



City of Chicago



O2016-5449

Office of the City Clerk

Document Tracking Sheet

Meeting Date:	6/22/2016
Sponsor(s):	Emanuel (Mayor)
Type:	Ordinance
Title:	Acquisition and disposition of property at 1512 N LaSalle St
Committee(s) Assignment:	Committee on Finance

ORDINANCE

WHEREAS, the City of Chicago (the "City"), a home rule unit of government under Section 6(a), Article VII of the 1970 Constitution of the State of Illinois, has heretofore found and does hereby find that there exists within the City a serious shortage of decent, safe and sanitary rental housing available to persons of low and moderate income; and

WHEREAS, Carling Hotel, LLC, an Illinois limited liability company ("Seller"), as the sole beneficiary of Chicago Title Land Trust Company, as successor trustee to Cosmopolitan National Bank of Chicago, as trustee under a Land Trust Agreement, dated May 15, 1963, and known as trust no. 13025, and The Michaels Development Company I, L.P., a New Jersey limited partnership ("Purchaser"), have entered into that certain Purchase and Sale Agreement ("PSA"), dated July 28, 2015, relating to Seller's proposed sale and Purchaser's proposed acquisition of the property commonly known as 1512 N. LaSalle Street, Chicago, Illinois, which is improved with a single-room occupancy hotel known as the Carling Hotel, and legally described in Exhibit A attached hereto and made a part hereof (the "Property"), for the purchase price of Ten Million Dollars (\$10,000,000); and

WHEREAS, the City proposes to acquire the Property from the Seller pursuant to a partial assignment and assumption of the PSA, which will include the City's obligation to pay an amount not to exceed the Ten Million Dollar (\$10,000,000) purchase price and the City's right to take title to the Property; and

WHEREAS, the City proposes to re-convey the Property to an entity that will rehabilitate the single-room occupancy hotel and rent the rehabilitated units to low- and moderate-income families; and

WHEREAS, Better Tomorrows-Carling LLC, an Illinois limited liability company ("Sponsor"), of which Michaels Community Services Corporation d/b/a Better Tomorrows, a New Jersey not-for-profit corporation is the sole member/owner, has proposed a bargain sale purchase of the Property from the City for the sum of Ten Million Dollars (\$10,000,000), of which amount the Sponsor will cause to be paid to the City the approximate sum of Three Million Eight Hundred Thousand and No/100 Dollars (\$3,800,000) and the remaining balance of which the City will waive, forego and donate to the Sponsor in the approximate amount of Six Million Two Hundred Thousand Dollars (\$6,200,000); and

WHEREAS, the final amount of the City's donation will be calculated based upon the appraised fair market value of the Property when the donation occurs, as determined under the regulations for the Donation Tax Credit Program (as hereafter defined) governing donations of real property, and the donation will equal said appraised fair market value less the cash payment made by the Sponsor (based upon the present appraised fair market value of \$10,000,000 minus the projected \$3,800,000 cash payment, the City's donation would be in the approximate amount of \$6,200,000 if the donation occurs before October 2016); and

WHEREAS, once it acquires title to the Property from the City through the bargain sale, the Sponsor will immediately reconvey the Property to Carling LLC, an Illinois limited liability company (the "Borrower"), the co-managers of which are the Sponsor and Carling-Michaels LLC, an Illinois limited liability company; and

WHEREAS, once the Borrower has acquired title to the Property from Sponsor, Borrower proposes to rehabilitate the existing 155-unit single-room occupancy hotel into an eighty (80) unit single-room occupancy hotel, with all units to be rented to low- and moderate-income families (as further described below); and

WHEREAS, the City has determined that its acquisition and reconveyance of the Property in accordance with the terms of this Ordinance will facilitate the preservation of a single-room occupancy building, consistent with the goals of the City's "Single-Room Occupancy and Residential Hotel Preservation Ordinance" (codified at Chapter 5-15 of the Municipal Code of Chicago); and

WHEREAS, by Resolution No. 16-034-21, adopted by the Chicago Plan Commission (the "Plan Commission") on May 19, 2016, the Plan Commission recommended the acquisition and the disposition of the Property; and

WHEREAS, public notices advertising the intent of the City's Department of Planning and Development ("DPD") to enter into a negotiated sale with the Sponsor, for immediate reconveyance to the Borrower, and requesting alternative proposals appeared in the Chicago Sun-Times on June 7, June 14 and June 21, 2016; and

WHEREAS, no alternative proposals have been received by the deadline indicated in the aforesaid notice; and

WHEREAS, the City has determined that the continuance of a shortage of affordable rental housing is harmful to the health, prosperity, economic stability and general welfare of the City; and

WHEREAS, on January 16, 2002, the City Council enacted an ordinance published in the Journal of the Proceedings of the City Council of the City of Chicago for such date at pages 77362 through 77366, inclusive, as amended by an ordinance adopted by City Council on September 4, 2003 and published in the Journal of Proceedings for such date at pages 6475 through 6624, inclusive, which authorized the establishment of a program (as supplemented, amended and restated from time to time, the "Donation Tax Credit Program") to be implemented by DPD in connection with the use of certain tax credits authorized by the Illinois General Assembly pursuant to Public Act 92-0491 (as supplemented, amended and restated from time to time) for donations made in connection with affordable housing projects; and

WHEREAS, the Sponsor may receive a donation that may qualify under the Donation Tax Credit Program as an eligible donation, for which eligible donation the City may allocate certain Donation Tax Credits to the donor, and the subsequent sale, conveyance, transfer and assignment of such Donation Tax Credits by the donor may generate certain additional proceeds for the Project; and

WHEREAS, DPD has preliminarily reviewed and approved the making of a loan to the Borrower in an amount not to exceed \$2,700,000 (the "Loan"), pursuant to the terms and conditions set forth in Exhibit B attached hereto and made a part hereof, which Loan will be funded from the proceeds, if any, received by the City in connection with its sale, conveyance, transfer and assignment of the Donation Tax Credits allocated to the City, as donor, under the Donation Tax Credit Program in connection with the bargain sale/partial donation of the Property to Sponsor; now, therefore,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CHICAGO:

SECTION 1. The above recitals are expressly incorporated in and made a part of this ordinance as though fully set forth herein.

SECTION 2. The Commissioner of DPD and a designee of the Commissioner of DPD (collectively, the "Authorized Officer") is hereby authorized to negotiate and execute a partial assignment and assumption of the PSA, pursuant to which the City will pay an amount not to exceed Ten Million Dollars (\$10,000,000), to acquire the Property, subject to the approval of the Corporation Counsel. This approval is expressly conditioned upon Sponsor's being in a position to close on its acquisition of the Property from the City immediately following the City's acquisition of the Property from Seller. The Authorized Officer is hereby further authorized to execute such documents as may be necessary to implement this Section 2 of the ordinance, subject to the approval of the Corporation Counsel.

SECTION 3. The bargain sale of the Property to the Sponsor for the approximate sum of Ten Million Dollars (\$10,000,000), including the cash payment to the City of approximately Three Million Eight Hundred Thousand Dollars (\$3,800,000) and the real property donation by the City valued at approximately Six Million Two Hundred Thousand Dollars (\$6,200,000), is hereby approved. The Sponsor's immediate reconveyance of the Property to Borrower is also hereby approved.

SECTION 4. The Mayor or his proxy is authorized to execute, and the City Clerk is authorized to attest, a quitclaim deed conveying the Property to the Sponsor, or to a land trust of which the Sponsor is the sole beneficiary, or to a business entity of which the Sponsor is the sole controlling party or which is comprised of the same principal parties.

SECTION 5. Upon the approval and availability of the Additional Financing as shown in Exhibit B hereto, the Authorized Officer is hereby authorized, subject to approval by the Corporation Counsel, to enter into and execute such agreements and instruments, and perform any and all acts as shall be necessary or advisable in connection with the implementation of the Loan. The Authorized Officer is hereby authorized, subject to the approval of the Corporation Counsel, to negotiate any and all terms and provisions in connection with the Loan which do not substantially modify the terms described in Exhibit B hereto. Upon the execution and receipt of proper documentation, the Authorized Officer is hereby authorized to disburse the proceeds of the Loan to the Borrower. Borrower shall develop, rehabilitate, own and operate the Property subject to (i) the covenants, conditions and restrictions of any regulatory agreement between the City and Borrower relating to the Loan, and (ii) the covenants, conditions and restrictions set forth in a redevelopment agreement between the City and Borrower substantially in the form attached hereto as Exhibit C (the "Redevelopment Agreement"), which is required as partial consideration for the making of the Loan.

The Authorized Officer is hereby authorized, with the approval of the City's Corporation Counsel as to form and legality, to negotiate, execute and deliver the Redevelopment Agreement, and such other supporting documents as may be necessary or appropriate to carry out and comply with the provisions of the Redevelopment Agreement, with such changes, deletions and insertions as shall be approved by the persons executing the Redevelopment Agreement.

SECTION 6. The Project (as described on Exhibit B hereto) shall be deemed to qualify as "Affordable Housing" for purposes of Chapter 16-18 of the Municipal Code of Chicago. Section 2-45-115(C) of the Municipal Code of Chicago shall not apply to the Project or the Property (as defined on Exhibit B hereto).

SECTION 7. The Authorized Officer is hereby authorized to transfer any tax credits allocated to the City under the Donation Tax Credit Program in connection with the Development to an entity satisfactory to the Authorized Officer on such terms and conditions as are satisfactory to the Authorized Officer (the "Transfer). The proceeds, if any, received by the City in connection with the Transfer are hereby appropriated, and the Authorized Officer is hereby authorized to use such proceeds to make the Loan to the Borrower, in his/her sole discretion, for use in connection with the Project. The Authorized Officer is hereby authorized, subject to approval by the Corporation Counsel, to enter into and execute such agreements and instruments, and perform any and all acts as shall be necessary or advisable in connection with the implementation of the Transfer and the Loan. Upon the execution and receipt of proper documentation, the Authorized Officer is hereby authorized to disburse the proceeds of the Loan to the Borrower.

SECTION 8. To the extent that any ordinance, resolution, rule, order or provision of the Municipal Code of Chicago, or part thereof, is in conflict with the provisions of this ordinance, the provisions of this ordinance shall control. If any section, paragraph, clause or provision of this ordinance shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the other provisions of this ordinance. To the extent that the Borrower directly or indirectly receives any funding sources in connection with the Project which require the restriction of the rental of some or all of the Property's residential dwelling units to certain categories of veterans, the provisions of Chapter 5-8 of the Municipal Code of Chicago which prohibit discrimination based on "military status" because of "the fact of discharge from any such branch of the armed forces of the United States, the State of Illinois or any other state" as provided in subsection 3 of the definition of "military status" in Section 2-160 -020 of the Municipal Code of Chicago, shall not apply to the Project or the Property.

SECTION 9. This ordinance shall be effective as of the date of its passage and approval.

EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY

(Subject to final title commitment and survey)

LOTS 2, 3 AND 4 (EXCEPT THAT PART OF EACH OF SAID LOTS LYING BETWEEN THE WEST LINE OF NORTH LA SALLE STREET AND A LINE 14 FEET WEST OF AND PARALLEL WITH THE WEST LINE OF NORTH LA SALLE STREET) IN HUFMEYER'S SUBDIVISION OF LOT 113 OF BRONSON'S ADDITION TO CHICAGO IN THE NORTHEAST ¼ OF SECTION 4, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PIN: 17-04-204-027-0000

Commonly known as: 1512 North LaSalle Street, Chicago, IL 60610

EXHIBIT B

BORROWER: Carling LLC, an Illinois limited liability company (the "Borrower"), the co-managers and members of which are Carling-Michaels LLC, an Illinois limited liability company, and Better Tomorrows - Carling LLC, an Illinois limited liability company (of which Michaels Community Services Corporation d/b/a Better Tomorrows, a New Jersey not-for-profit corporation, is the sole member or owner), and others to be hereafter selected as members.

PROJECT: Acquisition and rehabilitation of a building located at 1512 N. LaSalle Street, Chicago (the "Property"), which will contain, upon completion, approximately 80 single room occupancy (SRO) dwelling units for low- and moderate-income families. Each unit will have a private bath and kitchen.

LOAN:

Source:	Proceeds, if any, received by the City in connection with the transfer of any tax credits allocated to the City under the Donation Tax Credit Program in connection with the Development
Amount:	Not to exceed \$2,700,000
Term:	Not to exceed 42 years
Interest:	Zero percent per annum
Security:	Non-recourse loan; junior mortgage on the Property (the "City Mortgage")
Encumbrances:	Regulatory Agreement between City and Borrower Redevelopment Agreement between City and Borrower

ADDITIONAL FINANCING:

- | | |
|-----------|--|
| Amount: | Not to exceed \$4,400,000 ("Permanent Loan") |
| Term: | Not to exceed 42 years, or another term acceptable to the Authorized Officer |
| Source: | BMO Harris Bank N.A. or another entity acceptable to the Authorized Officer |
| Interest: | A fixed rate or rates of interest not to exceed 10%, or another rate or rates acceptable to the Authorized Officer |
| Security: | A first mortgage on the Property senior to the lien of the City Mortgage and/or or other security acceptable to the Authorized Officer |
- | | |
|---------|---|
| Amount: | Not to exceed \$11,000,000 (the "Bridge Loan") |
| Term: | Not to exceed 30 months, or another term acceptable to the Authorized Officer |
| Source: | BMO Harris Bank N.A., or another source acceptable to the Authorized Officer |

- Interest: A variable rate or rates of interest equal to LIBOR (London Interbank Offer Rate) plus 400 basis points, or another rate or rates acceptable to the Authorized Officer
- Security: A first mortgage on the Property senior to the lien of the City Mortgage, a pledge of capital contributions, tax credits and membership interests, a pledge of rental subsidy agreements and agreements to enter into rental subsidy agreements, and/or or other security acceptable to the Authorized Officer
3. Amount: Not to exceed \$6,500,000
- Term: Not to exceed 42 years, or another term acceptable to the Authorized Officer
- Source: Sponsor, or another entity acceptable to the Authorized Officer
- Interest: A fixed rate or rates of interest not to exceed 7%, or another rate or rates acceptable to the Authorized Officer
- Security: A mortgage on the Property junior to the lien of the City Mortgage and/or or other security acceptable to the Authorized Officer
4. Low-Income Housing Tax Credit ("LIHTC")
- Proceeds: Approximately \$11,773,218, all or a portion of which may be paid in on a delayed basis and used, among other purposes, to retire all or a portion of the Bridge Loan
- Source: To be derived from the syndication of approximately \$1,096,072 LIHTC allocation by Illinois Housing Development Authority ("IHDA")
5. Historic Tax Credit ("HTC")
- Proceeds: Approximately \$2,546,782, all or a portion of which may be paid in on a delayed basis and used to retire all or a portion of the Permanent Loan
- Source: To be derived from the syndication of approximately \$2,898,764 HTC allocated by the federal government
6. Affordable Housing Grant (the "AHP Grant")
- Amount: If approved by the Federal Home Loan Bank of Chicago, an \$850,000 AHP Grant
- Term: 15 years from project completion, or another term acceptable to the Authorized Officer

Source: BMO Harris Bank N.A., as member bank of the Federal Home Loan Bank of Chicago, to make the AHP Grant to Better Tomorrows-Carling LLC, or another source acceptable to the Authorized Officer, which shall lend the AHP Grant proceeds to Borrower

Interest: N/A

Security: An Affordable Housing Program Repayment Agreement and a junior mortgage on the Property to be collaterally assigned to BMO Harris Bank N.A., and/or or other security acceptable to the Authorized Officer

7. Amount: \$100
Source: Co-Manager

EXHIBIT C
REDEVELOPMENT AGREEMENT

[Attached]

THIS INSTRUMENT PREPARED BY, AND
AFTER RECORDING, PLEASE RETURN TO:

City of Chicago
Department of Law, Real Estate Division
121 North LaSalle Street, Room 600
Chicago, Illinois 60602
(312) 744-0200

**AGREEMENT FOR THE
REDEVELOPMENT
OF LAND**

(The Above Space For Recorder's Use Only)

This **AGREEMENT FOR THE REDEVELOPMENT OF LAND** ("Agreement") is made on or as of the ____ day of _____, 2016, by and between the **CITY OF CHICAGO**, an Illinois municipal corporation and home rule unit of local government ("City"), acting by and through its Department of Planning and Development (together with any successor department thereto, "DPD"), having its principal offices at City Hall, 121 North LaSalle Street, Chicago, Illinois 60602, and **CARLING LLC**, an Illinois limited liability company ("Developer"), whose principal place of business is located at Three E. Stow Road, Marlton, New Jersey 08053.

RECITALS

WHEREAS, the City has acquired or will acquire the real property located at and commonly known as 1512 N. LaSalle Street, Chicago, Illinois 60610, and legally described on Exhibit A attached hereto (the "Real Property") and the improvements constructed thereon, which consist of a single room occupancy hotel known as the Carling Hotel (the "Building", and collectively with the Real Property, the "Property"); and

WHEREAS, pursuant to a Purchase and Bargain Sale Agreement (the "Bargain Sale Agreement") with Better Tomorrows-Carling LLC, an Illinois limited liability company (the "DTC Sponsor"), the sole member of which is Michaels Community Services Corporation D/B/A Better Tomorrows, a New Jersey not-for-profit corporation, the City has conveyed or will convey the Property to the DTC Sponsor for immediate reconveyance to the Developer;

WHEREAS, the current appraised fair market value of the Property is Ten Million Dollars (\$10,000,000); and

WHEREAS, the City Council, pursuant to an ordinance (the "RDA Ordinance") adopted on _____, 2016 (the "RDA Ordinance Date"), and published at pages _____ through _____ in the Journal of such date, authorized the sale of the Property to the DTC Sponsor, for immediate reconveyance to the Developer; and

WHEREAS, the City will transfer the Property to the DTC Sponsor in an effort to generate Illinois affordable housing tax credits ("Donation Tax Credits" or "DTC") under Section 3805/7.28 of the Illinois Housing Development Act, 20 ILCS 3095/1 *et seq.*, and 35 ILCS Section 5/214, and under the implementing regulations set forth in title 47, Part 355 of the Illinois Administrative Code, 47 Ill. Adm. Code 355.101 *et seq.*, and at title 86, Part 100 of the Illinois Administrative Code, 86 Ill. Admin. Code 100.2190 *et seq.* (collectively, the "DTC Regulations"), and in accordance with the DTC Regulations, the City, DTC Sponsor and Developer will enter into a Donation Tax Credit Regulatory Agreement (the "DTC Regulatory Agreement") for the benefit of the City, Developer and DTC Sponsor; and

WHEREAS, the Developer, following its acquisition of the Property from the DTC Sponsor, intends to use the Property to develop eighty (80) affordable efficiency units (each with a private bath and small kitchen), as more fully described on Exhibit B attached hereto (the "Project"); and

WHEREAS, portions of the Property are contaminated from past uses, as described in the Environmental Documents (as defined in Section 22 below); and

WHEREAS, the Developer has agreed to enroll the Property in the Illinois Environmental Protection Agency's Site Remediation Program and complete investigative and remedial activities necessary to obtain a focused Final No Further Remediation Letter ("Final NFR Letter", as that term is defined in Section 22 below) for the Project; and

WHEREAS, the Developer and City acknowledge that the implementation of the policies and provisions described in this Agreement will be of benefit to the Developer and City.

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

SECTION 1. INCORPORATION OF RECITALS.

The recitals set forth above constitute an integral part of this Agreement and are incorporated herein by this reference with the same force and effect as if set forth herein as agreements of the parties.

SECTION 2. PURCHASE PRICE.

Pursuant to and in accordance with the Bargain Sale Agreement, the City has agreed to sell and the DTC Sponsor has agreed to purchase the Property for Ten Million

Dollars (\$10,000,000) (the "Purchase Price"). Of this amount, the DTC Sponsor will pay the City the sum of Three Million Eight Hundred Thousand Dollars (\$3,800,000) ("Cash Purchase Price Payment"), and the City will donate, waive and forego its contractual right to collect the \$6,200,000 remaining balance of the Purchase Price (the "Donation"). The Cash Purchase Price Payment has been or will be paid by the DTC Sponsor to the City at the Closing (as defined in Section 4) by certified or cashier's check. Except as otherwise provided in the Bargain Sale Agreement, the DTC Sponsor shall pay, or shall cause the Developer to pay, all escrow fees and other title insurance fees and closing costs. The Developer acknowledges that the City agreed to purchase the Property and to sell it to the DTC Sponsor for the Cash Purchase Price, in part, because the Developer has agreed to execute this Agreement and comply with its terms.

SECTION 3. Intentionally omitted.

SECTION 4. CLOSING.

The closing of the bargain sale donation of the Property by the City to the DTC Sponsor pursuant to the Bargain Sale Agreement, and immediately thereafter, the sale and conveyance of the Property by the DTC Sponsor to the Developer (the "Closing", which occurs on the "Closing Date") shall take place at the downtown offices of Greater Illinois Title Company, as agent for Chicago Title Insurance Company, 120 North LaSalle Street, Chicago, Illinois 60602, or such other title company as may be selected by the Developer (the "Title Company"), on a date that is within thirty (30) days after all conditions precedent set forth in Section 9 have been satisfied, unless DPD, in its sole discretion, waives one or more such conditions, or on such other date as the parties mutually agree upon in writing (the "Closing Date"); provided, however, in no event shall the Closing occur any later than December 15, 2016 (the "Original Outside Closing Date"), unless DPD, in its reasonable discretion, extends the Outside Closing Date (such extended date, the "Extended Outside Closing Date"). On or before the Closing Date, the City shall deliver to the Title Company the Deed for its conveyance of the Property to the DTC Sponsor, all necessary state, county and municipal real estate transfer tax declarations, and an ALTA statement.

SECTION 5. CONVEYANCE OF TITLE.

5.1 Form of Deed. Without limiting the generality of the quitclaim nature of the deed and as provided in the Bargain Sale Agreement, the City shall convey the Property to the DTC Sponsor by quitclaim deed ("Deed"), subject to the following exceptions (collectively, the "Permitted Exceptions"):

- (a) the standard exceptions in an ALTA title insurance policy;
- (b) general real estate taxes and any special assessments or other taxes;
- (c) all easements, encroachments, covenants and restrictions of record and not shown of record;

(d) such other title defects that may exist; and

(e) any and all exceptions caused by the acts of the Developer, the DTC Sponsor or their agents.

5.2 Recording Costs. The Developer shall pay, or shall cause the DTC Sponsor to pay, the costs to record the Deed. The Developer shall pay the costs to record this Agreement, and any other documents incident to the conveyance of the Property from the DTC Sponsor to the Developer.

5.3 Reconveyance. As provided in the Ordinance and pursuant to a separate written purchase agreement between DTC Sponsor and Developer, the DTC Sponsor will, immediately after acquiring title to the Property, sell and the convey the Property to the Developer.

SECTION 6. TITLE AND SURVEY.

The Developer acknowledges that it has received a commitment for an owner's policy of title insurance for the Property, File No. 40020731, with an effective date of July 17, 2015 (the "Title Commitment") from the Title Company. The Developer shall be solely responsible for and shall pay all costs associated with updating the Title Commitment (including all search, continuation and later-date fees), and obtaining any title insurance, extended coverage or other endorsements it deems necessary. The Developer shall also be solely responsible for and shall pay all costs associated with obtaining any survey it deems necessary. As provided in the Bargain Sale Agreement, the City will provide the Title Company with a completed ALTA owner's statement, and other transfer documents typically required by the Title Company and typically provided by the City (but expressly excluding, however, "gap" undertakings, title indemnities and similar liabilities) at or prior to the Closing. Within thirty (30) days following the Closing, the Developer shall deliver to the City a copy of the owner's policy of title insurance that it obtains with respect to the Property.

SECTION 7. BUILDING PERMITS AND OTHER GOVERNMENTAL APPROVALS.

The Developer shall apply for all applicable building permits and other required permits and approvals for the construction of the Project no later than fourteen (14) days after the RDA Ordinance Date, unless DPD, in its reasonable discretion, extends such application date, and shall pursue such permits and approvals in good faith and with all due diligence.

SECTION 8. PROJECT BUDGET AND PROOF OF FINANCING.

The total budget for the Project is currently estimated to be Twenty-Seven Million Four Hundred Forty-Five Thousand Nine Hundred Eighty (\$27,445,980) (the "Preliminary Project Budget"). Not less than fourteen (14) days prior to the Closing Date, the Developer shall submit to DPD for approval a final Project budget which is materially consistent with the Preliminary Project Budget (the "Final Budget") and evidence of funds adequate to finance the purchase of the Property and the construction of the

Project ("Proof of Financing"). The Proof of Financing shall include binding commitment letters from the Developer's lenders, if any, and evidence of the Developer's ability to make an equity contribution in the amount necessary to fill the gap between the Final Budget and any approved financing.

SECTION 9. CONDITIONS TO THE CITY'S OBLIGATION TO CLOSE.

Developer acknowledges that the City will not be obligated to close and convey title to the Property to the DTC Sponsor, and thus the Developer will not be able to close its acquisition of title to the Property from the DTC Sponsor, until the Developer has satisfied the following requirements, which should be satisfied at least fourteen (14) days prior to the Closing Date, or on such other date as may be specified below, unless waived in writing by the Commissioner of DPD (the "Commissioner"):

9.1 Final Governmental Approvals. The Developer shall have delivered to the City evidence of its application for of all applicable building permits and other final governmental approvals necessary to rehabilitate the Project. Within thirty (30) days after the Closing Date, the Developer shall provide DPD with copies of the actual permits issued and, in any event, shall obtain all requisite permits prior to commencing rehabilitation of the Project, unless otherwise approved in writing by the City.

9.2 Budget and Proof of Financing. The City shall have approved the Developer's Final Budget and Proof of Financing.

9.3 Simultaneous Loan Closing. On the Closing Date, the Developer shall simultaneously close or draw down on any acquisition financing approved pursuant to this Agreement and be in a position to commence construction of the Project within ten (10) days.

9.4 Insurance. The Developer shall have delivered to the City evidence of insurance as follows: (a) commercial general liability insurance with a combined single limit of not less than \$1,000,000.00 per occurrence (\$2,000,0000 aggregate) for bodily injury, personal injury and property damage liability with the City named as an additional insured; (b) automobile liability insurance with limits of not less than \$1,000,000.00 per occurrence, combined single limit for bodily injury and property damage; (c) worker's compensation and occupational disease insurance in statutory amounts covering all employees and agents who are to do any work on the Property; and (d) builder's risk or property insurance. All insurance policies shall be from insurance companies authorized to do business in the State of Illinois, and shall remain in effect until completion of all activity on the Property. The Developer shall deliver duplicate policies or certificates of insurance to the City prior to commencing any activity on the Property. The Developer expressly understands and agrees that any coverage and limits furnished by the Developer shall in no way limit the Developer's liabilities and responsibilities (including indemnification) set forth in this Agreement. With respect to property insurance, the City will accept an ACORD 28 form. With respect to liability insurance, the City will accept an ACORD 25 form, together with a copy of the endorsement that is added to the Developer's policy showing the City as an additional insured. This endorsement may be delivered within thirty (30) days following closing. Upon request, the Developer shall

provide a copy of the declaration page for each policy listed on the ACORD 25 and ACORD 28 forms.

The City acknowledges that Developer's lenders and investors also will be designated as loss payees, and that the City's status as loss payee will be subordinate to such lenders and investors. The City will follow the written directions of loss payees with priority relating to the disposition and use of any insurance proceeds that the City may jointly share with such prior loss payees as a result of their collective status as loss payees.

9.5 Legal Opinion. The Developer shall, at the City's request, deliver to the City a legal opinion regarding this Agreement in a form and substance reasonably acceptable to the City's Corporation Counsel (which opinion may be incorporated into other opinions that Developer's counsel must render to the City relating to financing provided by the City for the Project and the DTC Regulatory Agreement).

9.6 Due Diligence.

- (a) The Developer shall have delivered to the City due diligence searches in its name (UCC, State and federal tax liens, pending litigation and judgments in Cook County and the U.S. District Court for the Northern District of Illinois, and bankruptcy), showing no unacceptable liens, litigation, judgments or filings, as reasonably determined by the City's Corporation Counsel. Litigation searches shall be performed with the Developer identified as the plaintiff and with the Developer identified as the defendant.
- (b) The Developer shall have delivered to the City due diligence searches in the name of the DTC Sponsor (UCC, State and federal tax liens, pending litigation and judgments in Cook County and the U.S. District Court for the Northern District of Illinois, and bankruptcy), showing no unacceptable liens, litigation, judgments or filings, as reasonably determined by the City's Corporation Counsel. Litigation searches shall be performed with the DTC Sponsor identified as the plaintiff and with the Developer identified as the defendant.

9.7 Subordination Agreement. On the Closing Date, and following recording any mortgage approved pursuant to Section 9.2, the Developer shall, at the City's request, deliver to the City a subordination agreement in which the construction lender agrees to subordinate the lien of its mortgage to those certain covenants running with the land, pursuant to Section 18, or such other subordination assurance as the Corporation Counsel shall deem acceptable (each such agreement, a "Subordination Agreement"). The form of the Subordination Agreement is attached hereto as Exhibit D.

9.8 MBE/WBE Compliance Plan. The Developer and the Developer's general contractor and all major subcontractors shall meet with staff from DPD regarding compliance with the MBE/WBE, city residency hiring, prevailing wage and other

requirements set forth in Section 23, and at least seven (7) days prior to the Closing Date, the City shall have approved the Developer's compliance plan in accordance with Section 23.4.

9.9 Representations and Warranties. On the Closing Date, each of the representations and warranties of the Developer in this Agreement and of the DTC Sponsor in the DTC Regulatory Agreement shall be true and correct.

9.10 Organization and Authority Documents.

(a) The Developer shall have delivered to the City the Developer's articles of organization, including all amendments thereto, as furnished and certified by the Illinois Secretary of State; the Developer's operating agreement, as certified by an officer of a co-manager of the Developer; resolutions authorizing the Developer to execute and deliver this Agreement and any other documents required to complete the transaction contemplated by this Agreement and to perform its obligations under this Agreement; a certificate of good standing from the Illinois Secretary of State dated no more than thirty (30) days prior to the Closing Date; and such other corporate authority and organizational documents as the City may reasonably request.

(b) The Developer shall have delivered to the City the DTC Sponsor's articles of incorporation, including all amendments thereto, as furnished and certified by the New Jersey Secretary of State along with evidence of the DTC Sponsor's authority to transact business in Illinois as furnished by the Illinois Secretary of State; the DTC Sponsor's by-laws, as certified by the secretary of the Sponsor; resolutions authorizing the Sponsor to execute and deliver this Agreement and any other documents required to complete the transaction contemplated by this Agreement and to perform its obligations under this Agreement; a certificate of good standing from the Illinois Secretary of State dated no more than thirty (30) days prior to the Closing Date; and such other corporate authority and organizational documents as the City may reasonably request.

9.11 Reconveyance Deed. [Intentionally omitted.]

9.12 Phase I ESA. The Developer shall submit to the City a Phase I Environmental Site Assessment (ESA) compliant with ASTM E1527-13. The City shall be an authorized user and be given permission from the Developer and Phase I ESA preparer to rely on the Phase I ESA. The City's Department of Fleet and Facility Management ("2FM") shall have the right to review and approve the sufficiency of the Phase I ESA.

9.13 Other Obligations. On the Closing Date, the Developer shall have performed all of the other obligations required to be performed by the Developer under this Agreement as and when required under this Agreement. If any of the conditions in this Section 9 have not been satisfied to the City's reasonable satisfaction within the time periods provided for herein, or waived by DPD in writing, the City may, at its option,

terminate this Agreement by delivery of written notice to the Developer at any time after the expiration of the applicable time period, in which event, this Agreement shall be null and void and, except as otherwise specifically provided herein, neither party shall have any further right, duty or obligation hereunder. Any forbearance by the City in exercising its right to terminate this Agreement upon a default hereunder shall not be construed as a waiver of such right.

SECTION 10. CONSTRUCTION REQUIREMENTS.

10.1 Site Plans and Rental Space. The Developer shall rehabilitate the Project on the Property in accordance with the final design development drawings and specifications prepared by Landon Bone Baker Architects, 734 N. Milwaukee Avenue, Chicago, Illinois 60642, which have been approved by DPD and the index of which plans and the table of contents for the accompanying specifications are attached hereto as Exhibit C ("Working Drawings and Specifications"). No material deviation from the Working Drawings and Specifications may be made without the prior written approval of DPD. If the Developer submits and DPD approves revised design development drawings and specifications after the date of this Agreement, the term "Working Drawings and Specifications" as used herein shall refer to the revised design development drawings and specifications upon DPD's written approval of the same. The Developer may rent all or any portion of the first floor of the Building for retail (and no other) uses, provided, however, that the Developer may not, without the prior written approval of the Department, rent all or any portion of the first floor of the Building for a use identified in Exhibit E attached hereto.

10.2 Relocation of Utilities, Curb Cuts and Driveways. The Developer shall be solely responsible for and shall pay all costs associated with: (a) the relocation, installation or construction of public or private utilities, curb cuts and driveways; (b) the repair or reconstruction of any curbs, vaults, sidewalks or parkways required in connection with or damaged as a result of the Developer's construction of the Project; (c) the removal of existing pipes, utility equipment or building foundations; and (d) the termination of existing water or other services. The City shall have the right to approve any streetscaping provided by the Developer as part of the Project, including, without limitation, any paving of sidewalks, landscaping and lighting.

10.3 Barricades and Signs. Promptly after the execution of this Agreement, the Developer shall, at its sole cost and expense, erect and maintain such signs as the City may reasonably require identifying the Property as a City redevelopment project. Prior to the commencement of any construction activity requiring barricades, the Developer shall install barricades of a type and appearance satisfactory to the City and constructed in compliance with all applicable federal, state and local statutes, laws, ordinances, codes, rules, regulations, orders and judgments, including, without limitation, Sections 7-28 and 11-4 of the Municipal Code of Chicago relating to waste disposal (collectively, "Laws"). DPD shall have the right to approve the maintenance, appearance, color scheme, painting, nature, type, content and design of all barricades and all signage, which approval shall not be unreasonably withheld or delayed. The Developer shall erect all signs and barricades so as not to interfere with or affect any bus stop or train station in the vicinity of the Property.

10.4 Survival. The provisions of this Section 10 shall survive the Closing.

SECTION 11. LIMITED APPLICABILITY.

The approval of any Working Drawings and Specifications by the Department's Bureau of Housing is for the purpose of this Agreement only and does not constitute the approval required by the City's Department of Buildings, any other Department Bureau (such as, but not limited to, the Department's Bureau of Zoning), or any other City department; nor does the approval by the Department pursuant to this Agreement constitute an approval of the quality, structural soundness or the safety of any improvements located or to be located on the Property. The approval given by the Department shall be only for the benefit of the Developer and any lienholder authorized by this Agreement.

SECTION 12. COMMENCEMENT AND COMPLETION OF PROJECT.

Subject to the receipt of all applicable government approvals, the Developer shall commence construction of the Project no later than ten (10) days after the Closing Date, and shall complete the Project (as reasonably evidenced by the issuance of the Certificate of Completion) no later than May 15, 2018. The Commissioner shall have discretion to extend any of the construction commencement and completion dates for good cause shown by issuing a written extension letter. The Developer shall give written notice to the City within five (5) days after it commences construction of the Project. The Developer shall construct the Project in accordance with the Working Drawings and Specifications, and all Laws and covenants and restrictions of record.

SECTION 13. CERTIFICATE OF COMPLETION.

Upon the later of (a) the Developer's completing the Project in accordance with this Agreement and (b) the Developer's obtaining and recording the Final NFR Letter, the Developer shall request from the City a certificate of completion ("Certificate of Completion"). Within forty-five (45) days after receipt of a written request by the Developer for a Certificate of Completion, the City shall provide the Developer with either the Certificate of Completion or a written statement indicating in adequate detail how the Developer has failed to complete the Project in compliance with this Agreement, or is otherwise in default, and what measures or acts are necessary, in the sole opinion of the City, for the Developer to take or perform in order to obtain the Certificate of Completion. If the City requires additional measures or acts to assure compliance, the Developer shall resubmit a written request for the Certificate of Completion upon compliance with the City's response. The Certificate of Completion shall be in recordable form, and shall, upon recording, constitute a conclusive determination of satisfaction and termination of the covenants in this Agreement and the Deed with respect to the Developer's obligations to construct the Project. The Certificate of Completion shall not, however, constitute evidence that the Developer has complied with any Laws relating to the construction of the Project, and shall not serve as any "guaranty" as to the quality of the construction.

SECTION 14. RESTRICTIONS ON USE.

The Developer agrees that it:

14.1 Shall devote the Property solely to the Project.

14.2 Shall not discriminate on the basis of race, color, sex, gender identity, age, religion, disability, national origin, ancestry, sexual orientation, marital status, parental status, military status, or source of income in the use or occupancy of the Property or any part thereof or the Project or any part thereof, except as otherwise provided in the RDA Ordinance with respect to "military status."

14.3 The Developer shall comply with all land use restrictions, institutional controls and other terms and conditions contained in the Final NFR Letter for the Property.

14.4 The Developer shall comply with the affordable housing requirements set forth in that certain Donation Tax Credit Regulatory Agreement to be entered into between the City, DTC Sponsor and Developer on the Effective Date, which are the only City affordable housing requirements applicable to the Project.

SECTION 15. PROHIBITION AGAINST SALE OR TRANSFER OF PROPERTY OR CERTAIN CHANGES IN CORPORATE STRUCTURE.

15.1 Prior to the issuance of the Certificate of Completion for the Project, as provided herein, the Developer may not, without the prior written consent of DPD, which consent shall be in DPD's sole discretion: (a) directly or indirectly sell, transfer or otherwise dispose of the Property or any part thereof or any interest therein or the Developer's controlling interests therein (including without limitation, a transfer by assignment of any beneficial interest under a land trust) except (i) transfers by foreclosure or deed in lieu of foreclosure or UCC sale of BMO Harris Bank, N.A. ("BMO"), any permanent lender (if other than BMO) or the DTC Sponsor's security interests in the Property or the ownership interests in the Developer granted as security for the loans made by BMO (either directly as the construction/permanent lender or as collateral assignee of the potentially forthcoming loan of certain Affordable Housing Program funds provided through the Federal Home Loan Bank of Chicago), the permanent lender and DTC Sponsor, if such transferee or assignee is not prohibited from doing business with the City and has provided to the City such disclosures as DPD may reasonably require; and (ii) the Developer may lease the Affordable Units in the ordinary course of business; or (b) directly or indirectly assign this Agreement. With respect to any proposed sale, transfer or disposition, the Developer shall provide the City copies of any and all sales contracts, legal descriptions, descriptions of intended use of the parcels to be sold, proposed use of Property and other documentation as the City may reasonably require. The Developer acknowledges and agrees that DPD may withhold its consent under (a) or (b) above if, among other reasons, the proposed purchaser, transferee or assignee (or such entity's principal officers or directors) is in violation of any Laws, or if the Developer fails to submit sufficient evidence of the

financial responsibility, business background and reputation of the proposed purchaser, transferee or assignee. If the Developer is a business entity, no principal party of the Developer (e.g., a general partner, member, investor member/special investor member, manager, co-manager or shareholder) may sell, transfer or assign any of its interest in the entity prior to the issuance of the Certificate of Completion to anyone other than another principal party, without the prior written consent of DPD, which consent shall be in DPD's sole discretion. Notwithstanding the foregoing, the transfer of the interests of Developer's investor member ("Investor Member") or special investor member ("Special Investor Member") in the Developer shall not require the prior consent of the City and shall not constitute an Event of Default under this Agreement. The Developer must disclose the identity of all limited partners to the City at the time such limited partners obtain an interest in the Developer. The provisions of this Section 15 shall not prohibit the Developer from transferring or conveying the Property to an Illinois land trust of which the Developer is the sole beneficiary.

15.2 Prior the issuance of the Certificate of Completion, the Developer shall not, without the City's prior written consent, which shall be in the City's sole discretion: (i) merge, liquidate or consolidate, (ii) permit the direct or indirect transfer any ownership interests in the Developer (except as permitted in Section 15.1 above), (iii) enter into any transaction outside the ordinary course of business, (iv) assume or guarantee the obligations of any other person or entity, or (v) enter into a transaction that, in the City's sole determination, would cause a material and detrimental change to the Developer's condition.

SECTION 16. LIMITATION UPON ENCUMBRANCE OF PROPERTY.

Prior to the issuance of the Certificate of Completion, the Developer shall not, without DPD's prior written consent, which shall be in DPD's sole discretion, engage in any financing or other transaction which would create an encumbrance or lien on the Property, except for (i) any mortgage approved pursuant to Section 9.2, (ii) any encumbrances set forth in Schedule B of the owner's title insurance policy issued by the Title Company to the Developer in connection with its acquisition of the Property, as the effective date of such policy may be amended via endorsement hereafter, provided such encumbrances have been approved by the City, and (iii) any lien or encumbrance which Developer has timely contested and/or for which it has posted adequate surety acceptable to the Title Company.

SECTION 17. MORTGAGEES NOT OBLIGATED TO CONSTRUCT.

Notwithstanding any other provision of this Agreement or of the Deed, the holder of any mortgage authorized by this Agreement (or any affiliate of such holder or any other permitted successor by foreclosure or deed in lieu of foreclosure) shall not itself be obligated to construct or complete the Project, or to guarantee such construction or completion, but shall be bound by the other covenants running with the land specified in Section 18 and shall, following the recording any mortgage approved pursuant to Section 9.2, execute and record a Subordination Agreement (as defined in Section 9.7), if required by Corporation Counsel. If any such mortgagee or its affiliate succeeds to the Developer's interest in the Property prior to the issuance of the Certificate of Completion,

whether by foreclosure, deed-in-lieu of foreclosure or otherwise, and thereafter transfers its interest in the Property to another party, such transferee shall be obligated to complete the Project, and shall also be bound by the other covenants running with the land specified in Section 18, however, the Project completion date set forth in Section 12 shall be reasonably adjusted by the City to take into account the foreclosure process.

SECTION 18. COVENANTS RUNNING WITH THE LAND.

The parties agree that the covenants provided in Section 12 (Commencement and Completion of Project), Section 14 (Restrictions on Use), Section 15 (Prohibition Against Sale or Transfer of Property), Section 16 (Limitation Upon Encumbrance of Property) and Section 22.3 (Environmental Conditions) will be covenants running with the land, binding on the Developer and its successors and assigns (subject to the limitation set forth in Section 17 above as to any permitted mortgagee) to the fullest extent permitted by law and equity for the benefit and in favor of the City, and shall be enforceable by the City. The covenants provided in Section 12, Section 15 and Section 16 shall terminate upon the issuance of the Certificate of Completion. The covenants contained in Section 14.1 shall remain in effect until the earlier of (a) the date that is thirty (30) years following the Closing Date and (b) the date on which the DTC Regulatory Agreement terminates. The covenants contained in Section 14.2 shall remain in effect without limitation as to time.

SECTION 19. PERFORMANCE AND BREACH.

19.1 Time of the Essence. Time is of the essence in the Developer's performance of its obligations under this Agreement.

19.2 Permitted Delays. The Developer shall not be considered in breach of its obligations under this Agreement in the event of a delay due to unforeseeable causes beyond the Developer's control and without the Developer's fault or negligence, including, without limitation, acts of God, acts of the public enemy, acts of the United States government, fires, floods, epidemics, quarantine restrictions, strikes, embargoes and unusually severe weather or delays of subcontractors due to such causes. The time for the performance of the obligations shall be extended only for the period of the delay and only if the Developer within thirty (30) days after the beginning of any such delay submits to the Commissioner a written request for an extension.

19.3 Cure. If Developer defaults in the performance of its obligations under this Agreement, the Developer shall have sixty (60) days after written notice of default from the City to cure the default, or such longer period as shall be reasonably necessary to cure such default provided the Developer promptly commences such cure and thereafter diligently pursues such cure to completion (so long as continuation of the default does not create material risk to the Project or to persons using the Project). Notwithstanding the foregoing, no notice or cure period shall apply to defaults under Section 19.4(c), (e) and (g); provided, however, that prior to exercising any remedies after a default under Section 19.4(c), (e), or (g) occurs, the City agrees to provide the BMO and Riverside Midwest Fund I LLC ("Riverside"), each at the applicable addresses

set forth Section 25, notice of such default and BMO and Riverside shall have the cure rights contained in Section 19.4.

19.4 Event of Default. The occurrence of any one or more of the following shall constitute an "Event of Default" under this Agreement:

(a) The Developer makes or furnishes a warranty, representation, statement or certification to the City (whether in this Agreement, an Economic Disclosure Statement and Affidavit, or another document) that is not true and correct.

(b) A petition is filed by or against the Developer under the Federal Bankruptcy Code or any similar state or federal law, whether now or hereafter existing, which is not vacated, stayed or set aside within thirty (30) days after filing.

(c) The Developer fails to complete the Project in accordance with the time line outlined in Section 12 above unless DPD, in its sole discretion, extends the timeline, or the Developer abandons or substantially suspends construction of the Project for a period of a thirty (30) consecutive days, but not more than forty-five (45) days in any one (1) year period.

(d) The Developer fails to timely pay real estate taxes or assessments affecting the Property or any part thereof when due, or places thereon any encumbrance or lien unauthorized by this Agreement, or suffers or permits any levy or attachment, mechanic's, laborer's, material supplier's, or any other lien or encumbrance unauthorized by this Agreement to attach to the Property unless bonded or insured over.

(e) Except as otherwise permitted pursuant to Sections 15 and 16 hereof, the Developer makes an assignment, pledge, unpermitted financing, encumbrance, transfer or other disposition in violation of this Agreement.

(f) There is a material and adverse change in the Developer's financial condition or operations, which change, in the City's reasonable opinion, affects the ability of the Developer to meet its obligations under this Agreement.

(g) The City fails to convey title to the Property to the DTC by the Outside Closing Date, unless DPD, in its sole discretion, extends the Outside Closing Date.

(h) The Developer fails to perform, keep or observe any of the other covenants, conditions, promises, agreements or obligations under this Agreement or any other written agreement entered into with the City with respect to the Project and such failure continues beyond the expiration of any applicable cure periods.

In the event that an Event of Default occurs under this Agreement, and if, as a result thereof, the City intends to exercise any right or remedy available to it that could result in the termination of this Agreement, the City shall send notice of such intended exercise to the parties identified in Section 25 and such Developer's lenders and the investor member(s) in Developer, including the Investor Member and Special Investor Member and their successors and assigns, shall have the right (but not the obligation) to cure such an Event of Default within thirty (30) days after the expiration of the cure period, if any, granted to the Developer. If the default is not capable of being cured within the thirty (30) day period, then provided Developer's lenders and the investor member(s) in Developer have commenced to cure the default and is diligently proceeding to cure the default within the thirty day period, and thereafter diligently prosecutes such cure through to completion, and funding for the Project continues unabated, then the thirty day period shall be extended for the length of time that is reasonably necessary to cure the default. If the default is not cured in the time period provided for herein, the City may institute such proceedings at law or in equity as may be necessary or desirable to cure and remedy the default, including but not limited to, proceedings to compel specific performance. The City agrees to accept any lender's and/or the Borrower's Investor Member's cure of any such default to the same extent as if it were performed by the Developer.

19.5 Prior to Closing. If an Event of Default occurs prior to the Closing, and the default is not cured in the time period provided for in Section 19.3 above, the City may terminate this Agreement, institute any action or proceeding at law or in equity against the Developer.

19.6 After Closing. If an Event of Default occurs after the Closing but prior to the issuance of the Certificate of Completion, and the default is not cured in the time period provided for in Section 19.3 or Section 19.4 above, the City shall have all remedies under law and equity, including specific performance, but excluding the right of reverter.

SECTION 20. CONFLICT OF INTEREST; CITY'S REPRESENTATIVES NOT INDIVIDUALLY LIABLE.

The Developer represents and warrants that no agent, official or employee of the City shall have any personal interest, direct or indirect, in the Developer, this Agreement, the Property or the Project, nor shall any such agent, official or employee participate in any decision relating to this Agreement which affects his or her personal interests or the interests of any corporation, partnership, association or other entity in which he or she is directly or indirectly interested. No agent, official or employee of the City shall be personally liable to the Developer or any successor in interest in the event of any default or breach by the City or for any amount which may become due to the Developer or successor or with respect to any commitment or obligation of the City under the terms of this Agreement.

SECTION 21. INDEMNIFICATION.

The Developer agrees to indemnify, defend and hold the City harmless from and against any losses, costs, damages, liabilities, claims, suits, actions, causes of action and expenses (including, without limitation, reasonable attorneys' fees and court costs) suffered or incurred by the City arising from or in connection with: (a) the failure of the Developer to perform its obligations under this Agreement; (b) the failure of the Developer or any contractor or other agent, entity or individual acting under the control or at the request of the Developer (collectively, "Agent") to pay contractors, subcontractors or material suppliers in connection with the construction and management of the Project; (c) any misrepresentation or omission made by the Developer or any Agent; (d) the failure of the Developer to redress any misrepresentations or omissions in this Agreement or any other agreement relating hereto; and (e) any activity undertaken by the Developer or any Agent on the Property prior to or after the Closing. This indemnification shall survive the Closing or any termination of this Agreement (regardless of the reason for such termination). Notwithstanding anything contained in this Section 21 to the contrary, a mortgagee permitted under Section 9.2 that obtains title to the Property by foreclosure or deed in lieu of foreclosure shall not be obligated to indemnify the City from and against, any claims and liabilities relating to or arising from the structural, physical or environmental condition of the Property existing prior to the date on which said mortgagee obtained title to the Property.

SECTION 22. INSPECTION; CONDITION OF PROPERTY AT CLOSING.

22.1 For purposes of this Agreement, the following terms shall have the following meanings:

"Affiliate(s)" when used to indicate a relationship with a specified person or entity, means a person or entity that, directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with such specified person or entity, and a person or entity shall be deemed to be controlled by another person or entity, if controlled in any manner whatsoever that results in control in fact by that other person or entity (or that other person or entity and any person or entities with whom that other person or entity is acting jointly or in concert), whether directly or indirectly and whether through share ownership, a trust, a contract or otherwise.

"Developer Parties" means the Developer, the Developer's Affiliates, the Sponsor's Affiliates, and the respective officers, directors, trustees, employees, agents, successors and assigns of the Developer and the Developer Affiliates.

"Draft NFR Letter" means a draft focused "No Further Remediation" Letter issued by the IEPA for the Property, or applicable portions thereof, based on TACO Tier I residential remediation objectives, as amended or supplemented from time to time. The contaminants of concern associated with the Draft NFR Letter shall include volatile organic compounds, polynuclear aromatic hydrocarbons and Resource Conservation and Recovery Act 8 metals. The Draft NFR Letter shall state that the Property meets TACO Tier 1 remediation objectives for residential properties and the construction worker exposure route as set forth in 35 Ill. Adm. Code Part 742, as amended or supplemented from time to time, but may be reasonably conditioned upon use and

maintenance of engineered barriers and other institutional or engineering controls acceptable to the IEPA.

“Environmental Documents” means all reports, surveys, field data, correspondence and analytical results prepared by or for the Developer (or otherwise obtained by the Developer) regarding the condition of the Property or any portion thereof, including, without limitation, the SRP Documents, and the July 22, 2015 Phase I Environmental Site Assessment (ESA), the updated April 14, 2016 Phase I ESA, and the December 31, 2015 Limited Site Investigation performed by Terracon Consultants, Inc.

“Environmental Laws” means any and all Laws relating to the regulation and protection of human health, safety, the environment and natural resources now or hereafter in effect, as amended or supplemented from time to time, including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. § 9601 et seq., the Resource Conservation and Recovery Act, 42 U.S.C. § 6901 et seq., the Hazardous Materials Transportation Act, 49 U.S.C. § 5101 et seq., the Federal Water Pollution Control Act, 33 U.S.C. § 1251 et seq., the Clean Air Act, 42 U.S.C. § 7401 et seq., the Toxic Substances Control Act, 15 U.S.C. § 2601 et seq., the Federal Insecticide, Fungicide, and Rodenticide Act, 7 U.S.C. § 136 et seq., the Occupational Safety and Health Act, 29 U.S.C. § 651 et seq., any and all regulations promulgated under such Laws, and all analogous state and local counterparts or equivalents of such Laws, including, without limitation, the Illinois Environmental Protection Act, 415 ILCS 5/1 et seq., and the common law, including, without limitation, trespass and nuisance.

“Final NFR Letter” means a final focused “No Further Remediation” letter issued by the IEPA approving the use of the Property for the construction, development and operation of the Project in accordance with the site plan approved by the City and the terms and conditions of the SRP Documents, as amended or supplemented from time to time. The contaminants of concern associated with the Final NFR Letter shall include volatile organic compounds, polynuclear aromatic hydrocarbons and Resource Conservation and Recovery Act 8 metals. The Final NFR Letter shall state that the Property meets TACO Tier 1 remediation objectives for residential properties and the construction worker exposure route as set forth in 35 Ill. Adm. Code Part 742, as amended or supplemented from time to time, but may be reasonably conditioned upon use and maintenance of engineered barriers and other institutional or engineering controls acceptable to the IEPA.

“Hazardous Substances” means any toxic substance, hazardous substance, hazardous material, hazardous chemical or hazardous, toxic or dangerous waste defined or qualifying as such in (or for the purposes of) any Environmental Laws, or any pollutant, toxic vapor, or contaminant, and shall include, but not be limited to, petroleum (including crude oil or any fraction thereof), any radioactive material or by-product material, polychlorinated biphenyls and asbestos in any form or condition.

“Remediation Work” means all investigation, sampling, monitoring, testing, removal, response, disposal, storage, remediation, treatment and other activities necessary to obtain a Final NFR Letter for the Property in accordance with the terms and

conditions of the Draft NFR Letter for the Property, the SRP Documents, all requirements of the IEPA and all applicable Laws, including, without limitation, all applicable Environmental Laws.

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

“SRP Documents” means all documents submitted to the IEPA under the SRP program, as amended or supplemented from time to time, including, without limitation, the Focused Site Investigation and Remediation Objectives Report, the Remedial Action Plan, and the Remedial Action Completion Report and any and all related correspondence, data and other information prepared by either party pursuant to Section 22.

“TACO” means the Tiered Approach to Corrective Action Objectives codified at 35 Ill. Adm. Code Part 742 et seq.

22.2 “As Is” Sale. The Developer acknowledges and agrees that it has had, or will have had, prior to the Closing Date, adequate opportunity to inspect the Property. The Developer agrees to accept the Property in its “as is,” “where is” and “with all faults” condition on the Closing Date without any covenant, representation or warranty, express or implied, of any kind, as to the structural, physical or environmental condition of the Property or the suitability of the Property for any purpose whatsoever. The Developer’s obligation to purchase the Property is conditioned upon the Developer being satisfied with the condition of the Property for the construction, development and operation of the Project. If the Developer determines that it is not satisfied, in its sole discretion, with the condition of the Property, the condition of title to the Property, the terms imposed upon the Developer in connection with any required governmental approvals, or the Environmental Remediation requirements described in Section 22.3, or for any other reason, the Developer may terminate this Agreement by written notice to the City any time prior to the Closing Date, whereupon this Agreement shall be null and void and, except as otherwise specifically provided, neither Party shall have any further right, duty or obligation hereunder. If the Developer elects not to terminate this Agreement pursuant to this Section 22.2, the Developer shall be deemed satisfied with the condition of the Property. The Developer hereby acknowledges that, in purchasing the Property, the Developer is relying solely upon its own inspection and other due diligence activities and not upon any information (including, without limitation, environmental studies or reports of any kind) provided by or on behalf of the City or its agents or employees with respect thereto. The Developer agrees that it is the Developer’s sole responsibility and obligation to perform any remedial activities and take such other action as is necessary to put the Property in a condition which is suitable for its intended use.

22.3 Environmental Remediation. The Developer shall undertake the following activities and meet the following requirements in connection with the Project:

(a) Prior to rehabilitation of the Building, the Developer must obtain a hazardous materials survey and develop an abatement plan, and its final Working Drawings and Specifications must be consistent with such abatement plan. Lead-based paint and asbestos abatement must be completed in accordance with all local, state and federal regulations and, as required, the Developer must develop and either implement or cause to be implemented Operations and Maintenance Plans for any regulated materials to be left in place.

(b) The Developer shall enroll the Property in the SRP and undertake all remediation work that may be needed on the Property after the Closing in order to obtain a focused residential Final No Further Remediation Letter ("Final NFR Letter"), and record such Final NFR Letter.

(c) The Developer shall be solely responsible for all site preparation, SRP and environmental oversight costs, including, but not limited to, report preparation, IEPA fees, remediation oversight, the removal of soil, pre-existing building foundations, soil exceeding the IEPA's Tiered Approach to Cleanup Objectives for the proposed uses of the Property, and demolition debris, the removal, disposal, storage, remediation, removal or treatment of Hazardous Substance from the Property, and the construction of any engineered barriers required to obtain the Final NFR Letter.

(d) The City, acting through 2FM, shall have the right to review in advance all documents submitted to the IEPA under the SRP, as amended or supplemented from time to time, including, without limitation, the Focused Site Investigation and Remediation Objectives Report, the Remedial Action Plan, and the Remedial Action Completion Report (collectively, the "SRP Documents"), the Draft No Further Remediation Letter (the "Draft NFR Letter"), the Final NFR Letter and any changes thereto. If the Final NFR Letter is materially consistent with the Draft NFR Letter (as approved by the City as provided herein) and no new environmental conditions were discovered on the Property during construction of the Project, then the Final NFR Letter shall be presumed reasonably satisfactory to the City.

(e) After 2FM approves the Draft NFR Letter, the Developer covenants and agrees to complete all investigation, removal, response, disposal, remediation and other activities ("Remediation Work") necessary to obtain (as applicable) a Final NFR Letter from the IEPA approving the use of the Property for the Project, based on the Draft NFR Letter. The Final NFR Letter may be reasonably conditioned upon use and maintenance of engineered barriers and other institutional or engineering controls acceptable to the IEPA.

(f) The Developer shall cooperate and consult with the City at all relevant times (and in all cases upon the City's request) with respect to environmental matters. The Developer shall bear sole responsibility for all aspects of the Remediation Work and any other investigative and cleanup costs associated with the Property. The Developer shall promptly transmit to the City copies of all SRP Documents prepared or received after the date hereof, including, without

limitation, any written communications delivered to or received from the IEPA or other regulatory agencies with respect to the Remediation Work.

(g) The Developer acknowledges and agrees that the City will not issue a Certificate of Completion for the Project and the City may prohibit occupancy in the Building until the IEPA has issued, and the City has approved, a Final NFR Letter for the Property.

(h) The Developer must abide by the terms and conditions of the Final NFR Letter, including but not limited to the maintenance of all preventative, engineering and institutional controls.

22.4 Release and Indemnification. The Developer, on behalf of itself and the other Developer Parties, or anyone claiming by, through, or under the Developer Parties, hereby releases, relinquishes and forever discharges the City from and against any and all Losses which the Developer or any of the Developer Parties ever had, now have, or hereafter may have, whether grounded in tort or contract or otherwise, in any and all courts or other forums, of whatever kind or nature, whether known or unknown, arising out of or in any way connected with, directly or indirectly (a) any environmental contamination, pollution or hazards associated with the Property or any improvements, facilities or operations located or formerly located thereon, including, without limitation, any release, emission, discharge, generation, transportation, treatment, storage or disposal of Hazardous Substances, or threatened release, emission or discharge of Hazardous Substances; (b) the structural, physical or environmental condition of the Property, including, without limitation, the presence or suspected presence of Hazardous Substances in, on, under or about the Property or the migration of Hazardous Substances from or to other property, unless the Hazardous Substances migrate from property owned by the City to the Property; (c) any violation of, compliance with, enforcement of or liability under any Environmental Laws, including, without limitation, any Losses arising under CERCLA, and (d) any investigation, cleanup, monitoring, remedial, removal or restoration work required by any federal, state or local governmental agency or political subdivision or other third party in connection or associated with the Property or any improvements, facilities or operations located or formerly located thereon (collectively, "Released Claims"). Furthermore, the Developer shall defend, indemnify, and hold the City harmless from and against any and all Losses which may be made or asserted by any third parties arising out of or in any way connected with, directly or indirectly, any of the Released Claims.

22.5 Release Runs with the Land. The covenant of release in Section 22.4 shall run with the Property, and shall be binding upon all successors and assigns of the Developer with respect to the Property, including, without limitation, each and every person, firm, corporation, limited liability company, trust or other entity owning, leasing, occupying, using or possessing any portion of the Property under or through the Developer following the date of the Deed. The Developer each acknowledges and agrees that the foregoing covenant of release constitutes a material inducement to the City to enter into this Agreement, and that, but for such release, the City would not have agreed to convey the Property to the Sponsor (for reconveyance to the Developer) for payment of the Cash Purchase Price. It is expressly agreed and understood by and

among the Developer and the City that, should any future obligation of the Developer, or any of the Developer Parties, arise or be alleged to arise in connection with any environmental, soil or other condition of the Property, neither Developer, nor any of the Developer Parties, will assert that those obligations must be satisfied in whole or in part by the City because Section 22.4 contains a full, complete and final release of all such claims.

22.6 Survival. This Section 22 shall survive the Closing or any termination of this Agreement (regardless of the reason for such termination).

SECTION 23. DEVELOPER'S EMPLOYMENT OBLIGATIONS.

23.1 Employment Opportunity. The Developer agrees, and shall contractually obligate its various contractors, subcontractors and any affiliate of the Developer operating on the Property (collectively, the "Employers" and individually, an "Employer") to agree, that with respect to the provision of services in connection with the construction of the Project:

(a) The Developer and any Employer shall not discriminate against any employee or applicant for employment based upon race, religion, color, sex, gender identity, national origin or ancestry, age, handicap or disability, sexual orientation, military discharge status, marital status, parental status or source of income as defined in the City of Chicago Human Rights Ordinance, Section 2-160-010 et seq. of the Municipal Code of Chicago, as amended from time to time (the "Human Rights Ordinance"). The Developer and each Employer shall take affirmative action to ensure that applicants are hired and employed without discrimination based upon the foregoing grounds, and are treated in a non-discriminatory manner with regard to all job-related matters, including, without limitation: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Developer and each Employer agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the City setting forth the provisions of this nondiscrimination clause. In addition, the Developer and each Employer, in all print solicitations or advertisements for employees, shall state that all qualified applicants shall receive consideration for employment without discrimination based upon the foregoing grounds.

(b) To the greatest extent feasible, the Developer and each Employer shall present opportunities for training and employment of low and moderate income residents of the City, and provide that contracts for work in connection with the construction of the Project be awarded to business concerns which are located in or owned in substantial part by persons residing in, the City.

(c) The Developer and each Employer shall comply with all federal, state and local equal employment and affirmative action statutes, rules and regulations, including, without limitation, the Human Rights Ordinance, and the

Illinois Human Rights Act, 775 ILCS 5/1-101 et seq. (1993), and any subsequent amendments and regulations promulgated thereto.

(d) The Developer, in order to demonstrate compliance with the terms of this Section 23.1, shall cooperate with and promptly and accurately respond to reasonable inquiries by the City, which has the responsibility to observe and report compliance with equal employment opportunity regulations of federal, state and municipal agencies.

(e) The Developer and each Employer shall include the foregoing provisions of subparagraphs (a) through (d) in every contract entered into in connection with the rehabilitation of the Project, and shall require inclusion of these provisions in every subcontract entered into by any subcontractors, and every agreement with any affiliate operating on the Property, so that each such provision shall be binding upon each contractor, subcontractor or affiliate, as the case may be.

(f) Failure to comply with the employment obligations described in this Section 23.1 shall be a basis for the City to pursue remedies under the provisions of Section 19, subject to Section 19.3.

23.2 City Resident Employment Requirement.

(a) With respect to the Project, the Developer agrees, and shall contractually obligate each Employer to agree, that during the construction of the Project, the Developer and each Employer shall comply with the minimum percentage of total worker hours performed by actual residents of the City of Chicago as specified in Section 2-92-330 of the Municipal Code of Chicago (at least fifty percent); provided, however, that in addition to complying with this percentage, the Developer and each Employer shall be required to make good faith efforts to utilize qualified residents of the City in both unskilled and skilled labor positions.

(b) The Developer and the Employers 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 of Chicago.

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

(d) The Developer and the Employers shall provide for the maintenance of adequate employee residency records to ensure that actual Chicago residents are employed on the construction of the Project. The

Developer and the Employers shall maintain copies of personal documents supportive of every Chicago employee's actual record of residence.

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

(f) The Developer and the Employers shall provide full access to their employment records to the chief procurement officer, DPD, the Superintendent of the Chicago Police Department, the inspector general, or any duly authorized representative thereof. The Developer and the Employers shall maintain all relevant personnel data and records for a period of at least three (3) years after the issuance of the Certificate of Completion.

(g) At the direction of DPD, the Developer and the Employers shall provide affidavits and other supporting documentation to verify or clarify an employee's actual address when doubt or lack of clarity has arisen.

(h) Good faith efforts on the part of the Developer and the Employers to provide work for 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 23.2 concerning the worker hours performed by actual Chicago residents.

(i) If the City determines that the Developer or an Employer failed to ensure the fulfillment of the requirements of this Section 23.2 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 23.2. If such non-compliance is not remedied in accordance with the breach and cure provisions of Section 19.3, the parties agree that 1/20 of 1 percent (.05%) of the aggregate hard construction costs set forth in the Final Budget shall be surrendered by the Developer to the City in payment for each percentage of shortfall toward the stipulated residency requirement. Failure to report the residency of employees entirely and correctly shall result in the surrender of the entire liquidated damages as if no Chicago residents were employed in either of the categories. The willful falsification of statements and the certification of payroll data may subject the Developer and/or the other Employers or employees to prosecution.

(j) Nothing herein provided shall be construed to be a limitation upon the "Notice of Requirements for Affirmative Action to Ensure Equal Employment Opportunity, Executive Order 11246" and "Standard Federal Equal Employment

Opportunity, Executive Order 11246," or other affirmative action required for equal opportunity under the provisions of this Agreement.

(k) The Developer shall cause or require the provisions of this Section 23.2 to be included in all construction contracts and subcontracts related to the construction of the Project.

23.3 Developer's MBE/WBE Commitment. With respect to the Project, the Developer agrees for itself and its successors and assigns, and, if necessary to meet the requirements set forth herein, shall contractually obligate the general contractor to agree, that during the construction of the Project:

(a) Consistent with the findings which support, as applicable, (i) the Minority-Owned and Women-Owned Business Enterprise Procurement Program, Section 2-92-420 et seq., Municipal Code of Chicago (the "Procurement Program"), and (ii) the Minority- and Women-Owned Business Enterprise Construction Program, Section 2-92-650 et seq., Municipal Code of Chicago (the "Construction Program," and collectively with the Procurement Program, the "MBE/WBE Program"), and in reliance upon the provisions of the MBE/WBE Program to the extent contained in, and as qualified by, the provisions of this Section 23.3, during the course of construction of the Project, at least 26% of the aggregate hard construction costs shall be expended for contract participation by minority-owned businesses and at least 6% of the aggregate hard construction costs shall be expended for contract participation by women-owned businesses.

(b) For purposes of this Section 23.3 only:

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

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

(iii) The term "women-owned business" or "WBE" shall mean a business identified in the Directory of Certified Women Business Enterprises published by the City's Department of Procurement Services, or otherwise certified by the City's Department of Procurement Services as a women-owned business enterprise, related to the Procurement Program or the Construction Program, as applicable.

(c) Consistent with Sections 2-92-440 and 2-92-720, Municipal Code of Chicago, the Developer's MBE/WBE commitment may be achieved in part by the Developer's status as an MBE or WBE (but only to the extent of any actual work performed on the Project by the Developer) or by a joint venture with one or more MBEs or WBEs (but only to the extent of the lesser of (i) the MBE or WBE participation in such joint venture, or (ii) the amount of any actual work performed on the Project by the MBE or WBE); by the Developer utilizing a MBE or a WBE as the general contractor (but only to the extent of any actual work performed on the Project by the general contractor); by subcontracting or causing the general contractor to subcontract a portion of the construction of the Project to one or more MBEs or WBEs; by the purchase of materials or services used in the construction of the Project from one or more MBEs or WBEs; or by any combination of the foregoing. Those entities which constitute both a MBE and a WBE shall not be credited more than once with regard to the Developer's MBE/WBE commitment as described in this Section 23.3. In accordance with Section 2-92-730, Municipal Code of Chicago, the Developer shall not substitute any MBE or WBE general contractor or subcontractor without the prior written approval of DPD.

(d) The Developer shall deliver quarterly reports to the City's monitoring staff during the construction of the Project describing its efforts to achieve compliance with this MBE/WBE commitment. Such reports shall include, inter alia, the name and business address of each MBE and WBE solicited by the Developer or the general contractor to work on the Project, and the responses received from such solicitation, the name and business address of each MBE or WBE actually involved in the construction of the Project, a description of the work performed or products or services supplied, the date and amount of such work, product or service, and such other information as may assist the City's monitoring staff in determining the Developer's compliance with this MBE/WBE commitment. The Developer shall maintain records of all relevant data with respect to the utilization of MBEs and WBEs in connection with the construction of the Project for at least five (5) years after completion of the Project, and the City's monitoring staff shall have access to all such records maintained by the Developer, on prior notice of at least five (5) business days, to allow the City to review the Developer's compliance with its commitment to MBE/WBE participation and the status of any MBE or WBE performing any portion of the construction of the Project.

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

(f) Any reduction or waiver of the Developer's MBE/WBE commitment as described in this Section 23.3 shall be undertaken in accordance with Sections 2-92-450 and 2-92-730, Municipal Code of Chicago, as applicable.

23.4 Pre-Construction Conference and Post-Closing Compliance Requirements. Prior to commencement of construction, the Developer and the Developer's general contractor and all major subcontractors shall meet with DPD monitoring staff regarding compliance with all Section 23 requirements. The City and Developer acknowledge that such meeting has occurred. During this pre-construction meeting, the Developer shall present its plan to achieve its obligations under this Section 23, the sufficiency of which the City's monitoring staff shall approve as a precondition to the Closing. During the construction of the Project, the Developer shall submit all documentation required by this Section 23 to the City's monitoring staff, including, without limitation, the following: (a) subcontractor's activity report; (b) contractor's certification concerning labor standards and prevailing wage requirements; (c) contractor letter of understanding; (d) monthly utilization report; (e) authorization for payroll agent; (f) certified payroll; (g) evidence that MBE/WBE contractor associations have been informed of the Project via written notice and hearings; and (h) evidence of compliance with job creation/job retention requirements. Failure to submit such documentation on a timely basis, or a determination by the City's monitoring staff, upon analysis of the documentation, that the Developer is not complying with its obligations under this Section 23, shall, upon the delivery of written notice to the Developer, BMO and Riverside, each at the addresses set forth in Section 25, be deemed an Event of Default, provided that notice and cure will be provided for any such Event of Default pursuant to Section 19.4. Upon the occurrence of any such Event of Default, in addition to any other remedies provided in this Agreement, the City may: (x) issue a written demand to the Developer to halt construction of the Project, (y) withhold any further payment of any City funds to the Developer or the general contractor, or (z) seek any other remedies against the Developer available at law or in equity.

SECTION 24. REPRESENTATIONS AND WARRANTIES.

24.1 Representations and Warranties of the Developer. To induce the City to execute this Agreement and perform its obligations hereunder, the Developer hereby represents and warrants to the City that as of the date of this Agreement and as of the Closing Date the following shall be true and correct in all respects:

(a) The Developer is a limited liability company duly organized under the laws of the State of Illinois and validly existing and in good standing under the laws of the State of Illinois with full power and authority to acquire, own and redevelop the Property, and that the person signing this Agreement on behalf of the Developer has the authority to do so.

(b) All certifications and statements contained in the Economic Disclosure Statement last submitted to the City by the Developer (and any legal entity holding an interest in the Developer) are true, accurate and complete.

(c) The Developer's execution, delivery and performance of this Agreement and all instruments and agreements contemplated hereby will not, upon the giving of notice or lapse of time, or both, result in a breach or violation of, or constitute a default under the Developer's operating agreement or any agreement to which the Developer, or any party affiliated with the Developer, is a party or by which the Developer or the Property is bound.

(d) To the best of the Developer's knowledge, no action, litigation, investigation or proceeding of any kind is pending or threatened against the Developer, or any party affiliated with the Developer, and the Developer knows of no facts which could give rise to any such action, litigation, investigation or proceeding, which could: (i) affect the ability of the Developer to perform its obligations hereunder; or (ii) materially affect the operation or financial condition of the Developer.

(e) To the best of the Developer's knowledge, the Project, if completed in accordance with the Plans, will not violate: (i) any Laws, including, without limitation, any zoning and building codes and environmental regulations; or (ii) any building permit, restriction of record or other agreement affecting the Property.

24.2 Representations and Warranties of the City. To induce the Developer to execute this Agreement and perform its obligations hereunder, the City hereby represents and warrants to the Developer that the City has authority under its home rule powers to execute and deliver this Agreement and perform the terms and obligations contained herein.

24.3 Survival of Representations and Warranties. Each of the parties agrees that all of its representations and warranties set forth in this Section 24 or elsewhere in this Agreement are true as of the date of this Agreement and will be true in all material respects at all times thereafter, except with respect to matters which have been disclosed in writing and approved by the other party.

SECTION 25. NOTICES.

Any notice, demand or communication required or permitted to be given hereunder shall be given in writing at the addresses set forth below by any of the following means: (a) personal service; (b) facsimile, provided that there is written confirmation of such communication; (c) overnight courier; or (d) registered or certified first class mail, postage prepaid, return receipt requested:

If to the City:

City of Chicago
Department of Planning and Development
121 North LaSalle Street, Room 1000
Chicago, IL 60602
Fax: 312-744-5826

With a copy to: City of Chicago
Department of Law
121 North LaSalle Street, Room 600
Chicago, IL 60602
Attn: Real Estate and Land Use Division
Fax: 312-744-8568

If to the Developer: Carling LLC
3 East Stow Road
Marlton, NJ 08053
Attn: _____
Fax: _____

With a copy to: William Skalitzky
Applegate & Thorne-Thomsen
440 S. LaSalle Street, 19th Floor
Chicago, Illinois 60605
Fax: 312-491-4411

And to: Riverside Midwest Fund I LLC
3 East Stow Road
Marlton, NJ 08053
Attn: _____
Fax: _____

And to: BMO Harris Bank N.A.
115 S. LaSalle St., Floor 20W
Chicago, Illinois 60603
Attention: Allison Porter-Bell

With a copy to: Charity & Associates, P.C.
20 North Clark Street, Suite 1150
Chicago, Illinois 60602
Attn: Brandon R. Calvert
Fax: (312) 849-9001

And to: Illinois Housing Development Authority
401 North Michigan Avenue, Suite 700
Chicago, Illinois 60611
Attention: Assistant to the Executive Director
for Multifamily Programs
Fax: 312-832-7685

Any notice, demand or communication given pursuant to either clause (a) or (b) hereof shall be deemed received upon such personal service or upon confirmed transmission by facsimile, respectively, provided that such facsimile transmission is confirmed as having occurred prior to 5:00 p.m. on a business day. If such transmission occurred after 5:00 p.m. on a business day or on a non-business day, it shall be deemed to have been given on the next business day. Any notice, demand or communication given pursuant to clause (c) shall be deemed received on the business day immediately following deposit with the overnight courier. Any notice, demand or communication sent pursuant to clause (d) shall be deemed received three (3) business days after mailing. The parties, by notice given hereunder, may designate any further or different addresses to which subsequent notices, demands or communications shall be given. The refusal to accept delivery by any party or the inability to deliver any communication because of a changed address of which no notice has been given in accordance with this Section 25 shall constitute delivery.

SECTION 26. BUSINESS RELATIONSHIPS.

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

SECTION 27. PATRIOT ACT CERTIFICATION.

The Developer represents and warrants that the Developer, and any Affiliate (as defined below) thereof is listed on any of the following lists maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the Bureau of Industry and Security of the U.S. Department of Commerce or their successors, or on any other list of persons or entities with which the City may not do business under any applicable Laws: the Specially Designated Nationals List, the Denied Persons List, the Unverified List, the Entity List and the Debarred List. As used in this Section 27, an "Affiliate" shall be deemed to be a person or entity related to the Developer that, directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with the Developer, and a person or entity shall be deemed to be controlled by another person or entity, if controlled in any manner whatsoever that results in control in

fact by that other person or entity (or that other person or entity and any persons or entities with whom that other person or entity is acting jointly or in concert), whether directly or indirectly and whether through share ownership, a trust, a contract or otherwise.

SECTION 28. PROHIBITION ON CERTAIN CONTRIBUTIONS - MAYORAL EXECUTIVE ORDER NO. 2011-4.

28.1 The Developer agrees that it, any person or entity who directly or indirectly has an ownership or beneficial interest in the Developer of more than 7.5 percent ("Owners"), spouses and domestic partners of such Owners, the Developer's contractors (i.e., any person or entity in direct contractual privity with the Developer regarding the subject matter of this Agreement) ("Contractors"), any person or entity who directly or indirectly has an ownership or beneficial interest in any Contractor of more than 7.5 percent ("Sub-owners") and spouses and domestic partners of such Sub-owners (the Developer and all the other preceding classes of persons and entities are together the "Identified Parties"), shall not make a contribution of any amount to the Mayor of the City of Chicago (the "Mayor") or to his political fundraising committee (a) after execution of this Agreement by the Developer, (b) while this Agreement or any Other Contract (as hereinafter defined) is executory, (c) during the term of this Agreement or any Other Contract, or (d) during any period while an extension of this Agreement or any Other Contract is being sought or negotiated. This provision shall not apply to contributions made prior to May 16, 2011, the effective date of Executive Order 2011-4.

28.2 The Developer represents and warrants that from the later of (a) May 16, 2011, or (b) the date the City approached the Developer, or the date the Developer approached the City, as applicable, regarding the formulation of this Agreement, no Identified Parties have made a contribution of any amount to the Mayor or to his political fundraising committee.

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

28.4 The Developer agrees that the Identified Parties must not engage in any conduct whatsoever designed to intentionally violate this provision or Mayoral Executive Order No. 2011-4 or to entice, direct or solicit others to intentionally violate this provision or Mayoral Executive Order No. 2011-4.

28.5 Notwithstanding anything to the contrary contained herein, the Developer agrees that a violation of, non-compliance with, misrepresentation with respect to, or breach of any covenant or warranty under this Section 28 or violation of Mayoral Executive Order No. 2011-4 constitutes a breach and default under this Agreement, and under any Other Contract for which no opportunity to cure will be granted, unless the

City, in its sole discretion, elects to grant such an opportunity to cure. Such breach and default entitles the City to all remedies (including, without limitation, termination for default) under this Agreement, and under any Other Contract, at law and in equity. This provision amends any Other Contract and supersedes any inconsistent provision contained therein.

28.6 If the Developer intentionally violates this provision or Mayoral Executive Order No. 2011-4 prior to the Closing, the City may elect to decline to close the transaction contemplated by this Agreement.

28.7 For purposes of this provision:

(a) "Bundle" means to collect contributions from more than one source, which contributions are then delivered by one person to the Mayor or to his political fundraising committee.

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

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

(d) Individuals are "domestic partners" if they satisfy the following criteria:

(i) they are each other's sole domestic partner, responsible for each other's common welfare; and

(ii) neither party is married; and

(iii) the partners are not related by blood closer than would bar marriage in the State of Illinois; and

(iv) each partner is at least 18 years of age, and the partners are the same sex, and the partners reside at the same residence; and

(v) two of the following four conditions exist for the partners:

(1) The partners have been residing together for at least 12 months.

(2) The partners have common or joint ownership of a residence.

- (3) The partners have at least two of the following arrangements:
 - (A) joint ownership of a motor vehicle;
 - (B) joint credit account;
 - (C) a joint checking account;
 - (D) a lease for a residence identifying both domestic partners as tenants.
- (4) Each partner identifies the other partner as a primary beneficiary in a will.

(e) "Political fundraising committee" means a "political fundraising committee" as defined in Chapter 2-156 of the Municipal Code of Chicago, as amended.

SECTION 29. MISCELLANEOUS.

The following general provisions govern this Agreement:

29.1 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which, taken together, shall constitute a single, integrated instrument.

29.2 Cumulative Remedies. The remedies of any party hereunder are cumulative and the exercise of any one or more of such remedies shall not be construed as a waiver of any other remedy herein conferred upon such party or hereafter existing at law or in equity, unless specifically so provided herein.

29.3 Date for Performance. If the final date of any time period set forth herein falls on a Saturday, Sunday or legal holiday under the laws of Illinois or the United States of America, then such time period shall be automatically extended to the next business day.

29.4 Entire Agreement; Modification. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes any prior agreements, negotiations and discussions. This Agreement may not be modified or amended in any manner without the prior written consent of the parties hereto. No term of this Agreement may be waived or discharged orally or by any course of dealing, but only by an instrument in writing signed by the party benefitted by such term.

29.5 Exhibits. All exhibits referred to herein and attached hereto shall be deemed part of this Agreement.

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

29.7 Headings. The headings of the various sections and subsections of this Agreement have been inserted for convenience of reference only and shall not in any manner be construed as modifying, amending or affecting in any way the express terms and provisions hereof.

29.8 No Merger. The terms of this Agreement shall not be merged with the Deed, and the delivery of the Deed shall not be deemed to affect or impair the terms of this Agreement.

29.9 No Waiver. No waiver by the City with respect to any specific default by the Developer shall be deemed to be a waiver of the rights of the City with respect to any other defaults of the Developer, nor shall any forbearance by the City to seek a remedy for any breach or default be deemed a waiver of its rights and remedies with respect to such breach or default, nor shall the City be deemed to have waived any of its rights and remedies unless such waiver is in writing.

29.10 Severability. If any term of this Agreement or any application thereof is held invalid or unenforceable, the remainder of this Agreement shall be construed as if such invalid part were never included herein and this Agreement shall be and remain valid and enforceable to the fullest extent permitted by law.

29.11 Successors and Assigns. Except as otherwise provided in this Agreement, the terms and conditions of this Agreement shall apply to and bind the successors and assigns of the parties.

SECTION 30. COMPLIANCE WITH "SHAKMAN" ACCORD PROVISIONS

30.1 The City is subject to the June 16, 2014 "City of Chicago Hiring Plan" (as amended, the "2014 City Hiring Plan") entered in Shakman v. Democratic Organization of Cook County, Case No 69 C 2145 (United States District Court for the Northern District of Illinois). Among other things, the 2014 City Hiring Plan prohibits the City from hiring persons as governmental employees in non-exempt positions on the basis of political reasons or factors.

30.2 The Developer is aware that City policy prohibits City employees from directing any individual to apply for a position with the Developer, either as an employee or as a subcontractor, and from directing the Developer to hire an individual as an employee or as a subcontractor. Accordingly, the Developer must follow its own hiring and contracting procedures, without being influenced by City employees. Any and all personnel provided by the Developer under this Agreement are employees or subcontractors of the Developer, not employees of the City of Chicago. This Agreement is not intended to and does not constitute, create, give rise to, or otherwise recognize an

employer-employee relationship of any kind between the City and any personnel provided by the Developer.

30.3 The Developer will not condition, base, or knowingly prejudice or affect any term or aspect to the employment of any personnel provided under this Agreement, or offer employment to any individual to provide services under this Agreement, based upon or because of any political reason or factor, including, without limitation, any individual's political affiliation, membership in a political organization or party, political support or activity, political financial contributions, promises of such political support, activity or financial contributions, or such individual's political sponsorship or recommendation. For purposes of this Agreement, a political organization or party is an identifiable group or entity that has as its primary purpose the support of or opposition to candidates for elected public office. Individual political activities are the activities of individual persons in support of or in opposition to political organizations or parties or candidates for elected public office.

30.4 In the event of any communication to the Developer by a City employee or City official in violation of Section 30.2 above, or advocating a violation of Section 30.3 above, Developer will, as soon as is reasonably practicable, report such communication to the Hiring Oversight Section of the City's Office of the Inspector General (the "OIG"), and also to the head of the relevant City Department utilizing services provided under this Agreement. The Developer will also cooperate with any inquiries by the OIG.

SECTION 31. COMPLIANCE WITH "WASTE" PROVISIONS.

Any duly authorized representative of the City shall have access to the Property and to the real property on which the Addition Work is performed at all reasonable times for the purpose of determining whether the Developer is constructing the Project in accordance with the terms of this Agreement and all applicable federal, state and local statutes, laws, ordinances, codes, rules, regulations, orders and judgments, including, without limitation, Sections 7-28 and 11-4 of the Municipal Code of Chicago relating to waste disposal (collectively, the "Waste Sections"). Developer's violation of the Waste Sections (including, but not limited to, Sections 7-28-390 Dumping on public way; 7-28-440 Dumping on real estate without permit; 11-4-1410 Disposal in waters prohibited; 11-4-1420 Ballast tank, bilge tank or other discharge; 11-4-1450 Gas manufacturing residue; 11-4-1500 Treatment and disposal of solid or liquid waste; 11-4-1530 Compliance with rules and regulations required; 11-4-1550 Operational requirements; and 11-4-1560 Screening requirements), whether or not relating to the performance of this Agreement, constitutes a breach of and an event of default under this Agreement and entitles the City to all remedies under the Agreement, at law or in equity. This section does not limit Developer, general contractor's and its subcontractors' duty to comply with all applicable federal, state, county and municipal laws, statutes, ordinances and executive orders, in effect now or later, and whether or not they appear in this Agreement.

SECTION 32. FAILURE TO MAINTAIN ELIGIBILITY TO DO BUSINESS WITH THE CITY.

Failure by the Developer or any controlling person (as defined in Section 1-23-010 of the Municipal Code of Chicago) thereof to maintain eligibility to do business with the City of Chicago as required by Section 1-23-030 of the Municipal Code of Chicago prior to receipt of the Certificate of Completion shall be grounds for termination of the Agreement and the transactions contemplated thereby. The Developer shall at all times comply with Section 2-154-020 of the Municipal Code of Chicago.

SECTION 33. INSPECTOR GENERAL AND LEGISLATIVE INSPECTOR GENERAL.

It is the duty of every officer, employee, department, agency, contractor, subcontractor, developer and licensee of the City, and every applicant for certification of eligibility for a City contract or program, to cooperate with the City's Legislative Inspector General and with the City's Inspector General in any investigation or hearing undertaken pursuant to Chapters 2-55 and 2-56, respectively, of the Municipal Code of Chicago. The Developer understands and will abide by all provisions of Chapters 2-55 and 2-56 of the Municipal Code of Chicago.

[signature page follows]

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed on or as of the date first above written.

CITY OF CHICAGO, an Illinois municipal corporation

By: _____
David L. Reifman,
Commissioner
Department of Planning and Development

CARLING LLC,
an Illinois limited liability company

By: Carling-Michaels LLC, an Illinois limited liability company, a co-manager

By: _____,
Name: John J. O'Donnell
Its: President

By: Better Tomorrows-Carling LLC, an Illinois limited liability company, a co-manager

By: Michaels Community Services Corporation, a New Jersey non-profit corporation d/b/a Better Tomorrows

By: _____
Name:
Title:

STATE OF ILLINOIS)
) SS.
COUNTY OF COOK)

I, the undersigned, a Notary Public in and for said County, in the State aforesaid, do hereby certify that David L. Reifman, the Commissioner of the Department of Planning and Development of the City of Chicago, an Illinois municipal corporation, personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and, being first duly sworn by me, acknowledged that, as said Commissioner, he signed and delivered the foregoing instrument pursuant to authority given by the City of Chicago as his free and voluntary act and as the free and voluntary act and deed of said municipal corporation, for the uses and purposes therein set forth.

GIVEN under my notarial seal this ____ day of _____, 2016.

NOTARY PUBLIC

STATE OF ILLINOIS)
) SS.
COUNTY OF COOK)

I, the undersigned, a Notary Public in and for said County, in the State aforesaid, do hereby certify that John J. O'Donnell, the President of Carling-Michaels LLC, an Illinois limited liability company and a co-manager of Carling LLC, an Illinois limited liability company, personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and, being first duly sworn by me, acknowledged that he signed and delivered the foregoing instrument pursuant to authority given by said limited liability company, as his free and voluntary act and as the free and voluntary act and deed of said limited liability company as co-manager of Carling LLC, for the uses and purposes therein set forth.

GIVEN under my notarial seal this ____ day of _____, 2016.

NOTARY PUBLIC

STATE OF ILLINOIS)
) SS.
COUNTY OF COOK)

I, the undersigned, a Notary Public in and for said County, in the State aforesaid, do hereby certify that _____, the _____ of Michaels Community Services Corporation d/b/a Better Tomorrows, a New Jersey not-for-profit corporation, the sole member of Better Tomorrows-Carling LLC, an Illinois limited liability company and a co-manager of Carling LLC, personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and, being first duly sworn by me, acknowledged that she signed and delivered the foregoing instrument pursuant to authority given by said limited liability company, as her free and voluntary act and as the free and voluntary act and deed of said corporation, as the sole member of the co-manager for the benefit of Carling LLC, for the uses and purposes therein set forth.

GIVEN under my notarial seal this ____ day of _____, 2016.

NOTARY PUBLIC

EXHIBIT A to Redevelopment Agreement

LEGAL DESCRIPTION OF PROPERTY

(Subject to final title commitment and survey)

LOTS 2, 3 AND 4 (EXCEPT THAT PART OF EACH OF SAID LOTS LYING BETWEEN THE WEST LINE OF NORTH LA SALLE STREET AND A LINE 14 FEET WEST OF AND PARALLEL WITH THE WEST LINE OF NORTH LA SALLE STREET) IN HUFMEYER'S SUBDIVISION OF LOT 113 OF BRONSON'S ADDITION TO CHICAGO IN THE NORTHEAST ¼ OF SECTION 4, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PIN: 17-04-204-027-0000

Commonly known as: 1512 North LaSalle Street, Chicago, IL 60610

EXHIBIT B to Redevelopment Agreement

NARRATIVE DESCRIPTION OF PROJECT

The Developer shall rehabilitate the building on the Property, which rehabilitation will involve historic restoration of the main façade and historically significant elements in the common areas throughout the building. The two (2) existing commercial spaces on the first floor will remain. Common corridor walls will remain, and demising walls between the units will be removed. Units will be reconfigured from 155 units to 80 units, and will be outfitted with private baths and kitchenettes. All major systems will be replaced, including mechanical, electrical, plumbing, and elevator. After the rehabilitation is completed, all units will be on 1-year leases.

Other amenities, include, window treatments; secure key fob entry to the building; elevator, and common spaces; on-site laundry facilities; a trash chute; on-site property management; and supportive services.

EXHIBIT C to Redevelopment Agreement

WORKING DRAWINGS AND SPECIFICATIONS

[To Come]

EXHIBIT D to Redevelopment Agreement

FORM OF SUBORDINATION AGREEMENT

[Attached]

This instrument prepared by and
after recording should be returned to:

City of Chicago
Department of Law, Real Estate Division
121 North LaSalle Street, Room 600
Chicago, Illinois 60602

REDEVELOPMENT SUBORDINATION AGREEMENT

This Redevelopment Subordination Agreement ("Agreement") is executed and delivered as of _____, 2016, by _____ [Insert name of Lender], a _____ [Insert type of entity and state of formation] ("Lender"), in favor of the City of Chicago, an Illinois municipal corporation (the "City").

WITNESSETH:

WHEREAS, Carling LLC, an Illinois limited liability company (the "Developer"), and the City, acting by and through its Department of Planning and Development, have entered into that certain Agreement for the Redevelopment of Land dated as of _____, 2016, and recorded with the Office of the Recorder of Deeds of Cook County, Illinois, on _____, 2016, as Document No. _____ ("Redevelopment Agreement"), pursuant to which the Developer has agreed to develop eighty (80) affordable efficiency units (each with a private bath and small kitchen) (the "Project") on the improved, real property legally described on Exhibit A attached hereto (the "Property"); and

WHEREAS, as part of obtaining financing for the Project, the Developer and the Lender have entered into that certain Loan Agreement dated as of _____, 20__ (the "Loan Agreement"), pursuant to which the Lender has agreed to provide a loan in the principal amount of up to _____ Dollars (\$_____) (the "Loan"), which Loan is evidenced by a Promissory Note (the "Note") in said amount to be executed and delivered by the Developer to the Lender, and the repayment of the Loan is secured by certain liens and encumbrances on the Property

pursuant to the Loan Agreement (all such agreements being referred to herein collectively as the "Loan Documents"); and

WHEREAS, pursuant to the Redevelopment Agreement, the Developer has agreed to be bound by certain covenants expressly running with the Property, as set forth in Sections 12, 14, 15, 16 and 22.3 of the Redevelopment Agreement (the "City Encumbrances"); and

WHEREAS, the Redevelopment Agreement requires that the Lender agree to subordinate its liens under the Loan Documents to the City Encumbrances.

NOW, THEREFORE, for good and valuable consideration, the receipt, adequacy and sufficiency of which are hereby acknowledged, the Lender hereby agrees as follows:

1. Subordination. All rights, interests and claims of the Lender in the Property pursuant to the Loan Documents are and shall be subject and subordinate to the City Encumbrances. Nothing herein, however, shall be deemed to extend the subordination contained herein to additional terms of the Redevelopment Agreement, nor to limit any of the Lender's other rights or other priorities under the Loan Documents, including, without limitation, the Lender's rights to receive, and the Developer's obligation to make, payments and prepayments of principal and interest on the Note or to exercise the Lender's rights pursuant to the Loan Documents except as provided herein.

2. Notice of Default. The Lender shall use reasonable efforts to give to the City (a) copies of any notices of default which it may give to the Developer with respect to the Project pursuant to the Loan Documents, and (b) copies of waivers, if any, of the Developer's default in connection therewith. Neither the Developer nor any other third party is an intended beneficiary of this Section 2. Failure of the Lender to deliver such notices or waivers shall in no instance alter the rights or remedies of the Lender under the Loan Documents.

3. Waivers. No waiver shall be deemed to be made by the City of any of its rights hereunder unless the same shall be in writing, and each waiver, if any, shall be a waiver only with respect to the specific instance involved and shall in no way impair the rights of the City in any other respect at any other time.

4. Governing Law; Binding Effect. This Agreement shall be interpreted, and the rights and liabilities of the parties hereto determined, in accordance with the internal laws and decisions of the State of Illinois, without regard to its conflict of laws principles, and shall be binding upon and inure to the benefit of the respective successors and assigns of the City and the Lender.

5. Section Titles; Plurals. The section titles contained in this Agreement are and shall be without substantive meaning or content of any kind whatsoever and are not a part of the agreement between the parties hereto. The singular form of any word used in this Agreement shall include the plural form.

6. Notices. Any notice required hereunder shall be in writing and addressed to the parties as set forth below by any of the following means: (a) personal service; (b) overnight courier; or (c) registered or certified first class mail, postage prepaid, return receipt requested:

If to the City: City of Chicago
Department of Planning and Development
121 North LaSalle Street, Room 1000
Chicago, Illinois 60602
Attn: Commissioner

With a copy to: City of Chicago
Department of Law
121 North LaSalle Street, Room 600
Chicago, Illinois 60602
Attn: Real Estate and Land Use Division

If to the Lender: _____

Attn: _____

Any notice given pursuant to clause (a) hereof shall be deemed received upon such personal service. Any notice given pursuant to clause (b) shall be deemed received on the day immediately following deposit with the overnight courier. Any notice given pursuant to clause (c) shall be deemed received three (3) business days after mailing. The parties, by notice given hereunder, may designate any further or different addresses to which subsequent notices, demands or communications shall be given.

IN WITNESS WHEREOF, Lender has executed this Redevelopment Subordination Agreement as of the date first written above.

[Lender]

By: _____
Name: _____
Its: _____

STATE OF ILLINOIS)

) SS.

COUNTY OF COOK)

I, _____, a Notary Public in and for said County,
in the State aforesaid, do hereby certify that _____, the _____
of _____, a(n) _____
[insert type of entity and state of formation], personally known to me to be the same
person whose name is subscribed to the foregoing instrument, appeared before me this
day in person and, being first duly sworn by me, acknowledged that he signed and
delivered the foregoing instrument pursuant to authority given by said company, as his
free and voluntary act and as the free and voluntary act and deed of said company, for the
uses and purposes therein set forth.

GIVEN under my notarial seal this ____ day of _____, 2016.

Notary Public

Exhibit A to Subordination Agreement

Legal Description

LOTS 2, 3 AND 4 (EXCEPT THAT PART OF EACH OF SAID LOTS LYING BETWEEN THE WEST LINE OF NORTH LA SALLE STREET AND A LINE 14 FEET WEST OF AND PARALLEL WITH THE WEST LINE OF NORTH LA SALLE STREET) IN HUFMEYER'S SUBDIVISION OF LOT 113 OF BRONSON'S ADDITION TO CHICAGO IN THE NORTHEAST ¼ OF SECTION 4, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

PIN: 17-04-204-027-0000

Commonly known as: 1512 North LaSalle Street, Chicago, IL 60610

EXHIBIT E to Redevelopment Agreement

PROHIBITED RETAIL TENANT USES

The following retail tenant uses are prohibited: an automobile body and fender shop; an automobile repairs shop (mechanical or otherwise) or any business servicing motor vehicles, including, without limitation, any quick lube oil change services, tire centers, or any business storing or selling gasoline or diesel fuel at retail or wholesale; a shooting gallery; a pawn shop; a massage parlor; an off-track betting establishment; a church or other house of worship (except if such restriction would violate applicable laws); a night club; a flea market; mortuaries or funeral homes; a currency exchange; a resale shop; the manufacture, storage, distribution, production, sale of or any use involving pornographic materials or items, or any establishment featuring nude, topless or partially-clad dancing; and any other uses prohibited by zoning or the applicable planned development ordinance.



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OFFICE OF THE MAYOR
CITY OF CHICAGO

RAHM EMANUEL
MAYOR

June 22, 2016

TO THE HONORABLE, THE CITY COUNCIL
OF THE CITY OF CHICAGO

Ladies and Gentlemen:

At the request of the Commissioner of Planning and Development, I transmit herewith an ordinance authorizing the acquisition and disposition of property located at 1512 North LaSalle Street.

Your favorable consideration of this ordinance will be appreciated.

Very truly yours,

Mayor

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CHICAGO July 20, 2016

To the President and Members of the City Council:

Your Committee on Finance having had under consideration

An ordinance concerning the authority to acquire and convey property located at 1512 N. LaSalle Street and to enter into a Redevelopment Agreement with Carling LLC.

02016-5449

Amount of Loan: \$2,700,000

Having had the same under advisement, begs leave to report and recommend that your Honorable Body pass the Ordinance Transmitted Herewith

This recommendation was concurred in by _____ (a viva voce vote of members of the committee with _____ dissenting vote(s)).

Respectfully submitted

(signed) Edward and Mr. B...

Chairman

APPROVED
[Signature]
CORPORATION COUNSEL

APPROVED
[Signature]
8/13/16 Mayor