"General Contractor" shall mean that certain general contractor identified on Exhibit A

"General Partner" shall mean the general partner of the Borrower identified on Exhibit A

"Gross Income" shall mean an aggregate amount calculated in accordance with generally accepted accounting principles equal to the gross income from the Premises actually collected during such period including rental subsidies, rental income from leases of any portion of the Premises, concessions, forfeited security deposits and late charges, however, capital contributions, grants, proceeds of any permitted sale, transfer, exchange, refinancing or other disposition or encumbrance of all or any portion of the Premises, insurance proceeds, condemnation proceeds and awards or payments in place of them, tax reduction or abatement proceeds, and interest earned on any bank accounts maintained by or on behalf of the Borrower or its manager with respect to the Premises shall not be included as part of Gross Income

"Guaranty" shall mean that certain Guaranty dated as of the Closing Date by the parties described on Exhibit A in favor of the City

"Hazardous Materials" shall mean (i) any hazardous substance, material or waste, toxic substance or regulated material including but not limited to any substance defined in or regulated by any and all Environmental Laws; (ii) crude oil, petroleum or any fraction thereof, which is liquid at standard conditions of temperature and pressure (60 degrees Fahrenheit and 14.7 pounds

per square inch absolute); (iii) any waste oil, (iv) any flammable or explosive material, (v) any radioactive materials, (vi) asbestos and asbestos-containing materials in any form or condition, (vii) polychlorinated biphenyls (PCBs) or substances or compounds containing PCBs, (viii) urea formaldehyde foam insulation, (ix) pesticides, rodenticides and insecticides, (x) "special waste," as defined in 415 ILCS 5/3 45; (xi) lead-based paint, and (xii) any and all other chemicals, pollutants, contaminants, mixtures or dangerous substances, materials or wastes

"HOME Funds" shall mean the HOME Program funds awarded by HUD to the City under the National Affordable Housing Act

"HOME Program" shall mean the HOME Program created under the National Affordable Housing Act

"HOME Regulations" shall mean 24 C F R Part 92, and such additional regulations, orders, rulings, interpretations and directives for the HOME Program as may be promulgated or issued by HUD from time to time.

"HUD" shall mean the United States Department of Housing and Urban Development.

"In Balance" shall have the meaning given to such term in Section 27 hereof

"Initial Payment Date" shall have the meaning given to that term as provided on Exhibit A

"Junior Assignment," if any, shall have the meaning given to that term as provided on Exhibit A

"Junior Lender," if any, shall mean that certain junior lender, if any, as identified on Exhibit A, and its successors and assigns.

"Junior Loan," if any, shall mean a loan by the Junior Lender, if any, to the Borrower in the principal amount identified on Exhibit A, for financing a portion of the costs of the Project.

"Junior Loan Documents," if any, shall mean all documents executed by or on behalf of the Borrower in connection with the Junior Loan, if any.

"Junior Mortgage," if any, shall have the meaning given to that term as provided on Exhibit A

"Junior Note," if any, shall have the meaning given to that term as provided on Exhibit A.

"Junior Regulatory Agreement," if any, shall have the meaning given to that term as provided on Exhibit A

"Loan" shall mean the loan by the City to the Borrower in the principal amount identified on Exhibit A for financing a portion of the costs of the Project.

"Loan Agreement" shall mean this Housing Loan Agreement as hereafter amended, supplemented and restated.

"Loan Documents" shall mean collectively all agreements, instruments and documents executed and delivered to the City previously, now or hereafter by, on behalf of or for the benefit of the Borrower in connection with the Project including, but not limited to, this Loan Agreement, the Mortgage, the Note, the Guaranty, the Assignment of Rents, the Assignment of Contracts, the Escrow Agreement, the Environmental Agreement, the Regulatory Agreement, the Loan application, the Affidavits and any additional documents specified on Exhibit A, all as from time to time amended, supplemented and restated

"Loan Term" shall mean the period from the Closing Date through and including the Maturity Date

"Losses" shall mean injuries, Costs, Claims, liabilities and taxes (of any character or nature whatsoever, regardless of by whom imposed), and losses of every conceivable kind, character and nature whatsoever arising out of, resulting from or in any way connected with the Borrower, the General Partner, the Owner (if any), the Project, the Premises and/or the Loan Documents, including, but not limited to, (i) Claims for loss or damage to any property or injury to or death of any person asserted by or on behalf of any person, firm, corporation, governmental authority or other entity arising out of, resulting from, or in any way connected with the Project or the Premises, or the condition, occupancy, use, possession, conduct or management of, or any work done in, about or involving the Project or the Premises, or (ii) any Claim arising out of any performance by the City of any act required of it under any of the Loan Documents or requested by the Borrower.

"MBE" and "MBE/WBE Program" shall have the respective meanings given to such terms in Section 11 01 hereof

"Maturity Date" shall have the meaning given to that term as provided on Exhibit A.

"Mortgage" shall mean that certain Junior Mortgage, Security Agreement and Financing Statement dated as of the Closing Date, executed from the Borrower to the City, as from time to time supplemented, amended and restated

"National Affordable Housing Act" shall mean the Cranston-Gonzalez National Affordable Housing Act, 42 U S C. Section 12701 et seq.

"Note" shall mean the Note evidencing the Loan (and all amendments or supplements thereto, extensions thereof and notes which may be taken in whole or partial renewal,

substitution or extension thereof), dated the Closing Date, executed by the Borrower and payable to the City in the principal amount of the Loan

"Operating Deficit(s)" shall mean the amount, if any, by which Operating Expenses exceed Gross Income.

"Operating Deficit Reserve Account" shall mean that certain escrow account established by the Borrower in connection with the Project to the satisfaction of the City for the purpose of paying, reducing or avoiding an Operating Deficit in connection with the Premises, initially funded through a line item in the Project Budget entitled "operating reserve "

"Operating Expenses" shall mean the aggregate amount, calculated in accordance with generally accepted accounting principles of all cash expenses of the operation of the Premises, including costs of utilities, reasonable maintenance, repairs and necessary replacements, real estate taxes, reasonable replacement reserves, insurance premiums, reasonable professional and management fees and reasonable miscellaneous fees, but not including (1) any fees payable to the Borrower, General Partner, Owner, or any affiliate thereof (except as may be approved under (i) that certain Property Management Agreement executed in connection with the Premises in effect as of the date hereof, and (ii) partnership management fees not to exceed, in the aggregate in any given calendar year, the amount permitted under the terms of the Partnership Agreement in effect as of the date hereof, without respect to any subsequent amendments or modifications), and (2) depreciation expenses and any other non-cash expenses

"Owner," if any, shall mean that certain person or entity, if any, which comprises the sole voting member of the General Partner, as identified on Exhibit A, and its successors and assigns

"Partnership Agreement" shall have the meaning given to that term as provided on Exhibit A

"Permitted Encumbrances" shall mean (i) the Senior Mortgage, if any, the Senior Regulatory Agreement, if any, and the Senior Assignment, if any, (ii) the Mortgage, (iii) the Assignment of Rents, (iv) the Regulatory Agreement, (v) those liens and encumbrances, if any, shown on Exhibit C to the Mortgage, (vi) leases of portions of the Premises entered into after the date hereof in the Borrower's ordinary course of business, if any, and (vii) the Junior Mortgage, if any, the Junior Assignment, if any, and the Junior Regulatory Agreement, if any (viii) the FHLB Mortgage, if any, the FHLB Assignment, if any, and the FHLB Regulatory Agreement, if any (it being acknowledged and agreed that the items described in clauses (ii), (vi), (vii) and (viii) above shall be subordinate to the lien of the Mortgage and the rights of the City established thereunder and shall be reflected as such in the lender's title insurance policy and date-down endorsements issued to the City by the Title Company as provided hereunder).

"Plans and Specifications" shall mean the final plans and specifications for the Project prepared by the Architect as approved by DOH prior to the execution of this Loan Agreement along with evidence of appropriate governmental approvals thereon.

"Premises" shall have the meaning given to such term in the Mortgage.

"Prohibited Transfer" shall have the meaning given to such term in the Mortgage

"Project" shall have the meaning given to that term as provided on Exhibit A

"Project Budget" shall mean the detailed budget, including the sworn statement of all Project Costs, along with the name of the funding source used to pay each such cost, which Project Budget shall be approved by the City and is attached as Exhibit C to the Regulatory Agreement, together with any changes thereto as may be approved in writing by the City

"Project Costs" shall mean all costs, expenses and expenditures directly or indirectly incurred or anticipated to be incurred in completion of the Project including, but not limited to, the purchase price of the Premises (if approved by the City), loan fees, real estate taxes, amounts paid to contractors and tradesmen for labor and materials, and all other construction costs, costs of relocating utilities and other site work, amounts paid for fixtures, machinery, equipment and furnishings of all types and kinds, tenant relocation costs, title insurance premiums and charges, architects' fees, surveyors' fees, attorneys' fees, permit, zoning and land use fees, management fees, consultants' fees, construction manager's fees, developer fees, acquisition fees (if approved by the City), heat, electricity, fuel, and insurance costs, brokers' and leasing commissions, marketing costs, and such other costs as set forth in the Project Budget

"Project Term" shall have the meaning given to such term in the Regulatory Agreement

"Regulatory Agreement" shall mean that certain low income housing tax credit Regulatory Agreement dated as of the Closing Date between the Borrower and the City with respect to the Premises, as from time to time supplemented, amended and restated

"Replacement Reserve Account" shall mean that certain reserve account established by the Borrower to the satisfaction of the City for the purposes of funding capital expenditures in connection with the operation of the Premises

"Senior Assignment," if any, shall have the meaning given to that term as provided on Exhibit A

"Senior Lender," if any, shall mean that certain senior lender, if any, identified on Exhibit A, and its successors and assigns.

"Senior Loan," if any, shall mean a loan by the Senior Lender, if any, to the Borrower in the principal amount identified on Exhibit A for financing a portion of the costs of the Project.

"Senior Loan Documents," if any, shall mean all documents executed by or on behalf of the Borrower in connection with the Senior Loan, if any

"Senior Mortgage," if any, shall have the meaning given to that term as provided on Exhibit A

"Senior Note," if any, shall have the meaning given to that term as provided on Exhibit A.

"Subcontract" shall mean any contract between the General Contractor or a Subcontractor and any Subcontractor for the equipping of any portion of the Project or the furnishing of labor or materials for any portion of the Project

"Subcontractor" shall mean any person or entity having a contract with the General Contractor or any Subcontractor for the construction, equipping or supplying of labor or materials by such Subcontractor of any portion of the Project

"Title Company" shall mean that certain title company identified on Exhibit A, and its successors and assigns

"U C C" shall mean the Uniform Commercial Code as adopted in Illinois

"WBE" shall have the meaning given to such term in Section 11 01 hereof

Capitalized terms used herein and not otherwise defined herein shall have the meanings given such terms in the Mortgage

SECTION 3 LOAN

The Loan shall be made upon the following terms and conditions

3 01 The principal sum of the Loan shall be the amount specified on Exhibit A

3 02 In any case where the date of payment of interest, if any, on or principal of the Note or the date of payment of any other amount under the Loan Documents shall not be a Business Day, then payment of such interest or principal or such amount need not be made on such date but may be made on the next succeeding Business Day If interest is charged on the Note, the Note shall continue to bear interest until such date of payment

3 03 The interest rate, if any, on the Loan shall be computed on the outstanding principal balance from time to time and shall be in the amount specified on Exhibit A Interest, if any, shall begin to accrue as of the date hereof The interest rate, if any, shall be computed on the basis of a year consisting of 360 days.

3 04 Subject to Sections 3.06 and 3 07 hereof, repayment of the Loan shall be as specified on Exhibit A, with the full amount of the Loan due and payable on the Maturity Date, or such earlier date as the same may become due and payable because of acceleration or prepayment as provided in any of the Loan Documents.

3.05 The proceeds of the Loan shall be paid by the City to the Escrow Agent from time to time for deposit in the Escrow Account and shall be disbursed by the Escrow Agent from the Escrow Account, all as provided in the Escrow Agreement and all subject to the terms and conditions herein contained. As provided in Section 38 of the Mortgage, the City hereby binds itself to make advances pursuant to and subject to the terms of this Loan Agreement and the other Loan Documents. Disbursements of Loan proceeds, other than the final disbursement, shall not, in the aggregate, exceed 90% of the value of the materials and labor incorporated from time to time in the Project.

3.06 The Loan may be prepaid by the Borrower at any time, in whole or in part, at a price equal to 100% of the principal amount being prepaid plus accrued interest, if any, on such amount to the prepayment date. A prepayment of the Loan shall not be deemed to release or terminate the Regulatory Agreement.

3.07 (a) Upon any transfer by the Escrow Agent to the City of amounts in the Escrow Account pursuant to the Escrow Agreement, such amounts shall be applied as set forth in the Note.

(b) The Loan may be prepaid, at the option of the City, in the event the City receives proceeds pursuant to the Assignment of Rents or the Mortgage, in amounts and at times determined by the City and as provided in the Assignment of Rents or the Mortgage, respectively.

(c) In the event that either (i) not all of the Loan proceeds shall have been disbursed after payment of all Eligible Costs approved by the City, or (ii) excess funds, from any source, shall remain in the Escrow Account after the final disbursement from the Escrow Account shall have been made by the Escrow Agent pursuant to the Escrow Agreement, the Loan shall be prepaid in the amount of such excess proceeds or funds.

(d) The Loan shall be prepaid by the Borrower upon demand by the City in the event that the City is legally obligated to repay HOME Program funds to HUD as described in Section 8.06(c) hereof. The amount of such prepayment shall be the lesser of (i) the amount the City is required to repay to HUD, or (ii) the amount of the developer fee specified in Exhibit A.

(e) In the event that any amounts which are not needed to pay Project Costs remain in any fund or with the Trustee (as defined in that certain Indenture of Trust dated as of the date hereof between the City and Seaway National Bank of Chicago, as trustee (the "Trust Indenture")) entered into in connection with those certain Multi-Family Housing Revenue Bonds, South Park Plaza Apartments, Series 2003A (FHA Insured/GNMA) (the "Series 2003A Bonds") after payment in full of (i) the principal of, premium, if any, and interest on the Notes (as defined in the Trust Indenture), (ii) the fees, charges and expenses of the Issuer, the Trustee, and the Underwriter (all as defined in the Trust Indenture) in accordance with that certain loan agreement between the City and the Borrower dated as of the date hereof in connection with the Bonds (the "Series 2003A Loan Agreement"), the Note referenced and defined in the Series 2003A Loan

Agreement, the Note Purchase Agreement dated as of the date hereof among the City, the Borrower and The Northern Trust Company, an Illinois banking corporation (the "Note Purchase Agreement"), and the Trust Indenture (the payment of which fees, charges and expenses shall be evidenced by a written certification of the Borrower that it has fully paid all such fees, charges and expenses), and (iii) all other amounts required to be paid under the Series 2003A Loan Agreement, the Note referenced and defined in the Series 2003A Loan Agreement, the Note Purchase Agreement, and the Trust Indenture, then the Loan shall also be prepaid in the amount of such excess proceeds or funds

(f) In the event that any amounts to which the Borrower is or becomes entitled remain in any fund or with the Trustee in connection with the Series 2003A Bonds, the Loan shall be prepaid by the Borrower in such amount

3 08 The Loan shall be evidenced by the Note The Note shall be secured by the Mortgage, the Assignment of Rents, the Assignment of Contracts and any other instruments under which the Borrower has granted the City a lien or security interest in all or any portion of the Premises

3 09 To repay the Loan, the Borrower agrees to make all payments when due of principal of and interest, if any, on the Note

3 10 Subject to Section 8 06 hereof, the obligations of the Borrower to make the payments required hereunder and under any of the other Loan Documents shall be absolute and unconditional and shall be without defense (except payment) or set-off, to the extent permitted by law, by reason of any default by the City under this Loan Agreement or any other Loan Document or under any other agreement between the Borrower and the City, or for any other reason, including, without limitation, failure to complete the Project, any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, destruction of or damage to the Premises, commercial frustration of purpose, any change in the tax or other laws or administrative rulings of or administrative actions by the United States of America or the State of Illinois or any political subdivision of either, or any failure of the City to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with this Loan Agreement or any other Loan Document, it being the intention of the parties hereto that the payments required hereunder and under any of the other Loan Documents will be paid in full when due without any delay or diminution whatsoever

3.11 If any payment of principal or interest, if any, due on the Note, or any other charges due to the City as required under the Note or the other Loan Documents, shall not be paid on the date such payment is due, the Borrower shall pay the City as liquidated damages and not as a penalty an additional "late charge" of fifteen percent (15%) of such delinquent payment or the maximum permitted by law, whichever is less, in order to defray the increased cost of collection occasioned by any such late payments. Further, any such delinquent payments (not including interest payments) shall bear interest from and after the date due at the lesser of the rate of 15% per annum or the maximum rate permitted by law until so paid Demand, presentment for

payment, protest, notice of non-payment and notice of protest are hereby waived by the Borrower

SECTION 4 CONDITIONS PRECEDENT

4 01 The making of the Loan by the City to the Borrower shall be subject to the compliance by the Borrower with the provisions of Sections 4 02, 4 03, 4 04, 4.05 and 4 06 hereof, which compliance shall be determined by the City in its sole discretion

4 02 Not less than 15 days prior to the Closing Date (or within such lesser time as may be approved by the City), the Borrower shall provide the following documents to the City, each in form and content satisfactory to the City and the Corporation Counsel

- (a) a commitment for title insurance in the 1992 ALTA or equivalent form of mortgagee's policy in the principal amount of the Loan and issued by the Title Company;
- (b) copies of all easements and encumbrances of record (other than those arising from the Loan Documents, the Junior Loan Documents, if any, or the Senior Loan Documents, if any) with respect to the Premises,
- (c) two copies of a Class A plat of survey in the most recently revised form of ALTA/ACSM land title survey, dated within 45 days prior to the Closing Date, acceptable in form and content to the Title Company, prepared by a surveyor registered in the State of Illinois, certified to the Borrower, the City, the Senior Lender, if any, the Junior Lender, if any, and the Title Company, and certifying as to whether the Premises are in an area as identified by the Federal Emergency Management Agency as having special flood hazards,
- (d) an executed copy of the Construction Contract, certified by the Borrower,
- (e) a standard form of Subcontract to be used by the General Contractor, and copies of any Subcontracts executed as of or prior to the fifteenth day prior to the Closing Date,
- (f) the Plans and Specifications;
- (g) the Project Budget;
- (h) the Construction Schedule; and

- (i) an appraisal prepared by an appraiser who is approved by the City evidencing that the Premises will have, after completion of the Project, a fair market value acceptable to the City, in its sole discretion

4 03 Not less than five days prior to the Closing Date (or within such lesser time as may be approved by the City), the Borrower shall provide the following documents to the City, each in form and content satisfactory to the City and the Corporation Counsel

- (a) all required building permits and governmental approvals for the Project;
- (b) (i) a performance and payment bond in the full amount of the Construction Contract, underwritten by a surety satisfactory to the City and the Corporation Counsel, and naming the City as co-obligee on such bond, or (ii) a letter of credit in an amount not less than 15 percent of the full amount of the Construction Contract or an amount satisfactory to the City, from a bank satisfactory to the City and the Corporation Counsel, and naming the City as a payee on such letter of credit,
- (c) an executed copy of the Owner's sworn statement detailing the total costs of the Project, including indirect costs incidental thereto and setting forth a description of all contracts executed by the Borrower with respect to the Project,
- (d) an executed copy of the General Contractor's sworn statement, setting forth a description of all contracts executed by the General Contractor with respect to the Project, the names and addresses of all Subcontractors under Subcontracts, the date of each such Subcontract and of any supplements or amendments thereto, the nature and scope of the work covered thereby, and the aggregate amounts theretofore paid and thereafter to be paid to each Subcontractor thereunder, and further stating whether said Subcontracts embrace all of the work required to be done and all of the material necessary for completion of the Project in accordance with the Plans and Specifications, and, if not, providing sufficient information to enable the City to estimate the cost of any work or materials not so covered,
- (e) an executed copy of the Partnership Agreement, certified by the General Partner,
- (f) evidence of the authority granted by the Board of Directors of the General Partner for the General Partner to execute and deliver the Environmental Agreement and the Guaranty and to enter into the transactions contemplated by the Senior Loan Documents, if any, the Junior Loan Documents, if any, and the Loan Documents on behalf of the Borrower;

- (g) evidence of the authority granted by the Board of Directors of the Owner, if any, for the Owner to execute and deliver the Environmental Agreement and the Guaranty and to enter into the transactions contemplated by the FHLB Loan Documents, if any, on behalf of the General Partner and the Borrower,
- (h) written consent by the Senior Lender, if any, and the Junior Lender, if any, to the liens on the Premises of the Permitted Encumbrances other than such lender's documents, and
- (i) evidence of searches of current financing statements, judgments, pending litigation, bankruptcy proceedings and federal and state tax liens showing no security interests, judgments, pending litigation, bankruptcies or federal or state tax liens on the Premises or affecting the Borrower, the General Partner or the Owner, if any, other than Permitted Encumbrances

4.04 On the Closing Date, the Borrower shall provide the following documents to the City, each in form and content satisfactory to the City and the Corporation Counsel.

- (a) copies of each of the Senior Loan Documents, if any, the Junior Loan Documents, if any, and the FHLB Loan Documents executed by all of the parties thereto;
- (b) originals of each of the Loan Documents and the Guaranty, executed by all parties other than the City,
- (c) evidence that Equity in the amount described in the Escrow Agreement has been deposited in the Escrow Account pursuant to the Escrow Agreement,
- (d) policies, binders or certificates of insurance evidencing the coverage required by Section 4 of the Mortgage,
- (e) a deed conveying the improvements and a ground lease with respect to the land,
- (f) a copy of the most recent real estate tax bill with respect to the Premises,
- (g) an opinion of the Borrower's counsel, substantially similar in form and content to the opinion attached hereto as Exhibit B and hereby made a part hereof;
- (h) written agreement by the Senior Lender, if any, and the Junior Lender, if any, to give notice to the City of any default, event of default or waiver

thereof under any of the Senior Loan Documents, if any, or the Junior Loan Documents, if any, as the case may be,

- (i) a U C C -1 financing statement executed by the Borrower,
- (j) a lender's title insurance policy in the full amount of the Loan, issued by the Title Company pursuant to the commitment described in Section 4 02(a) hereof, insuring the marketability of title to (or the validity of the leasehold interest in, as applicable) the Premises, indicating that the lien of the Mortgage constitutes a valid second lien on the Premises (subject only to those Permitted Encumbrances described in clauses (i), (iv) and (v) of the definition of such term and setting forth the Permitted Encumbrances described in clauses (iii), (vi) and (vii) of such definition as Schedule B - Part II exceptions - i.e subordinate to the lien of the Mortgage), and containing such endorsements as shall be required by the Corporation Counsel (including comprehensive #1, survey, zoning 3 1 (with parking), contiguity, access, usury, creditors rights, interim mechanic's lien and pending disbursements endorsements);
- (k) evidence of the recordation of the Regulatory Agreement, the Mortgage, and the Assignment of Rents, and that all costs with respect thereto have been paid,
- (l) certified copies of the Construction Contract and any Subcontracts executed by the General Contractor with respect to the Project after the fifteenth day prior to the Closing Date and not later than the Closing Date,
- (m) a copy of the Owner's sworn statement and the General Contractor's sworn statement described in Sections 4 03(c) and 4 03(d) hereof, respectively, and dated as of the Closing Date,
- (n) an original executed Architect's Certificate (Opening) from the Architect in the form thereof attached hereto as Exhibit E and hereby made a part hereof, and
- (o) such other documents, agreements, instruments, certificates and affidavits as the City may require.

4.05 At least five Business Days prior to, and as a condition of, each Disbursement, the Borrower shall furnish to the City the following documents, each in form and content satisfactory to the City and the Corporation Counsel.

- (a) the Borrower's application for advance specifying the amount of the requested Disbursement and directing the City to disburse such funds in

accordance with this Loan Agreement Delivery of such request for advance shall, in addition to the items therein expressly set forth, constitute a certification to the City (without waiving any rights or claims against any other person for latent defects or otherwise), as of the date of the applicable request for Disbursement, that

- (i) the total amount of such request represents the actual amount payable to the General Contractor and/or Subcontractors who have performed work on the Project and indicating what payment requests, if any, have been received by the Borrower from the General Contractor or the Subcontractors but have not yet been approved by the Borrower for payment,
- (ii) 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 under this Loan Agreement or any of the other Loan Documents,
- (iii) the representations and warranties contained in this Loan Agreement and in all other Loan Documents are true and correct,
- (iv) the Borrower has received no notice and has no knowledge of any liens or claims of lien either filed or threatened against the Premises except for Permitted Encumbrances,
- (v) all amounts shown as previous payments on the current Disbursement request have been paid to the parties entitled to such payment;
- (vi) the Borrower has approved all work and materials for which a payment is then due and for which a Disbursement is thereby requested,
- (vii) all work and materials theretofore furnished for the Project conform with the Plans and Specifications,
- (viii) copies of all Subcontracts, as then in effect, have been delivered to the City, and
- (ix) the Loan is In Balance;

- (b) a copy of the Owner's sworn statement and the General Contractor's sworn statement described in Sections 4 03(c) and 4 03(d) hereof, respectively, and dated as of such Disbursement request;
- (c) waivers of lien from the General Contractor and all Subcontractors covering all work done with respect to the Project and paid for from sums disbursed from the previous Disbursement, or otherwise paid for, and including the work to be paid for from the requested Disbursement, all in compliance with the mechanics' lien laws of the State of Illinois and with the requirements of the City and the Title Company (for issuance of interim title endorsements covering such Disbursement), together with such invoices, contracts or other supporting data as the City or the Title Company may require,
- (d) endorsements to the lender's title insurance policy issued as of the Closing Date to cover the amount and date of the Disbursement, insuring that nothing has intervened from the date of the issuance of the title insurance policy to affect the validity or priority of the Mortgage, containing a mechanics' lien interim certification to cover the amount of the Loan then disbursed (including the current Disbursement) and otherwise raising no new Schedule B title exceptions other than those initially set forth on the title insurance policy issued as of the Closing Date and the lien of general real property taxes not then delinquent,
- (e) an original executed Architect's Certificate (Interim) from the Architect in the form thereof attached hereto as part of Exhibit E and hereby made a part hereof, dated as of the date of such Disbursement,
- (f) such other documents as the City may require under the terms of this Loan Agreement or any of the other Loan Documents; and
- (g) such other papers and documents as the Title Company may require for the issuance of the required endorsements to the lender's title insurance policy for each Disbursement

4.06 In addition to the requirements for each Disbursement contained in this Section 4, it shall be a condition to the final advancement of Loan proceeds hereunder that the following items have been satisfied to the City's satisfaction

- (a) the Architect has delivered an executed Architect's Certificate (Final) in the form and content thereof as set forth as part of Exhibit E attached hereto and hereby made a part hereof, stating, among other things, that the Project has been completed in accordance with the Plans and Specifications,

- (b) the General Contractor and all Subcontractors have supplied the City and the Title Company with final sworn statements and full and complete waivers of all mechanics' lien claims,
- (c) the City has received the appropriate endorsement to the lender's title insurance policy as described in Section 4 05(d) above, including an endorsement acknowledging that the amount of coverage under said policy has been increased to cover the entire amount of the Loan (it being acknowledged that such endorsement may be delivered to the City concurrently with the final Disbursement),
- (d) the Borrower shall have furnished the City with all governmental licenses and permits required to use, occupy and operate the Premises as contemplated from all appropriate governmental authorities,
- (e) all fixtures and equipment required for the operation of the Premises shall have been installed free and clear of all liens, title retention agreements and security interests except security interests granted to the City, the Junior Lender, if any, or the Senior Lender, if any, and
- (f) the City shall have received evidence confirming compliance with all other requirements of this Loan Agreement and confirming that no Event of Default exists hereunder or under any of the other Loan Documents

SECTION 5. WARRANTIES AND REPRESENTATIONS OF BORROWER

5 01 The Borrower warrants and represents to the City as follows:

- (a) all warranties and representations of the Borrower contained in this Loan Agreement and the other Loan Documents are true, accurate and complete at the time of the Borrower's execution hereof and thereof, and shall be true, accurate and complete at the time of each Disbursement, and shall survive the execution, delivery and acceptance hereof by the parties hereto for as long as the Loan is outstanding,
- (b) the Borrower is a limited partnership duly organized and validly existing under the laws of the State of Illinois,
- (c) the Borrower has the right, power and authority to enter into, execute, deliver and perform this Loan Agreement and the other Loan Documents;
- (d) the execution, delivery and performance by the Borrower of this Loan Agreement and the other Loan Documents have been duly authorized by all necessary action of the Borrower and will not violate any provision of

law (including any order, writ, injunction or decree binding upon the Borrower or the Premises) or the Partnership Agreement, or result in the breach of or constitute a default under or require any consent under, or result in the creation of any lien, charge or encumbrance (except for any lien, charge or encumbrance created by the Loan Documents, the Junior Loan Documents, if any, or the Senior Loan Documents, if any) upon the Premises or any other property or assets of the Borrower under any agreement, instrument, restriction or document to which the Borrower is now or hereafter a party or by which the Borrower or the Premises are or may become bound or affected;

- (e) the Borrower has good, indefeasible and merchantable title to (or a valid and enforceable leasehold interest in, as applicable) the Premises and all beneficial interest therein free and clear of all liens, charges and encumbrances except Permitted Encumbrances,
- (f) the Borrower is now solvent and able to pay its debts as they mature,
- (g) there are no actions or proceedings by or before any court or governmental commission, board, bureau or other administrative agency pending or, to the Borrower's knowledge, threatened, against or affecting the Borrower which if adversely determined could materially and adversely affect the Borrower's ability to perform under the Senior Loan Documents, if any, the Junior Loan Documents, if any, or the Loan Documents or which might result in any material, adverse change to the Borrower's financial condition or may materially affect the Premises or the Borrower's other property or assets,
- (h) the Borrower has obtained and has been and is in compliance with, as applicable, any and all governmental notices, permits, certificates and consents (including, without limitation, all environmental permits and other authorizations) necessary to carry out and complete the Project;
- (i) the Borrower is not in default with respect to any indenture, loan agreement, mortgage, deed or other agreement or instrument relating to the borrowing of monies to which it is a party or by which it may be bound;
- (j) the Financial Statements were prepared by an independent public accountant in accordance with generally accepted accounting principles and practices consistently maintained throughout the periods involved and are complete and correct and fairly represent the financial condition of the Borrower, the General Partner or the Owner, if any, as applicable;

- (k) there has been no material adverse change in the financial condition of the Borrower, the General Partner or the Owner, if any, as applicable, since the date of the Financial Statements,
- (l) no current member, official or employee or former member, official or employee of the City has any personal interest, direct or indirect, in the Borrower's business;
- (m) the statements, information, descriptions, estimates and assumptions contained in the Plans and Specifications, the Construction Schedule and the Project Budget are based upon the best information available to the Borrower, do not contain any untrue statement or misleading statement of a material fact, and do not omit to state a material fact required to be stated therein or necessary to make the statements, information, descriptions, estimates and assumptions contained therein, in the light of the circumstances under which they were made, not misleading,
- (n) except as disclosed in the Hazardous Materials listed on Exhibit C attached hereto and hereby made a part hereof, neither the Borrower, the General Partner, the Owner, if any, nor, to the best of the Borrower's knowledge after due inquiry, any other person or entity has ever caused or permitted at any time or for any duration any Hazardous Materials to be generated, manufactured, handled, treated, stored, used, recycled, refined, processed, placed, held, located or disposed of, on, under or at or transported to or released from (i) the Premises or any part thereof or (ii) any other real property in which the Borrower has any estate or interest whatsoever (including, without limitation, any property owned by a land trust, the beneficial interest in which is owned, in whole or in part, by the Borrower), and neither the Premises nor the property described in (ii) above has ever been used by the Borrower, the General Partner, the Owner, if any, or, to the best of the Borrower's knowledge after due inquiry, any other person or entity as a temporary or permanent dump or storage site for any Hazardous Materials,
- (o) except for the City building code violations, if any (all of which are to be remedied in the course of the Project), the Premises and the Project have been (to the best of the Borrower's knowledge after due inquiry) and are in compliance with all applicable federal, state and local laws, statutes, rules, regulations, executive orders, ordinances, codes, decrees and judgments, including any and all Environmental Laws, pertaining to or affecting the Premises or the Project and the use thereof and the conduct of any business or operations thereon;

- (p) the Mortgage is subordinate only to the Regulatory Agreement, the Senior Mortgage, if any, the Senior Assignment, if any, the Senior Regulatory Agreement, and those Permitted Encumbrances, if any, described on Exhibit C to the Mortgage, and
- (q) the Borrower's purchase of the Premises was an arms-length transaction and the purchase price paid by the Borrower for the Premises was not greater than the fair market value of the Premises at the time of such purchase

SECTION 6 COVENANTS OF BORROWER

6 01 The Borrower covenants to the City as follows:

- (a) the Borrower shall be subject to, obey and adhere to any and all federal, state and local laws, statutes, ordinances, rules, regulations and executive orders as are now or may be in effect during the Loan Term which may be applicable to the Borrower, the Premises or the Project, including but not limited to (i) the Lead-Based Paint Poisoning Prevention Act, 42 U S C Section 4831(b), (ii) the Contract Work Hours and Safety Standards Act, 40 U.S C. Section 327 et seq., as supplemented by U.S Department of Labor regulations at 29 C F R. Part 5, (iii) the Copeland "Anti-kickback" Act, 18 U S C Section 874, as supplemented by U S Department of Labor regulations at 29 C F R Part 3, (iv) Section 104(g) of the Housing and Community Development Act of 1974, 42 U.S C Section 5301 et seq., and 24 C.F R Part 58, (v) Section 504 of the Rehabilitation Act of 1973, 29 U S C Section 794 and implementing regulations at 24 C F R. Part 8, Subpart C. (vi) 24 C F.R Part 24, (vii) the Americans with Disabilities Act of 1990, Public Law 101-336 dated July 26, 1990, (viii) the Fair Housing Amendments Act of 1988, Public Law 100-430 dated September 13, 1988, (ix) the City of Chicago Landlord - Tenant Ordinance, Municipal Code of Chicago, Chapter 5-12, and (x) all Environmental Laws.
- (b) the Borrower shall maintain good, indefeasible and merchantable title to (or a valid, enforceable leasehold interest in, pursuant to the Assignment and Assumption Agreement (the "Assignment Agreement") between the Borrower and the Owner, dated September 1, 2003, as applicable) the Premises and all beneficial interest therein free and clear of all liens, charges and encumbrances except Permitted Encumbrances,
- (c) the Borrower shall remain solvent and able to pay its debts as they mature,

- (d) the Borrower shall obtain and comply with, as applicable, all governmental notices, permits, certificates and consents (including, without limitation, all environmental permits and other authorizations) necessary to carry out and complete the Project.
- (e) the Borrower shall immediately notify the City of any and all events or actions which may materially adversely affect the Borrower's ability or the Owner's ability, as the case may be, to carry on its operations or perform all its obligations under the Loan Documents, the Senior Loan Documents, if any, the Junior Loan Documents, if any, the FHLB Loan Documents, if any, or any other documents or agreements to which it is or may become a party or by which it is or may become bound, as long as the Loan remains outstanding,
- (f) no member, official or employee of the City shall have any personal interest, direct or indirect, in the Borrower's business or shall participate in any decision relating to the Borrower's business which affects his/her personal interests or the interests of any corporation, partnership or association in which he/she is directly interested,
- (g) no former member, official or employee of the City shall, for a period of one year after the termination of the member's, official's or employee's term of office or employment, assist or represent the Borrower in any business transaction involving the City or any of its agencies, if the member, official or employee participated personally and substantially in the subject matter of the transaction during his/her term of office or employment, provided that if the member, official or employee exercised contract management authority with respect to a contract (including any loan from the City), this prohibition shall be permanent as to that contract,
- (h) the Borrower shall pay, indemnify and save the City and the City's officers, employees and agents harmless of, from and against any and all Losses incurred by any such party in any Claim brought by reason of any such Loss, excluding, however, any Loss arising out of the City's gross negligence or willful misconduct following the City's acquisition of title to or control of the Premises, unless such act is taken in response to (1) any willful misconduct or negligent act or omission of the Borrower, the General Partner or the Owner, if any, or (2) any breach (other than failure to repay the Loan) by the Borrower, the General Partner or the Owner, if any, of any provisions of the instruments executed by the Borrower, the General Partner or the Owner, if any, in connection with the Loan. In the event that any Claim is brought against the City or any of the City's officers, employees or agents by reason of any such Loss, the Borrower, upon notice from the City, covenants to resist and defend such Claim on

behalf of the City and the City's officers, employees and agents. The City shall have the right to employ separate counsel in any such Claim and to participate in the defense thereof. The fees and expenses of such counsel so incurred shall be at the expense of the Borrower without regard to any authorization of such employment by the Borrower,

- (i) the Borrower shall not enter into any transaction which would materially and adversely affect the Borrower's ability to repay any of the Borrower's Liabilities,
- (j) the Borrower shall maintain and provide to the City, at the earliest practicable date but no later than 60 days following the end of the Borrower's fiscal year (which 60-day period shall be automatically extended to 120 days upon the delivery during said 60-day period of a written request for such extension from the Borrower to the City), annual audited financial statements prepared by a certified public accountant in accordance with generally accepted accounting principles and practices consistently maintained throughout the appropriate periods acceptable to the City thereafter so long as the Loan is outstanding. In addition, upon the City's request, the Borrower shall submit statements of the Borrower's financial condition prepared in accordance with generally accepted accounting principles and practices consistently maintained throughout such periods as required by the City,
- (k) the Mortgage and the Assignment of Rents shall be subordinate solely to the Regulatory Agreement, the Senior Mortgage, if any, the Senior Assignment, if any, and those Permitted Encumbrances, if any, described on Exhibit C to the Mortgage;
- (l) the Project shall be completed under the terms of this Loan Agreement, the Construction Contract, the Construction Schedule and the Project Budget and in accordance with the Plans and Specifications for the Project, and any Change Order shall be submitted by the Borrower or the Owner, as the case may be, to the City for its express, prior written approval prior to the submission of any request for disbursement of the proceeds of the Equity, the Loan, the Junior Loan, if any, the FHLB Loan, if any, or the Senior Loan, if any, pursuant to such Change Order;
- (m) the Borrower shall not commence the Project without the prior written consent of the City, after such consent has been obtained, the Borrower shall complete the Project with due diligence and shall provide notice of such completion promptly thereafter to the City, the Senior Lender, if any, the Junior Lender, if any, the FHLB Lender, if any, and the Escrow Agent;

- (n) the Borrower shall do or cause to be done all things necessary to preserve and keep in full force and effect its existence as an Illinois limited partnership and shall not change its General Partner or add additional general partners without the prior written consent of the City, which consent shall not be unreasonably withheld provided such change or addition is consummated pursuant to the terms of the Partnership Agreement,
- (o) the Borrower shall comply with all of the terms and provisions of the Regulatory Agreement and shall provide to the City such reports as shall be required therein,
- (p) the Borrower shall immediately advise the City in writing of (i) any notices received by the Borrower from any federal, state or local governmental agency or regional office thereof of the violation or potential violation or of any inquiry regarding any such potential violation by the Borrower of any applicable Environmental Laws, (ii) any and all enforcement, clean-up, removal, remedial or other governmental or regulatory actions instituted, completed or threatened pursuant to any Environmental Laws, (iii) all Claims made or threatened by any third party against the Borrower or the Premises relating to any Losses resulting from any Hazardous Materials (the matters set forth in clauses (i), (ii) and (iii) above are hereinafter collectively referred to as "Hazardous Materials Claims"), and (iv) the Borrower's discovery of any occurrence or condition on any real property adjoining or in the vicinity of the Premises that could cause the Premises or any part thereof to be subject to any Hazardous Materials Claims,
- (q) the Borrower will cause the General Contractor to maintain a payment and performance bond or a letter of credit, as described in Section 4.03(b) hereof and acceptable to the City, in full force and effect until completion of the Project,
- (r) construction or rehabilitation, as applicable, of the Premises will commence within twelve months from the date hereof,
- (s) all rights to discoveries, inventions, materials, copyrights and rights in data generated under this Loan Agreement shall be subject to the regulations issued by HUD or the City, where applicable, and
- (t) the Borrower shall cause the Premises to comply with all applicable mandatory standards and policies relating to energy efficiency which are contained in the energy conservation plan of the State of Illinois issued in

compliance with the Energy Policy and Conservation Act, 42 U S C Section 6321 et seq., and

- (u) no payment, gratuity or offer of employment shall be made in connection with the Project, by or on behalf of a Subcontractor to the General Contractor or higher tier Subcontractor or any person associated therewith, as an inducement for the award of a Subcontract or order
- (v) the Borrower shall establish and maintain or cause the Partnership to establish and maintain the Operating Deficit Reserve Account and the Replacement Reserve Account in accordance with the requirements of the Partnership Agreement in effect as of the date hereof, without respect to any subsequent amendments or modifications, to the satisfaction of the City, for the purpose of paying, reducing or avoiding an Operating Deficit or for the purpose of capital expenditures, respectively, in connection with the operation of the Premises,
- (w) the Borrower shall notify the City of (i) each disbursement from the Operating Deficit Reserve Account and/or the Replacement Reserve Account in excess of \$10,000 promptly after such disbursement has been made, (ii) after the Borrower has disbursed in the aggregate \$25,000 from the Operating Deficit Reserve Account and/or the Replacement Reserve Account in any fiscal year, each disbursement from the Operating Deficit Reserve Account and/or the Replacement Reserve Account promptly after such disbursement has been made, and (iii) all amounts, if any, remaining in the Operating Deficit Reserve Account and the Replacement Reserve Account upon the sale or refinancing of the Premises,
- (x) the Borrower shall furnish a report with respect to the Operating Deficit Reserve Account and the Replacement Reserve Account to the City annually within 90 days of the end of the Borrower's fiscal year, commencing with the year subsequent to year hereof, and within 90 days of the end of the Borrower's fiscal year for each subsequent year thereafter,
- (y) the Borrower shall use all amounts, if any, remaining in the Operating Deficit Reserve Account and the Replacement Reserve Account to repay the Loan upon the sale or refinancing of the Premises, which such sale or refinancing shall not take place except in compliance with Section 8 of the Mortgage, and
- (z) the Borrower shall administer the social services plan submitted to the City as of the date hereof in a manner acceptable to the City in its sole discretion.

SECTION 7 EVENTS OF DEFAULT

The occurrence of any "Event of Default" as defined in the Mortgage shall constitute an event of default under this Loan Agreement (an "Event of Default")

SECTION 8 REMEDIES

8.01 Upon, or at any time after, the occurrence of an Event of Default hereunder, the City may elect to accelerate the maturity of the Note and upon such election the principal sum *remaining unpaid on the Note, together with all accrued interest thereon, if any, and any other amounts then due to the City from the Borrower under any of the Loan Documents, shall be immediately due and payable at the place of payment as aforesaid, without presentment, demand, protest or notice of any kind, and the City may proceed to foreclose the Mortgage and to exercise any other rights and remedies available to the City under this Loan Agreement or any of the other Loan Documents against the Borrower, which the City may have at law, in equity or otherwise, provided, however, that upon the occurrence of an Event of Default under Section 10(x) or (x1) of the Mortgage, the entire unpaid principal of and interest, if any, on the Note shall, without any declaration, notice or other action on the part of the City, be immediately due and payable, anything in the Note or the other Loan Documents to the contrary notwithstanding* Upon the occurrence of any Event of Default under Section 10(xvi) of the Mortgage, the City may pursue any remedies described in Section 11 01(g) hereof, in addition to and not in lieu of any other remedies available to it hereunder.

8 02 Subject to Section 8 06 hereof, upon the occurrence of an Event of Default, the City may pursue any available remedy at law or in equity by suit, action, mandamus or other proceeding to enforce the payment of the principal of and interest, if any, on the Note and all other amounts due to the City from the Borrower under the Loan Documents, and to enforce and compel the performance of the duties and obligations of the Borrower as herein set forth, and the City may require the Escrow Agent to pay over to the City, pursuant to the Escrow Agreement, the balance of the Loan proceeds remaining in the Escrow Account for application, at the sole discretion of the City, to the payment of the unpaid principal of and interest, if any, on the Note and/or the payments of all other amounts due to the City from the Borrower under the Loan Documents.

8 03 In case the City shall have proceeded to enforce its rights under this Loan Agreement and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the City, then and in every such case the Borrower and the City shall be restored respectively to their respective positions and rights hereunder, and all rights, remedies and powers of the Borrower and the City shall continue as though no such proceedings had been taken

8.04 In the event the Borrower should default under any of the provisions of this Loan Agreement and the City should employ attorneys or incur other Costs for the collection of the payments due under this Loan Agreement or the Note or the enforcement of performance or

observance of any obligation or agreement on the part of the Borrower herein contained, the Borrower agrees that it will, on demand therefor, pay to the City the fees of such attorneys and such other Costs so incurred by the City.

8 05 The remedies of the City, as provided in this Loan Agreement or the other Loan Documents or any other instruments securing the Note shall be cumulative and concurrent and may be pursued singularly, successively or together, at the sole discretion of the City and may be exercised as often as occasion therefor shall arise, and shall not be exclusive but shall be in addition to every other remedy now or hereafter existing at law, in equity, or by statute Except as otherwise specifically required herein, notice of the exercise of any right or remedy granted to the City hereunder or by the Note is not required to be given

8 06 (a) Subject to the terms of Sections 8.06(b), (c) and (d) hereof, the indebtedness evidenced by the Note and the other Loan Documents shall be non-recourse, and in the event of default hereunder or thereunder, the City's sole source of satisfaction of repayment of the amounts due to the City hereunder or under any of the other Loan Documents shall be limited to the City's rights with respect to the collateral pledged and assigned under the Mortgage, the Assignment of Rents, the Assignment of Contracts or any of the other Loan Documents

(b) Notwithstanding paragraph (a) of this Section, nothing herein or in any of the Loan Documents shall limit the rights of the City, following any of the events hereinafter described, to take any action as may be necessary or desirable to pursue the Borrower, the General Partner and/or the Owner, if any, for any and all Losses incurred by the City arising from: (i) a material misrepresentation, fraud made in writing or misappropriation of funds by the Borrower, the General Partner and/or the Owner, if any, (ii) intentional or material waste to the Premises; (iii) use of proceeds of the Loan for costs other than Eligible Costs, (iv) the occurrence of a Prohibited Transfer without the City's prior written consent, to the extent such Prohibited Transfer results from the intentional, willful, voluntary and/or negligent acts or omissions of the Borrower, the General Partner and/or the Owner, if any, (v) any breach of the Borrower's representations, warranties or covenants regarding Hazardous Materials or Environmental Laws contained in any of the Loan Documents (including, without limitation, the Environmental Agreement), (vi) the occurrence of any uninsured casualty to the Premises or other collateral or security provided under any of the Loan Documents for which there has been a failure to maintain insurance coverage as required by the terms and provisions of the Loan Documents, (vii) the misappropriation or misapplication of insurance proceeds or condemnation awards relating to the Premises or other collateral or security provided under any of the Loan Documents; or (viii) any inaccuracy in the statements in the Affidavits

(c) Notwithstanding paragraph (a) of this Section, nothing herein or in any of the Loan Documents shall limit the right of the City to assert liability against the Borrower, the General Partner and/or the Owner, if any, for the repayment of the Loan in the amount described in Section 3 07(d) hereof in the event of a breach by the Borrower of the requirements set forth in Sections 2 5(b), 2.7, 2.8 or 2 12(b) of the Regulatory Agreement as modified by Section 2 9(c) of the Regulatory Agreement, but only to the extent that such breach results in a demand by HUD

on the City for repayment of the Loan in whole or in part, and only to the extent that as a result of such demand, the City is legally obligated to make such payment to HUD. Such payment may be made either by a direct payment from the City to HUD or by a deduction by HUD from other monies allocated or to be allocated to the City by HUD. If the City so chooses, the City shall pursue a diligent contest of any such demand by HUD through the administrative procedures outlined in 24 C.F.R. Section 92.552, but shall not be required to pursue the matter any further than reasonably prudent, as determined by the City. The Borrower agrees to pay, as a recourse obligation of the Borrower, all attorneys', experts' and consulting fees and disbursements and expenses incurred in connection with any such contest.

(d) The City waives any and all right to seek or demand any personal deficiency judgement against the Borrower, in conjunction with a foreclosure proceeding, under or by reason of the non-recourse monetary obligations of the Borrower, provided, however, that the foregoing shall not limit or affect the City's right to sue or otherwise seek recourse against the Borrower, the General Partner and/or the Owner, if any, in any separate action or proceeding for all Losses incurred by the City arising from any of the matters described in Section 8.06(b) or (c) hereof.

SECTION 9 NO WAIVER

9.01 The City's failure to require strict performance by the Borrower of any provision of this Loan Agreement shall not waive, affect or diminish any right of the City thereafter to demand strict compliance and performance therewith, nor shall any waiver by the City of an Event of Default waive, suspend or affect any other Event of Default under this Loan Agreement, whether the same is prior or subsequent thereto, or of the same or a different type.

9.02 Failure of the City, for any period of time or on more than one occasion, to exercise any remedy available to the City as described in Section 8.05 hereof shall not constitute a waiver of the right to exercise the same at any time thereafter or in the event of any subsequent Event of Default. No act of omission or commission of the City, including specifically any failure to exercise any right, remedy or recourse, shall be deemed to be a waiver or release of the same; any such waiver or release is to be effected only through a written document executed by the City and then only to the extent specifically recited therein.

SECTION 10. COSTS AND EXPENSES

The Borrower shall pay all Costs related to the Loan including survey costs, title charges (including endorsements), premiums, escrow expenses, recording fees, filing fees, taxes, opinions of counsel to the Borrower rendered as required by the City, and all Costs associated with any subsequent amendments, substitutions or modifications to the Loan Documents.

SECTION 11 MBE/WBE COMMITMENT

11.01 The Borrower agrees for itself and 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 of Chicago, and in reliance upon the provisions of the MBE/WBE Program to the extent contained in, and as qualified by, the provisions of this Section 11 01, during the course of the Project, at least the following percentages of the aggregate hard construction costs (as set forth in the Project Budget) shall be expended for contract participation by minority-owned businesses ("MBEs") and by women-owned businesses ("WBEs")

- (1) At least 25 percent by MBEs
- (2) At least five percent by WBEs

(b) For purposes of this Section 11 01 only, the Borrower (and any party to whom a contract is let by the Borrower in connection with the Project) shall be deemed a "contractor" and this Loan Agreement (and any contract let by the Borrower in connection with the Project) shall be deemed a "contract" as such terms are defined in Section 2-92-420, Municipal Code of Chicago. In addition, the term "minority-owned business" or "MBE" shall mean a business enterprise identified in the Directory of Certified Minority Business Enterprises published by the City's Purchasing Department, or otherwise certified by the City's Purchasing Department as a minority-owned business enterprise, and the term "women-owned business" or "WBE" shall mean a business enterprise identified in the Directory of Certified Women Business Enterprises published by the City's Purchasing Department, or otherwise certified by the City's Purchasing Department as a women-owned business enterprise

(c) Consistent with Section 2-92-440, Municipal Code of Chicago, the Borrower's MBE/WBE commitment may be achieved in part by the Borrower's status as an MBE or WBE (but only to the extent of any actual work performed on the Project by the Borrower) 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 Borrower utilizing a MBE or a WBE as the General Contractor (but only to the extent of any actual work performed on the Project by the General Contractor), by subcontracting or causing the General Contractor to subcontract a portion of the Project to one or more MBEs or WBEs, or by the purchase of materials 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 Borrower's MBE/WBE commitment as described in this Section 11 01

(d) The Borrower shall deliver quarterly reports to DOH during the Project describing its efforts to achieve compliance with this MBE/WBE commitment. Such reports shall include, inter alia, the name and business address of each MBE and WBE solicited by the Borrower 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 DOH in determining the Borrower's compliance with this MBE/WBE commitment. The Borrower shall maintain records of all relevant data with respect to the utilization of MBEs and WBEs in connection with the Project for at least five years after completion of the Project, and DOH shall have access to all such records maintained by the Borrower, on five Business Days' notice, to allow the City to review the Borrower'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 Borrower 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 of Chicago*.

(f) Any reduction or waiver of the Borrower's MBE/WBE commitment as described in this Section 11 01 shall be undertaken in accordance with Section 2-92-450, *Municipal Code of Chicago*.

(g) Prior to the commencement of the Project, the Borrower shall be required to meet with the monitoring staff of DOH with regard to the Borrower's compliance with its obligations under this Section 11 01. The General Contractor and all major Subcontractors shall be required to attend this pre-construction meeting. During said meeting, the Borrower shall demonstrate to DOH its plan to achieve its obligations under this Section 11 01, the sufficiency of which shall be approved by DOH. During the Project, the Borrower shall submit the documentation required by this Section 11 01 to the monitoring staff of DOH. Failure to submit such documentation on a timely basis, or a determination by DOH, upon analysis of the documentation, that the Borrower is not complying with its obligations under this Section 11 01, shall, upon the delivery of written notice to the Borrower, be deemed an Event of Default. Upon the occurrence of any such Event of Default, in addition to any other remedies provided under any of the Loan Documents, the City may (1) issue a written demand to the Borrower to halt the Project, (2) withhold any further payment of any Loan proceeds to the Borrower or the General Contractor, or (3) seek any other remedies against the Borrower available at law or in equity.

SECTION 12 MAINTAINING RECORDS/RIGHTS TO INSPECT

12 01 The Borrower shall keep and maintain, until the fifth anniversary of the date of repayment of the Loan in full, such books, records and other documents as shall be required by the City and HUD to reflect and disclose fully the amount and disposition of the total cost of activities paid for in whole or in part, with the Loan proceeds, and the nature of all activities of the Borrower in connection with the Premises which are supplied or to be supplied by other sources. All such books, records and other documents shall be available at the offices of the

Borrower for inspection, copying (including excerpts and transcriptions), audit and examination at all reasonable times by any authorized representatives of the City and HUD

12.02 Any authorized representative of the City or of HUD shall, at all reasonable times, have access to all portions of the Premises.

12.03 The rights of access and inspection provided in this Section 12 shall continue until the fifth anniversary of the date of repayment of the Loan in full.

SECTION 13 HEADINGS

The headings and titles of this Loan Agreement are for convenience only and shall not influence the construction or interpretation of this Loan Agreement.

SECTION 14 DISCLAIMER OF RELATIONSHIP

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

SECTION 15 LIMITATION OF LIABILITY

The Borrower expressly agrees that no member, official, employee or agent of the City shall be individually or personally liable to the Borrower, its successors or assigns in the event of any default or breach by the City under this Loan Agreement

SECTION 16 ASSIGNMENT

16.01 The Borrower may not sell, assign or transfer this Loan Agreement or any of the other Loan Documents without the prior written consent of the City

16.02 The Borrower consents to the City's sale, assignment, transfer or other disposition of this Loan Agreement and the other Loan Documents at any time in whole or in part

SECTION 17. SIGNS; PROMOTIONAL LITERATURE

17.01 The Borrower agrees to obtain, erect and maintain a sign, of a size and style approved in writing by DOH, in a conspicuous location on the Premises during the period of construction or rehabilitation, as applicable, and rent-up of the Premises indicating that financing has been provided by the City.

17.02 The Borrower further agrees that the City shall have the right to include the name, photograph, artistic rendering and other pertinent information of the Borrower and the Project in the City's promotional literature and communications

SECTION 18 NOTICES

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) electronic communications, whether by telex, telegram or telecopy, (c) overnight courier, receipt requested; or (d) registered or certified mail, return receipt requested

If to City
Department of Housing
City of Chicago
318 South Michigan Avenue
Chicago, Illinois 60604
Attention Commissioner

With copies to
Office of the Corporation Counsel
City of Chicago
121 North LaSalle Street
Room 600
Chicago, Illinois 60602
Attention Finance & Economic Development Division

and

Department of Finance
City of Chicago
33 North LaSalle Street,
Suite 600
Chicago, Illinois 60602
Attention Comptroller

With a copy to.
National Equity Fund
120 South Riverside Plaza, 15th Floor
Chicago, Illinois 60606-3908
(312) 360-0400

If to Borrower
As specified on Exhibit A.

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) above shall be deemed received upon such personal service or upon dispatch by electronic means with confirmation of receipt. Any notice, demand or request sent pursuant to clause (c) above shall be deemed received on the Business Day immediately following deposit with the overnight courier, and any notice, demand or request sent pursuant to clause (d) above shall be deemed received two Business Days following deposit in the mail.

SECTION 19 MODIFICATION

This Loan Agreement may not be altered, modified or amended except by a written instrument signed by all the parties hereto.

SECTION 20. INVALIDATION

If any provision of this Loan Agreement is held invalid or unenforceable by any court of competent jurisdiction, such provision shall be deemed severed from this Loan Agreement to the extent of such invalidity or unenforceability, and the remainder hereof will not be affected thereby, each of the provisions hereof being severable in any such instance.

SECTION 21 GOVERNING LAW

This Loan Agreement and the other Loan Documents shall be governed by and construed in accordance with the internal laws of the State of Illinois without regard to its conflict of laws principles.

SECTION 22 APPROVAL

Wherever in this Loan Agreement provision is made for the approval or consent of the City, or any matter is to be to the City's satisfaction, or the like, unless specifically stated to the contrary, such approval, consent, satisfaction or the like shall be made, given or determined by the City in its sole discretion, subject to review by the Corporation Counsel.

SECTION 23. TERM OF LOAN AGREEMENT

This Loan Agreement shall be in full force and effect during the Loan Term. The covenants of the Borrower contained in Section 6 01(h) hereof and the rights described in Section 12 hereof shall survive the termination of this Loan Agreement.

SECTION 24 BINDING EFFECT

This Loan Agreement shall inure to the benefit of and shall be binding upon the City, the Borrower and the City's successors and assigns. This Loan Agreement is intended to be and is for the sole and exclusive benefit of the parties hereto and the successors and assigns of the City.

SECTION 25. CONSTRUCTION OF WORDS

The use of the singular form of any word herein shall also include the plural, and vice versa. The use of the masculine, feminine and neuter pronouns for any word herein shall be fully interchangeable.

SECTION 26. COUNTERPARTS

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

SECTION 27. DISBURSEMENTS

Anything in this Loan Agreement contained to the contrary notwithstanding, it is expressly understood and agreed that the Borrower shall cause the Loan to at all times be In Balance. The Loan shall be deemed to be "In Balance" only if the total of the Available Funds shall, in the City's judgment, equal or exceed the aggregate of (i) the amount required to pay interest, if any, on the Loan to the Initial Payment Date and (ii) the amount necessary to pay all unpaid Project Costs incurred or to be incurred in the completion of the Project. As used herein, the term "Available Funds" shall mean (i) the undisbursed proceeds of the Loan, (ii) the undisbursed proceeds of the Senior Loan, if any, and of the Junior Loan, if any, (iii) the undisbursed amount of the Equity, and (iv) any other amounts deposited by the Borrower pursuant to this Section 27. In addition, the Loan shall be deemed not to be In Balance if at any time the City should determine that the actual cost to complete any of the line items set forth on the Project Budget exceeds the corresponding amount on the Project Budget and there is no corresponding decrease in the total amount of the other line items in the Project Budget approved by the City in writing, in accordance with the terms of this Loan Agreement. The Borrower agrees if for any reason the Loan is not In Balance, the Borrower shall, within 10 days after request by the City, deposit with the City or the Escrow Agent, cash, certificates of deposit or other collateral satisfactory to the City in an amount which will place the Loan In Balance, which deposit shall first be exhausted before any further disbursement of the proceeds of the Loan shall be made. No disbursement of Loan proceeds shall be made except for the payment of Project Costs as shown on the Project Budget. No modification of or amendment to the Project Budget shall be made without the prior written approval of the City, at its sole discretion.

SECTION 28. INCONSISTENCIES

If there shall be any inconsistency between this Loan Agreement and any of the other Loan Documents, the City shall determine which provision shall prevail.

SECTION 29. REFERENCES TO STATUTES, ETC.

All references herein to statutes, regulations, rules, executive orders, ordinances, resolutions or notices or circulars issued by any governmental body shall be deemed to include

any and all amendments, supplements and restatements from time to time to or of such statutes, regulations, rules, executive orders, ordinances, resolutions, notices and circulars

SECTION 30 CITY RESIDENT EMPLOYMENT REQUIREMENT

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

The Borrower may request a reduction or waiver of this minimum percentage level of Chicagoans as provided for in Section 2-92-330 of the Municipal Code of Chicago in accordance with standards and procedures developed by the Chief Procurement Officer of the City (the "Chief Procurement Officer")

"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 Borrower, the General Contractor and the Subcontractors shall provide for the maintenance of adequate employee residency records to ensure that actual Chicago residents are employed on the Project The Borrower, the General Contractor and the Subcontractors shall maintain copies of personal documents supportive of every Chicago employee's actual record of residence

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

The Borrower, the General Contractor and the Subcontractors shall provide full access to their employment records to the Chief Procurement Officer, the Commissioner of DOH, the Superintendent of the Chicago Police Department, the Inspector General, or any duly authorized representative thereof The Borrower, the General Contractor and the Subcontractors shall maintain all relevant personnel data and records for a period of at least three years after final acceptance of the work constituting the Project.

At the direction of DOH, affidavits and other supporting documentation will be required of the Borrower, the General Contractor and the Subcontractors 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 Borrower, the General Contractor and the Subcontractors to provide utilization of actual Chicago residents (but not sufficient for the granting of a waiver request as provided for in the standards and procedures developed by the Chief Procurement Officer) shall not suffice to replace the actual, verified achievement of the requirements of this Section 30 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 Borrower 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 (as the same shall be evidenced by approved contract value for the actual contracts) shall be surrendered by the Borrower 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 Borrower, the General Contractor and/or the Subcontractors to prosecution. Any retainage to cover contract performance that may become due to the Borrower pursuant to Section 2-92-250 of the Municipal Code of Chicago may be withheld by the City pending the Chief Procurement Officer's determination whether the Borrower 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 Loan Agreement or the other Loan Documents

The Borrower shall cause or require the provisions of this Section 30 to be included in the Construction Contract and all applicable Subcontracts.

SECTION 31 NO BUSINESS RELATIONSHIP WITH CITY ELECTED OFFICIALS

Pursuant to Section 2-156-030(b) of the Municipal Code of Chicago, 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 of Chicago), or to participate in any discussion in any City Council committee hearing or in any City Council meeting or to vote on any matter involving the person with whom an elected official has a Business Relationship Violation of Section 2-156-030(b) by any elected official, or any person acting at the direction of such official, with respect to any of the Loan Documents, or in connection with the transactions contemplated thereby, shall be grounds for termination of the Loan Documents and the transactions contemplated thereby The Borrower hereby represents and warrants that, to the best of its knowledge after due inquiry, no violation of Section 2-156-030(b) has occurred with respect to any of the Loan Documents or the transactions contemplated thereby

SECTION 32 PARKING FACILITIES

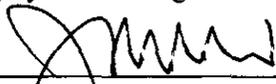
The Borrower hereby agrees to provide approximately 135 on-site parking spaces (the "Parking Facilities") pursuant to the Plans and Specifications for the use of the tenants of the Project to the satisfaction of the City A total of 34 on-site parking spaces shall be available without charge to Chicago Housing Authority residents and the low- and moderate-income tenants in the Project on a first come, first served basis The Parking Facilities shall be maintained as such facilities for the term of the Loan.

SECTION 33 INCORPORATION OF RIDER

The document entitled "HUD Required Provisions Rider" attached hereto as Exhibit F is hereby incorporated into this Loan Agreement as if fully set forth herein and shall remain a part of this Agreement so long as the Secretary of HUD or his/her successors or assigns are the insurers or holders of the Senior Note (known as the Mortgage Note in the HUD Required Provisions Rider) Upon such time as HUD is no longer the insurer or holder of the Senior Note or such time as the Senior Note is paid in full, the parties hereto agree that said HUD Required Provisions Rider shall no longer be a part of this Loan Agreement

IN WITNESS WHEREOF, the City and the Borrower have caused this Loan Agreement to be duly executed and delivered as of the date first above written

CITY OF CHICAGO
acting by and through its Department of Housing

By:  _____

Name _____

Title: _____

SOUTH PARK PLAZA, L P., an Illinois limited partnership

By South Park Plaza, Inc., an Illinois
not-for-profit corporation and its general partner

By. _____

Name _____

Title _____

IN WITNESS WHEREOF, the City and the Borrower have caused this Loan Agreement to be duly executed and delivered as of the date first above written

CITY OF CHICAGO
acting by and through its Department of Housing

By _____

Name _____

Title _____

SOUTH PARK PLAZA, L P., an Illinois limited partnership

By South Park Plaza, Inc., an Illinois
not-for-profit corporation and its general partner

By CAROL MILLISON

Name. *Carol M*

Title *President*

EXHIBIT A

Additional Loan Documents, if any That certain Donations Tax Credit Regulatory, dated as of September 1, 2003 among the Borrower, the Owner and the City

Address of Borrower	South Park Plaza, L P C/O Woodlawn Community Development Corporation 6040 South Harper Avenue Chicago, Illinois 60637 Attention Carole Millison
With Copies to	Duane Morris & Heckscher LLP 227 West Monroe Street, Suite 3400 Chicago, Illinois 60606 Attention Gail Beesen Dwars
Architect	Loewenberg Associates, Inc , an Illinois corporation
Assignment Agreement	that certain assignment of the CHA Lease by and between the Owner and the Borrower
CHA Lease	that certain Ground Lease Agreement dated as of September 1, 2003 by and between the Owner and the Chicago Housing Authority (the "CHA") made with respect to certain real property to be used as part of the Project and as legally described on Exhibit A attached thereto
Construction Contract	that certain contract dated September 1, 2003 between the Borrower and the General Contractor for the Project in accordance with the Plans and Specifications
Developer Fee	\$2,250,000
Environmental Agreement Parties:	City, Borrower, General Partner, and the Owner
Escrow Agent	Title Services, Inc., an Illinois corporation
FHLB Assignment	assignment dated September 1, 2003 by and between Owner and Cole Taylor Bank
FHLB Lender.	Owner
FHLB Loan Amount.	\$500,000
FHLB Mortgage.	that Third Mortgage, dated as of September 1, 2003 between the Borrower, as mortgagor and the Owner, as mortgagee.

FHLB Note that Note, dated September 1, 2003 between the Borrower payable to the order of the Owner in the principal amount of \$500,000

General Contractor Walsh Construction Company of Illinois, Inc , an Illinois corporation

General Partner South Park Plaza, Inc , an Illinois corporation

Guaranty Parties Borrower, General Partner, Owner

Initial Payment Date the Maturity Date

Interest Rate of the Loan One percent per annum

Junior Assignment None

Junior Lender None

Junior Loan Amount None

Junior Regulatory Agreement None

Loan Amount \$ 7,992,100

Maturity Date: December 1, 2044

Ordinance Adoption Date October 31, 2001

Owner Woodlawn Community Development Corporation, an Illinois not-for-profit corporation

Partnership Agreement Amended and Restated Limited Partnership Agreement of South Park Plaza L P dated as of the date hereof, and as in effect as of the date hereof, by and between the General Partner and NEF Assignment Corporation, as nominee, as the limited partner, as such partnership agreement may be amended to transfer the limited partnership interest to (i) any limited partnership of which National Equity Fund, Inc , an Illinois not-for-profit corporation ("NEF"), is the general partner, or (ii) any limited liability company of which NEF is the managing member.

Project the acquisition of a leasehold interest in certain land and the construction of six buildings to be owned by the Borrower and to be located at the site within the City generally bounded by East 26th Street on the north, East 29th Street on the south, South Prairie Avenue on the west and South Dr Martin Luther King, Jr Drive on the east, and which shall contain, as of the completion of construction thereof, 134 multi-family residential dwelling units for low-income families and certain parking facilities thereon

EXHIBIT A (continued)

Repayment Terms and Maturity Date of the Loan

The entire principal balance outstanding, together with accrued and unpaid interest thereon, and any other sums due under any of the Loan Documents, shall be due and payable in full on the earliest (the "Maturity Date") of (i) the date on which all outstanding principal of and accrued and unpaid interest on the Senior Loan shall be due and payable in full, or (ii) December 1, 2044, provided, however, that the term "Maturity Date" shall also mean such earlier date as of which the principal of and interest on the Loan may become due and payable because of acceleration or prepayment as provided in any of the Loan Documents

Senior Assignment	that certain Assignment dated as of the date hereof from the Borrower to the Senior Lender and securing the Senior Note
Senior Debt Service	All payments of principal and interest on the Senior Note
Senior Lender	Midland Loan Services, Inc , a Delaware corporation
Senior Loan Amount	\$8,800,000
Senior Mortgage	that Mortgage, dated as of September 1, 2003 between the Borrower, as mortgagor and the Senior Lender, as mortgagee
Senior Note	that Mortgage Note , dated September 1, 2003 between the Borrower, as mortgagor and the Senior Lender in the principal amount of \$8,800,000
Title Company	Title Services, Inc , an Illinois corporation

EXHIBIT A (continued)

Legal Description of Premises:

Parcel 1

A PARCEL OF LAND COMPRISED OF SUNDRY LOTS AND SUB LOTS, TOGETHER WITH THE VACATED ALLEY'S ADJACENT TO AND ADJOINING SAID LOTS AND SUB LOTS, ALL IN BLOCK 79 AND A PART OF BLOCK 84, BOTH IN THE CANAL TRUSTEES' SUBDIVISION OF THE WEST HALF OF SECTION 27, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS, BOUNDED AND DESCRIBED AS FOLLOWS

BEGINNING AT THE INTERSECTION OF THE SOUTH LINE OF EAST 26TH STREET WITH THE WEST LINE OF SOUTH MARTIN LUTHER KING JR DRIVE, FORMERLY SOUTH SOUTH PARK WAY, (SAID WEST LINE BEING 165 00 FEET WEST OF AND PARALLEL WITH THE EAST LINE OF THE SOUTHWEST QUATER OF SAID SECTION 27),

THENCE SOUTH ALONG SAID WEST LINE OF SAID SOUTH MARTIN LUTHER KING JR DRIVE, A DISTANCE OF 375 46 FEET TO AN INTERSECTION WITH THE SOUTH LINE OF LOT 1 IN H McAULEY'S SUBDIVISION OF SAID BLOCK 84,

THENCE WEST ALONG THE SOUTH LINE OF SAID LOT, A DISTANCE OF 49 84 FEET TO THE EAST LINE OF A NORTH AND SOUTH 16 FOOT PUBLIC ALLEY,

THENCE NORTH ALONG SAID EAST LINE, A DISTANCE OF 26 50 FEET TO AN INTERSECTION WITH THE NORTH LINE OF THE PUBLIC ALLEY, 16 FEET WIDE, AS SAID ALLEY WAS DEDICATED BY INSTRUMENT RECORDED JANUARY 11, 1951 AS DOCUMENT 14989816 (SAID ALLEY BEING THE SOUTH 16 FEET OF LOT 13 IN SAID H McAULEY'S SUBDIVISION OF BLOCK 84),

THENCE WEST ALONG THE NORTH LINE OF SAID PUBLIC ALLEY, A DISTANCE OF 193 84 FEET TO AN INTERSECTION WITH THE EAST LINE OF SOUTH CALUMET AVENUE,

THENCE NORTH ALONG THE EAST LINE OF SOUTH CALUMET AVENUE, A DISTANCE OF 348 72 FEET TO SAID SOUTH LINE OF EAST 26TH STREET,

THENCE EAST ALONG SAID SOUTH LINE OF EAST 26TH STREET (SAID SOUTH LINE BEING ALSO THE NORTH LINE OF SAID BLOCK 79), A DISTANCE OF 243 62 FEET TO THE POINT OF BEGINNING

EXHIBIT A CONTINUED

Parcel 2

A PARCEL OF LAND COMPRISED OF SUNDRY LOTS AND SUB LOTS, TOGETHER WITH THE VACATED ALLEY'S ADJACENT TO AND ADJOINING SAID LOTS AND SUB LOTS, ALL IN BLOCK 79 AND A PART OF BLOCK 84, BOTH IN THE CANAL TRUSTEES' SUBDIVISION OF THE WEST HALF OF SECTION 27, TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS, BOUNDED AND DESCRIBED AS FOLLOWS

BEGINNING AT THE INTERSECTION OF THE SOUTH LINE OF EAST 26TH STREET WITH THE WEST LINE OF SOUTH CALUMET AVENUE,

THENCE SOUTH ALONG THE WEST LINE OF SOUTH CALUMET AVENUE, A DISTANCE OF 221 93 FEET TO POINT WHICH IS 94 76 FEET, AS MEASURED ALONG SAID WEST LINE, NORTH OF THE INTERSECTION OF SAID WEST LINE WITH THE SOUTH LINE OF SAID BLOCK 79,

THENCE WEST ALONG A LINE PERPENDICULAR TO SAID WEST LINE OF SAID SOUTH CALUMET AVENUE, A DISTANCE OF 72 83 FEET,

THENCE SOUTH ALONG A LINE PERPENDICULAR TO THE LAST DESCRIBED LINE, A DISTANCE OF 94 72 FEET TO AN INTERSECTION WITH THE SOUTH LINE OF SAID BLOCK 79,

THENCE WEST ALONG SAID SOUTH LINE OF BLOCK 79, A DISTANCE OF 107 00 FEET TO AN INTERSECTION WITH THE EAST LINE OF THE VACATED NORTH AND SOUTH ALLEY, 16 FEET WIDE, AS SAID ALLEY WAS VACATED BY ORDINANCE PASSED MAY 24, 1951 AND RECORDED AUGUST 7, 1951 AS DOCUMENT 15141126,

THENCE SOUTH ALONG THE EAST LINE OF SAID VACATED ALLEY, A DISTANCE OF 56 76 FEET,

THENCE SOUTHWESTWARDLY ALONG A STRAIGHT LINE, A DISTANCE OF 39 54 FEET, TO AN INTERSECTION WITH A LINE WHICH IS 171 00 FEET EAST OF AND PARALLEL WITH THE EAST LINE OF SOUTH PRAIRIE AVENUE,

THENCE WEST ALONG A LINE PERPENDICULAR TO SAID EAST LINE OF SOUTH PRAIRIE AVENUE, A DISTANCE OF 171 00 FEET TO AN INTERSECTION WITH SAID EAST LINE, SAID POINT OF INTERSECTION BEING 87 63 FEET, AS MEASURED ALONG SAID EAST LINE, SOUTH OF THE NORTH LINE OF BLOCK 84 (SAID NORTH LINE BEING ALSO THE SOUTH LINE OF BLOCK 79, AFORESAID),

THENCE NORTH ALONG THE EAST LINE OF SOUTH PRAIRIE AVENUE, SAID EAST LINE BEING ALSO THE WEST LINE OF SAID BLOCKS 79 AND 84, A DISTANCE OF 404 00 FEET TO THE SOUTH LINE OF EAST 26TH STREET,

THENCE EAST ALONG SAID SOUTH LINE OF EAST 26TH STREET, (SAID SOUTH LINE BEING ALSO THE NORTH LINE OF SAID BLOCK 79), A DISTANCE OF 375 62 FEET TO THE POINT OF BEGINNING

EXHIBIT A CONTINUED

Address Commonly Known as:

Parcel 1

2616-2618 South Dr Martin Luther King Jr Drive
2628 South Dr Martin Luther King Jr Drive
2629 South Calumet Avenue

Parcel 2

2600-2614 South Calumet Avenue
2616-2626 South Calumet Avenue
2628-2634 South Calumet Avenue
319-333 East 26th Street
2611 South Prairie Avenue
2615-2625 South Prairie Avenue
2627-2633 South Prairie Avenue

Permanent Index No.:

Parcel 1

17-27-307-066
17-27-307-066, 17-27-307-067 and 17-27-307-043
17-27-307-066 and 17-27-307-067

Parcel 2

17-27-306-080
17-27-306-080 and 17-27-306-081
17-27-306-081
17-27-306-080
17-27-306-080
17-27-306-080 and 17-27-306-081
17-27-306-081

EXHIBIT B

BORROWER'S COUNSEL'S OPINION

City of Chicago
Department of Housing
318 South Michigan Avenue
Chicago, Illinois 60604

Ladies and Gentlemen

We have acted as counsel for South Park Plaza, L.P , an Illinois limited partnership (the "Borrower"), South Park Plaza, Inc., an Illinois not-for-profit corporation and its general partner (the "General Partner"), and Woodlawn Community Development Corporation, an Illinois not-for-profit corporation and sole voting member of the General Partner (the "Indemnitor"), in connection with a loan to the Borrower in the principal sum of Seven Million Nine Hundred Ninety-Two Thousand One Hundred Dollars (\$7,992,100) (referred to herein as the "Loan") made this day by the City of Chicago, Illinois (the "City") The Borrower, the General Partner and the Indemnitor have requested that this opinion be furnished to the City The Loan is made pursuant to the provisions of a Housing Loan Agreement dated as of the date hereof by and between the City and the Borrower (the "Loan Agreement"), evidenced by a note dated the date hereof (the "Note") made by the Borrower to the order of the City, and secured by a Junior Mortgage, Security Agreement and Financing Statement dated as of the date hereof (the "Mortgage") made by the Borrower to the City on certain real property situated in Chicago, Cook County, Illinois, and more particularly described on Schedule A attached hereto and hereby made a part hereof (the "Property") The Loan is further secured by an Assignment of Rents and Leases dated as of the date hereof made by the Borrower to the City (the "Assignment of Rents") and an Assignment of Contracts and Documents dated as of the date hereof made by the Borrower to the City (the "Assignment of Contracts")

In so acting as counsel for the Borrower, the General Partner and the Indemnitor we have examined

- A. the executed original of the Note;
- B. an executed original of the Loan Agreement;
- C. an executed original of the Mortgage;
- D. an executed original of the Regulatory Agreement (the "Regulatory Agreement") dated as of the date hereof between the Borrower and the City;
- E. an executed original of the Assignment of Rents,
- F. an executed original of the Assignment of Contracts;

- G an executed original of the Escrow Agreement (the "Escrow Agreement") dated as of the date hereof among the Borrower, the City, Midland Loan Services, Inc (the "Senior Lender"),
- H an executed original of the Environmental Indemnity Agreement dated as of the date hereof among the Borrower, the General Partner, the Indemnitor and the City (the "Environmental Agreement"),
- I an executed original of the Guaranty dated as of the date hereof by the Borrower, General Partner and the Indemnitor in favor of the City (the "Guaranty"),
- J a certain UCC-1 financing statement with respect to certain property described in the Mortgage (the "Financing Statement") and executed by the Borrower,
- K the original of the Amended and Restated Limited Partnership Agreement dated _____, 200_ in respect of the Borrower (the "Partnership Agreement"),
- L the Certificate of Limited Partnership in respect of the Borrower filed with the Secretary of State of the State of Illinois, and recorded in the Office of the Recorder of Deeds of Cook County, Illinois,
- M Policy for Title Insurance No. _____, dated _____, 2003 (the "Title Policy"), issued by Title Services, Inc , in respect of the Property,
- N the Articles of Incorporation, including all amendments thereto, of the General Partner, as furnished and certified by the Secretary of State of the State of Illinois;
- O the By-Laws of the General Partner, as certified by the Secretary of the General Partner as of the date hereof,
- P the Certificate of Good Standing dated _____, issued by the Office of the Secretary of State of the State of Illinois, as to the good standing of the General Partner,
- Q the Articles of Incorporation, including all amendments thereto, of the Indemnitor, as furnished and certified by the Secretary of State of the State of Illinois,
- R the By-Laws of the Indemnitor, as certified by the Secretary of the Indemnitor as of the date hereof, and

S the Certificate of Good Standing dated _____, 2003, issued by the Office of the Secretary of State of the State of Illinois as to the good standing of the Indemnitor

The Note, the Loan Agreement, the Mortgage, the Regulatory Agreement, the Assignment of Rents, the Assignment of Contracts, the Escrow Agreement, the Environmental Agreement and the Financing Statements are hereinafter collectively referred to as the "Loan Documents "

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

We have also assumed, but have no reason to question, the legal capacity, authority and the genuineness of the signatures of and due and proper execution and delivery by the respective parties other than the Borrower, the General Partner and the Indemnitor which have made, executed or delivered or will make, execute and deliver the agreements and documents examined by us

We express no opinion as to (i) the laws of any state or jurisdiction other than the State of Illinois (and any political subdivisions thereof) and the United States of America; and (ii) any matters pertaining or relating to the securities laws of the United States of America, the State of Illinois, or any other state

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

- 1 The Borrower is a limited partnership duly organized and validly existing under the laws of the State of Illinois, has made all filings required by the laws of the State of Illinois in respect of its formation and continuing existence, and has all requisite authority to carry on its business as described in the Partnership Agreement and to execute and deliver, and to consummate the transactions contemplated by, each of the Loan Documents
2. The General Partner and the Indemnitor are each a corporation duly organized, validly existing and in good standing under the laws of the State of Illinois, and have all requisite authority to carry on their respective businesses as described in their respective Articles of Incorporation and to execute and deliver the *Environmental Agreement and the Guaranty*

- 3 Under the Partnership Agreement, the General Partner has requisite power and authority to execute and deliver each of the Loan Documents on behalf of the Borrower and all other documents required to be executed by the Borrower in connection with the Loan and to perform its obligations thereunder
- 4 Each of the Loan Documents has been executed and delivered on behalf of the Borrower by the General Partner and constitutes a legal, valid and binding obligation of the Borrower enforceable against the Borrower in accordance with its respective terms, except to the extent that enforcement of any such terms may be limited by (a) applicable bankruptcy, reorganization, debt arrangement, insolvency or other similar laws generally affecting creditors' rights, or (b) judicial and public policy limitations upon the enforcement of certain remedies including those which a court of equity may in its discretion decline to enforce
- 5 The Environmental Agreement and the Guaranty have each been executed and delivered by the Borrower, the General Partner and the Indemnitor and each constitutes a legal, valid and binding obligation of each of the Borrower, the General Partner and the Indemnitor enforceable against each such party, jointly and severally, in accordance with its respective terms, except to the extent that enforcement of any such terms may be limited by. (a) applicable bankruptcy, reorganization, debt arrangement, insolvency or other similar laws generally affecting creditors' rights, or (b) judicial and public policy limitations upon the enforcement of certain remedies including those which a court of equity may in its discretion decline to enforce
- 6 The Mortgage creates, as security for the Note, a valid mortgage lien of record on the Property subject to the exceptions disclosed and the limitations and provisions set forth in the Title Policy
7. The Mortgage creates, as security for the Note, a valid perfected security interest in the fixtures described therein pursuant to the Illinois Uniform Commercial Code, and has been filed in the appropriate offices of the Cook County Recorder of Deeds Upon the filing of the Financing Statement in the appropriate offices of the State of Illinois, the Mortgage and the Financing Statement shall create, as security for the Note, a

valid perfected security interest in the personal property described therein pursuant to the Illinois Uniform Commercial Code. It is not necessary to file any other financing statements pursuant to the Illinois Uniform Commercial Code in order to perfect said security interest in such fixtures and personal property other than the Mortgage, the Financing Statement and continuation statements.

- 8 None of the transactions contemplated by the Loan Documents is in violation of any statute or rule of law of any applicable jurisdiction regarding interest or usury.
- 9 There is no action, suit or proceeding at law or in equity pending, nor to our knowledge threatened, against or affecting the Borrower or the Premises (as defined in the Mortgage), before any court or before any governmental or administrative agency, which if adversely determined could materially and adversely affect the Borrower's ability to perform under the Loan Documents or any of its business or properties or financial or other conditions.
- 10 There is no action, suit or proceeding at law or in equity pending, nor to our knowledge threatened, against or affecting the General Partner or the Indemnitor, before any court or before any governmental or administrative agency, which if adversely determined could materially and adversely affect the ability of the General Partner or the Indemnitor to perform under the Environmental Agreement or the Guaranty or any of their respective businesses or properties or financial or other conditions or materially and adversely affect the ability of the General Partner to perform as the general partner of the Borrower.
- 11 The Loan and the transactions contemplated by the Loan Documents are governed by the laws of the State of Illinois.
- 12 The execution and delivery of the Loan Documents and the consummation of the transactions contemplated thereby will not constitute
- A a violation or breach of (i) the Partnership Agreement, (ii) any provision of any contract or other instrument to which the Borrower is a party or by which the Borrower or the Premises are bound, or (iii) any order, writ, injunction, decree, statute, rule or regulation binding on the Borrower or the Premises, or

- B a breach of any of the provisions of, or constitute a default under, or result in the creation or imposition of any lien or encumbrance (other than the liens of the City, the Junior Lender and the Senior Lender under the Loan Documents, the Junior Loan Documents (as defined in the Loan Agreement) and the Senior Loan Documents (as defined in the Loan Agreement)) upon any of the property of the Borrower, including the Premises, pursuant to, any agreement or other instrument to which the Borrower is a party or by which the Borrower or the Premises are bound.
13. The execution and delivery of the Environmental Agreement and the Guaranty and the consummation of the transactions contemplated thereby will not constitute
- A a violation or breach of (i) the Articles of Incorporation of the General Partner or of the Indemnitor, (ii) the By-Laws of the General Partner or of the Indemnitor, (iii) any provision of any contract or other instrument to which the General Partner or the Indemnitor is bound, or (iv) any order, writ, injunction, decree, statute, rule or regulation binding on the General Partner or the Indemnitor, or
 - B a breach of any of the provisions of, or constitute a default under, or result in the creation or imposition of any lien or encumbrance upon any of the property of the General Partner or the Indemnitor pursuant to, any agreement or other instrument to which the General Partner or the Indemnitor is a party or by which the General Partner or the Indemnitor is bound
- 14 No action of, or filing with, any governmental or public body is required to authorize, or is otherwise required for the validity of, the execution, delivery and performance of any of the Loan Documents.
- 15 The Regulatory Agreement and the Assignment of Rents each create a valid encumbrance of record on the Property.

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

Very truly yours,

SCHEDULE A

LEGAL DESCRIPTION

ADDRESS COMMONLY KNOWN AS

PERMANENT INDEX NO. :

EXHIBIT C

HAZARDOUS MATERIALS

Those certain materials identified in that certain Phase I Environmental Site Assessment, dated July 2, 2003, all of which shall be remediated in accordance with all applicable law upon completion of the Project`

EXHIBIT D

BORROWER'S EQUITY, GRANTS AND LOANS

-Syndication proceeds	\$ 10,183,166*
-General Partner Contribution	\$ 100
-Owner Contribution of Site Utility Grant	\$ 844,408
-Owner Affordable Housing Donation	\$ 10,000
-Owner Loan of FHLB proceeds	\$ 500,000
-Owner Loan of Donation Tax Credit proceeds	\$ 1,795,000

* A portion of the syndication proceeds will be used to repay the note issued in connection with the Loan Agreement pursuant to which the City will lend \$5,600,000 of the proceeds of a Series 2003A Note to the Borrower for the Project

EXHIBIT D

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EXHIBIT E

FORMS OF ARCHITECT CERTIFICATES

Date _____, 2003

ARCHITECT'S CERTIFICATE (OPENING)

The undersigned, Loewenberg Associates, Inc ("**Architect**") hereby certifies to the City of Chicago, Illinois ("**Lender**"), as follows (any term which is capitalized but not specifically defined herein shall have the same meaning as set forth in that certain Housing Loan Agreement ("**Agreement**") dated _____, 2003 by and between Lender and South Park Plaza, L P ("**Borrower**"))

1 Architect is an architect licensed and in good standing in the State of Illinois

2 Architect has prepared the Plans and Specifications, and same are, and the Project will be when completed in accordance therewith, in full compliance with all applicable building, zoning and other laws, statutes, codes, regulations and ordinances (collectively, "**Laws**"), including, without limitation, all applicable pollution control and environmental protection regulations

3 The Project, when completed in accordance with the Plans and Specifications, will not encroach upon any recorded or visible easement in effect with respect to the Premises

4 The Plans and Specifications are complete in all respects and were prepared in accordance with accepted architectural practices, containing all detail requisite for the Project which, when built and equipped in accordance therewith, shall be ready for occupancy

5 In the aggregate, the Construction Contract and the existing Subcontracts contain all detail necessary to provide for all labor, material and equipment required by the Plans and Specifications

6 All necessary permits and other governmental approvals necessary for the construction of the Project and the intended occupancy, use and operation thereof have been obtained as of the date of this Certificate or, if not so obtained, Architect has no reason to believe same will not be obtained as and when so required. Such permits and other necessary governmental approvals are described in Exhibit A attached to this Certificate

7 To our knowledge, there are no petitions, actions or proceedings pending or threatened to revoke, rescind, alter or declare invalid (in any manner adverse to the Project or the interest of Lender), any Laws, permits or other necessary governmental approvals relating to the Real Property (as defined in the Mortgage) or the Project thereon

Adequate ingress and egress to the Project over public streets and rights of way will be available during the period of construction of the Project and thereafter

8 All existing foundation and subsurface work conforms to the Plans and Specifications and all portions of the Project consisting of subsurface work has been completed

9 This Certificate is made with the intent that it may be relied upon by Lender as a condition to the funding of certain proceeds of the Loan

10 Architect has executed and delivered to Lender the Statement of Compliance in the form attached hereto as Exhibit B

ARCHITECT

Loewenberg Associates, Inc

By _____
Its _____

EXHIBIT A

Governmental Approvals

EXHIBIT B

Statement of Compliance

I have prepared, or caused to be prepared under my direct supervision, the attached plans and specifications and state that, to the best of my knowledge and belief and to the extent of my contractual obligation, they are in compliance with the Environmental Barriers Act, (410 ILCS 25/1 et seq , as supplemented, amended and restated from time to time), and the Illinois Accessibility Code, 71 Ill Adm Code 400

Signed _____
Architect/Engineer

SEAL

ILLINOIS REGISTRATION NO. _____

Date _____

Date: _____, 2003

ARCHITECT'S CERTIFICATE (INTERIM)

The undersigned, Loewenberg Associates, Inc ("**Architect**") hereby certifies to the City of Chicago, Illinois ("**Lender**"), as follows (any term which is capitalized but not specifically defined herein shall have the same meaning as set forth in that certain Housing Loan Agreement ("**Agreement**") dated _____, 2003 by and between Lender and South Park Plaza, L P ("**Borrower**"))

- (a) Architect is an architect licensed and in good standing in the State of Illinois
- (b) Architect has prepared the Plans and Specifications and supervised the performance of the construction of the Project and, in connection with the supervision of such construction, it has made such visits to the Project and undertaken such other inspections of the construction as are necessary or appropriate in connection with the rendering by it of the certification contained herein
- (c) The construction of the Project to the date of this Certificate is being diligently prosecuted in accordance with the approved Construction Schedule and the quality, design and construction of the Project is in all material respects in accordance with the approved Plans and Specifications and in compliance with all applicable laws, statutes, regulations, codes, permits and other governmental requirements
- (d) Neither the Real Property (as defined in the Mortgage) nor the construction of the Project to this date, nor any existing or proposed use of the Real Property or the Project violates or will violate any existing applicable zoning, building, environmental protection, or other statutes, ordinances, laws or regulations (collectively, "**Laws**"), and the Plans and Specifications approved by Lender comply with all existing laws, code and other applicable governmental regulations.
- (e) All necessary permits and other governmental approvals necessary for the construction of the Project and the intended occupancy, use and operation thereof have been obtained as of the date of this Certificate or, if not so obtained, Architect has no reason to believe same will not be obtained as and when so required. Such permits and other necessary governmental approvals are described in Exhibit A attached to this Certificate.
- (f) To our knowledge, there are no petitions, actions or proceedings pending or threatened to revoke, rescind, alter or declare invalid (in any manner adverse to the Project or the interest of Lender), any Laws, permits or other necessary governmental approvals relating to the Real Property or the Project thereon
- (g) All utilities and services necessary for the operation of the Premises have been installed and connected in accordance with all applicable local, state and federal laws, ordinances

and regulations, or, if not so installed, Architect has no reason to believe same will not be installed and connected prior to the scheduled occupancy of the Project

(h) Nothing has come to our attention which would cause us to conclude that the Project cannot be completed in accordance with the Plans and Specifications and within the originally estimated budget of construction costs and construction time schedule approved by Lender (as established in the Project Budget and the Construction Schedule)

This Certificate is made with the intent that it may be relied upon by Lender as a condition to the funding of certain proceeds of the Loan

ARCHITECT:

Loewenberg Associates, Inc

By _____

Its: _____

EXHIBIT A

Governmental Approvals

Date: _____, 2003

ARCHITECT'S CERTIFICATE (FINAL)

The undersigned, Loewenberg Associates, Inc. ("**Architect**") hereby certifies to the City of Chicago, Illinois ("**Lender**"), as follows (any term which is capitalized but not specifically defined herein shall have the same meaning as set forth in that certain Housing Loan Agreement ("**Agreement**") dated _____, 2003 by and between Lender and South Park Plaza, L.P. ("**Borrower**"))

(a) Architect is an architect licensed and in good standing in the State of Illinois

(b) The construction of the Project has been "substantially completed" as of the date of this Certificate in accordance with the approved Plans and Specifications. For purposes hereof, the Project being "**substantially completed**" means that the Project is usable in its present condition for its intended purpose. Architect's determination of the total cost to complete the construction of such of the Project as may be unfinished is \$ _____

(c) Neither the Real Property (as defined in the Mortgage) nor the construction of the Project violates or will violate any existing applicable zoning, building, environmental protection or other statutes, ordinances, laws or regulations (collectively, "**Laws**")

(d) All necessary permits and other governmental approvals necessary for the construction of the Project and the intended occupancy, use and operation thereof have been obtained as of the date of this Certificate. Such permits and other necessary governmental approvals are described in Exhibit A attached to this Certificate

(e) To our knowledge, there are no petitions, actions or proceedings pending or threatened to revoke, rescind, alter or declare invalid (in any manner adverse to the Project or the interest of Lender), any Laws, permits or other necessary governmental approvals relating to the Real Property or the Project thereon.

This Certificate is made with the intent that it may be relied upon by Lender as a condition to the funding of certain proceeds of the Loan

ARCHITECT:

Loewenberg Associates, Inc

By _____
Its _____

EXHIBIT A

Governmental Approvals

EXHIBIT F
HUD-REQUIRED PROVISIONS RIDER

THIS RIDER is attached to and made a part of that certain Housing Loan Agreement (the "Document"), dated as of September 1, 2003 entered into by and between the City of Chicago, Illinois, an Illinois municipal corporation (the "Subordinate Lender"), through its Department of Housing ("DOH"), having its offices at 318 South Michigan Avenue, Chicago, Illinois 60604, and South Park Plaza, L.P , an Illinois limited partnership (the "Borrower") having its offices at 6040 South Harper Avenue, Chicago, Illinois 60637, relating to the properties known as South Park Plaza Apartments and located generally in the area within the City bounded by East 26th Street on the north, South Prairie Avenue on the west, East 29th Street on the south and South Dr Martin Luther King, Jr Drive on the east

In the event of any conflict, inconsistency or ambiguity between the provisions of this Rider and the provisions of the Document, the provisions of this Rider shall control. All capitalized terms used herein and not otherwise defined herein shall have the meaning given to such terms in the Document. As used herein, the term "HUD" shall mean the United States Department of Housing and Urban Development, the term "FHA" shall mean the Federal Housing Administration, an administrative agency within HUD, the term "Project" shall have the same meaning as in the HUD Regulatory Agreement described below, and the term "HUD/FHA Loan Documents" shall mean the following documents relating to the FHA-insured mortgage loan for the Project (Project No 071-35693):

- A Commitment for Insurance dated January 22, 2002, as amended, issued by the Secretary of HUD pursuant to Section 221(d)(4) to Developers Mortgage Corporation, an Illinois corporation, to be assigned at closing to Midland Loan Services, Inc , a Delaware corporation ("Mortgagee") in the original amount of \$8,800,000,
- B Building Loan Agreement dated September 1, 2003 between the Borrower and Mortgagee,
- C Mortgage Note dated September 1, 2003 made by the Borrower payable to the order of Mortgagee in the principal amount of \$8,800,000 (the "Mortgage Note");
- D Mortgage dated September 1, 2003 made by Borrower in favor of Mortgagee and encumbering the Project as security for the Mortgage Note (the "Mortgage"),
- E Security Agreement (Chattel Mortgage) dated September 1, 2003 between the Borrower, as debtor, and Mortgagee and/or the Secretary of HUD as their interests may appear, as secured party,
- F UCC-1 Financing Statement made by the Borrower, as debtor, in favor of Mortgagee and/or the Secretary of HUD as their interests may appear, as secured party, and

- G. Regulatory Agreement for Multifamily Housing Projects, dated September 1, 2003, 2003 between the Borrower and HUD (the "HUD Regulatory Agreement")
 - H. Assignment of Rents and Leases dated as of September 1, 2003, from Borrower to Mortgagee
 - I. Assignment of Contracts and Documents dated as of September 1, 2003, from Borrower to Mortgagee
- R-1 Notwithstanding anything in the Document to the contrary, the provisions of the Document are subordinate to all applicable Federal statutes, HUD mortgage insurance regulations and related HUD directives and administrative requirements other than those HUD Mortgage insurance regulations, related HUD directives or administrative requirements which have been waived in writing by HUD with respect to the Project. The provisions of the Document are also expressly subordinate to the HUD/FHA Loan Documents. In the event of any conflict between the Document and the provisions of applicable Federal Statutes, HUD mortgage insurance regulations, related HUD directives and administrative requirements, or HUD/FHA Loan Documents, the Federal statutes, HUD mortgage insurance regulations, related HUD directives and administrative requirements and HUD/FHA Loan Documents shall control, except for those HUD mortgage insurance regulations, related HUD directives or administrative requirements which have been waived in writing by HUD with respect to the Project.
- R-2 Failure on the part of the Borrower to comply with the covenants contained in the Document shall not serve as a basis for default on any HUD-insured or HUD-held mortgage on the Project.
- R-3 Compliance by the Borrower with the provisions and covenants of the Document and enforcement of the provisions and covenants contained in the Document, including, but not limited to, any indemnification provisions or covenants, will not and shall not result in any claim or lien against the Project, any asset of the Project, the proceeds of the Mortgage, any reserve, or deposit required by HUD in connection with the Mortgage transaction or the rents or other income from the Project, other than distributable "Surplus Cash" (as that term "Surplus Cash" is defined in the HUD Regulatory Agreement).
- R-4 No amendment to the Document made after the date of any HUD endorsement of the Mortgage Note shall have any force or effect until and unless such amendment is approved in writing by HUD. No amendment made after the aforesaid date to any HUD/FHA Loan Document shall be binding upon the Subordinate Lender unless the Subordinate Lender has consented thereto in writing.
- R-5 Unless waived in writing by HUD with respect to the Project, any action of the Borrower which is prohibited or required by HUD pursuant to applicable Federal law, HUD regulations, HUD directives and administrative requirements or the HUD/FHA Loan Documents shall supersede any conflicting provision of the Document, and the performance or failure to perform of the Borrower in accordance with such laws, regulations, directives,

administrative requirements or HUD/FHA Loan Documents shall not constitute an event of default under the Document

- R-6 So long as HUD is the insurer or holder of any mortgage on the Project or any indebtedness secured by a mortgage on the Project, the Borrower, the General Partner and any principal of either of the foregoing shall not and are not permitted to pay any amount required to be paid under the provisions of the Document except from distributable Surplus Cash, as such term is defined in, and in accordance with the conditions prescribed in the HUD Regulatory Agreement, unless otherwise specifically permitted in writing by HUD. Failure to pay, when due, any such required amount due to lack of distributable Surplus Cash shall not be an event of default under the Document but such amount shall accrue and be payable when there is sufficient available Surplus Cash or at the unaccelerated maturity date of the Note, whichever shall first occur
- R-7 In the event of the appointment by any court of any person, other than HUD or the Mortgagee, as a receiver, as a mortgagee or party in possession, or in the event of any enforcement of any assignment of leases, rents, issues, profits, or contracts contained in the Document, with or without court action, no rents, revenue or other income of the Project collected by the receiver, person in possession or person pursuing enforcement as aforesaid, shall be utilized for the payment of interest, principal or any other amount due and payable under the provisions of the Document except from distributable Surplus Cash in accordance with the HUD Regulatory Agreement. The receiver, person in possession or person pursuing enforcement shall operate the Project in accordance with all provisions of the HUD/FHA Loan Documents
- R-8 A duplicate of each notice given, whether required or permitted to be given, under the provisions of the Document shall also be given to

Department of Housing and Urban Development
77 West Jackson Blvd
Chicago, IL 60604
Attention Director of Multi-Family Housing
Project No 071-35693

HUD may designate any further or different addresses for such duplicate notices

- R-9 Notwithstanding anything in the Document to the contrary, the Borrower and its successors and assigns may sell, convey, transfer, lease, sublease or encumber the Project or any part thereof provided it obtains the prior written consent of HUD to any such sale, conveyance, transfer, lease, sublease or encumbrance. The Borrower may make application to HUD for approval of a Transfer of Physical Assets in accordance with HUD regulations, directives and policies. A duplicate copy of such application shall be served on the Subordinate Lender. Within 90 days after such service, the Subordinate Lender shall serve written notice of its approval of such transfer, or of its requirements for approval of such transfer, on HUD, the Mortgagee and the Borrower. No such transfer shall occur or be effective until the Subordinate Lender's requirements shall have been satisfied. In the event the Subordinate Lender fails to serve such notice on HUD, the Mortgagee and the Borrower within said time,

then any consent by HUD to such transfer shall be conclusively deemed to be the Subordinate Lender's prior written consent to such transfer and consummation of such transfer shall not be a default under the Document

- R-10 The Document and all covenants and provisions therein and all lien rights created thereby, if any, shall automatically terminate in the event of a deed in lieu of foreclosure of any mortgage insured or held by HUD with respect to the Project or any portion thereof. Upon such termination, Subordinate Lender shall furnish to HUD and the Mortgagee such releases and other documentation as HUD or the Mortgagee shall deem necessary or convenient to confirm or evidence such termination
- R-11 Notwithstanding anything in the Document to the contrary, the provisions of this HUD-Required Provisions Rider are for the benefit of and are enforceable by HUD and the Mortgagee

Wherefore, this Rider was executed as of the date set forth above.

SOUTH PARK PLAZA, L P
an Illinois limited partnership

By SOUTH PARK PLAZA, INC , an Illinois
not-for-profit corporation and its general partner

By 

Its President

The foregoing HUD-Required Provisions Rider is hereby acknowledged and consented to by the undersigned as of the 23rd day of September, 2003

City of Chicago, Illinois
by and through its Department of Housing

By _____
Commissioner of Housing

Wherefore, this Rider was executed as of the date set forth above.

SOUTH PARK PLAZA, L P
an Illinois limited partnership

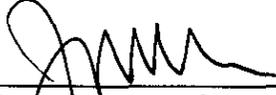
By: SOUTH PARK PLAZA, INC., an Illinois
not-for-profit corporation and its general partner

By: _____

Its _____

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City of Chicago, Illinois
by and through its Department of Housing

By  _____
Commissioner of Housing