



# Office of the City Clerk



F2013-20

Office of the City Clerk

## City Council Document Tracking Sheet

<b>Meeting Date:</b>	3/13/2013
<b>Sponsor(s):</b>	Mendoza, Susana A. (Clerk)
<b>Type:</b>	Communication
<b>Title:</b>	Notification of Sale of City of Chicago Multi-Family Housing Revenue Bonds, Series 2012 (Shops and Lofts at 47th Project)
<b>Committee(s) Assignment:</b>	



DEPARTMENT OF FINANCE  
CITY OF CHICAGO

February 15, 2013

Susana Mendoza  
City Clerk  
121 North LaSalle Street  
Room 107  
Chicago, Illinois 60602

RE: City of Chicago, Illinois  
Multi-Family Housing Revenue Bonds,  
(Shops and Lofts at 47<sup>th</sup> Project),  
Series 2013

Dear Ms. Mendoza:

Attached is the Notification of Sale which is required to be filed with your office pursuant to Section (8) of the ordinance issuing City of Chicago Multi-Family Housing Revenue Bonds, Series 2012 (Shops and Lofts at 47<sup>th</sup> Project) and Execution of Redevelopment Agreement with certain developer entities for construction of affordable Multi-Family Housing, which was passed by the City Council on October 31<sup>st</sup>, 2012.

Please direct this filing to the City Council.

Very Truly Yours,

Lois A. Scott  
Chief Financial Officer

**NOTIFICATION OF SALE  
OF  
CITY OF CHICAGO  
\$16,800,000  
Multi-Family Housing Revenue Bond  
(Shops and Lofts at 47th Project), Series 2013**

To: The City Council of the City of Chicago

Please be advised as of this 1st day of February, 2013, that responsive to authority contained in the Ordinance adopted by the City Council (the "*City Council*") of the City of Chicago (the "*City*") on October 31, 2012 (the "*Ordinance*"), providing for the issuance of \$16,800,000 Multi-Family Housing Revenue Bond (Shops and Lofts at 47th Project), Series 2013 (the "*Bond*"), and with the concurrence of the Chairman of the Committee on Finance of the City Council, (i) a Bond Issuance Agreement dated as of February 1, 2013 (the "*Bond Issuance Agreement*"), providing for the sale of the Bond at an aggregate purchase price of \$16,800,000, was entered into by me, as the Chief Financial Officer, on behalf of the City with JPMorgan Chase Bank, N.A., as Bondholder (the "*Bondholder*"), and JPMorgan Chase Bank, N.A., as Fiscal Agent (the "*Fiscal Agent*"), and (ii) a Loan Agreement dated as of February 1, 2013 (the "*Loan Agreement*") was entered into by me, as Chief Financial Officer, on behalf of the City with Lofts 47 Phase I Limited Partnership (the "*Borrower*"). Capitalized terms defined in the Ordinance are used with the same meanings herein.


The Ordinance provided that the Bond may be issued in such principal amount (not to exceed \$20,000,000), mature on such date (not later than four (4) years after the date of issuance thereof), bear interest at rates per annum at such rates (not to exceed 12%), be subject to redemption and grant tender rights to the holder of the Bond all as established in the Bond Issuance Agreement. The Bond was sold to the Bondholder at a purchase price of \$16,800,000, which sale was not less than 100% of the principal amount thereof. The compensation (including all fees) being paid to the Bondholder and the Fiscal Agent in connection with the sale of the Bond is \$0. No portion of such compensation or reimbursement of expenses is being paid from proceeds of the Bond. Such compensation does not exceed 2% of the aggregate principal amount of the Bond. The Bond matures on August 1, 2015 (subject to an optional extension to February 1, 2016 as provided in the Bond Issuance Agreement) and are subject to redemption and prepayment, respectively, as set forth in Appendix A.

Attached hereto as Exhibits A and B, respectively, are executed copies of the Bond Issuance Agreement and of the Loan Agreement.

OFFICE OF THE  
CITY CLERK  
2013 FEB 15 PM 5:25  
CITY OF CHICAGO

**ACKNOWLEDGEMENT OF FILING**


The Notification of Sale of \$20,000,000 Multi-Family Housing Revenue Bond (Shops and Lofts at 47th Project), Series 2013 was filed in the office of the City Clerk of the City of Chicago, this 15 day of February, 2013.

By:   
Susana A. Mendoza, City Clerk

[SEAL]

Respectfully submitted as of the day and year first set forth above.

By:

  
Lois A. Scott, Chief Financial Officer

NOTIFICATION OF SALE

## **APPENDIX A**

### **TERMS OF BOND**

Re: City of Chicago Multi-Family Housing Revenue Bond (Shops and Lofts at 47th Project),  
Series 2013

The Bond is dated February 15, 2013, matures August 1, 2015 (subject to an optional extension to February 1, 2016 as provided in the Bond Issuance Agreement), is in the principal amount of \$16,800,000, and is subject to redemption and prepayment as described in the Bond.

**EXHIBIT A**  
**BOND ISSUANCE AGREEMENT**

**(SEE ITEM NO. 1)**

---

**BOND ISSUANCE AGREEMENT**

among

**CITY OF CHICAGO**

**JPMORGAN CHASE BANK, N.A.,**

as Bondholder

and

**JPMORGAN CHASE BANK, N.A.,**

as Fiscal Agent

Dated as of February 1, 2013

~~—————\$16,800,000.00—————~~

City of Chicago

Multi-Family Housing Revenue Bond

(Shops and Lofts at 47th Project), Series 2013

---



## Table of Contents

	Page
ARTICLE I      DEFINITIONS AND INTERPRETATIONS.....	3
Section 1.01. Definitions.....	3
Section 1.02. Interpretation.....	3
ARTICLE II      BOND.....	4
Section 2.01. Authorization of Bond.....	4
Section 2.02. Issuance of Bond; Payments.....	4
Section 2.03. Interest Rates on Bond.....	5
Section 2.04. Interest Payment Dates.....	5
Section 2.05. Interest on Amounts Past Due.....	5
Section 2.06. Transfers of Bond.....	6
Section 2.07. Intentionally Omitted.....	6
Section 2.08. Execution; Limited Obligation.....	6
Section 2.09. Authentication.....	6
Section 2.10. Form of the Bond and Temporary Bond.....	6
Section 2.11. Delivery of the Bond.....	7
Section 2.12. Mutilated, Lost, Stolen or Destroyed Bond.....	7
Section 2.13. Bond Registrar; Registration Books; Persons Treated as Bondholder; Restrictions on Transfer.....	8
Section 2.14. Cancellation of Bond.....	8
Section 2.15. Conditions to Bondholder's Purchase of the Bond.....	9
ARTICLE III      REDEMPTION OF BOND BEFORE MATURITY; CHANGES IN CIRCUMSTANCE.....	9
Section 3.01. Optional Redemption.....	9
Section 3.02. Mandatory Redemption.....	9
Section 3.03. Funding Losses.....	9
ARTICLE IV      REVENUES AND FUNDS.....	10
Section 4.01. Revenues; Payment Notations.....	10
Section 4.02. Creation of Construction Fund; Disbursements.....	10
Section 4.03. Fiscal Agent's Fees, Charges and Expenses.....	11
Section 4.04. Moneys to be Held in Trust.....	11
Section 4.05. Repayment of Excess Moneys.....	11
ARTICLE V      INVESTMENT OF MONEYS.....	12
Section 5.01. Investment of Moneys.....	12
Section 5.02. Investments through Fiscal Agent's Investment Department.....	12
ARTICLE VI      GENERAL COVENANTS OF ISSUER.....	12
Section 6.01. Payment of Principal and Interest.....	12

Section 6.02.	Performance of Covenants.....	12
Section 6.03.	Assigned Rights; Instruments of Further Assurance.....	13
Section 6.04.	Recordation and Other Instruments.....	13
Section 6.05.	Inspection of Books.....	14
Section 6.06.	Rights Under Loan Agreement.....	14
Section 6.07.	Prohibited Activities.....	14
Section 6.08.	Arbitrage.....	14
Section 6.09.	Representations of the Issuer Contained in Loan Agreement.....	14
ARTICLE VII	DEFAULT PROVISIONS AND REMEDIES OF BONDHOLDER.....	14
Section 7.01.	Events of Default.....	14
Section 7.02.	Acceleration.....	15
Section 7.03.	Other Remedies; Rights of Bondholder.....	15
Section 7.04.	Appointment of Receivers.....	16
Section 7.05.	Waiver of Rights.....	16
Section 7.06.	Application of Funds.....	16
Section 7.07.	Termination of Proceedings.....	16
Section 7.08.	Termination of Bond Issuance Agreement.....	16
Section 7.09.	Waivers of Events of Default.....	17
Section 7.10.	Cooperation of the Issuer.....	17
ARTICLE VIII	FISCAL AGENT.....	17
Section 8.01.	Appointment of Fiscal Agent.....	17
Section 8.02.	Successor Fiscal Agents.....	18
Section 8.03.	Indemnification and Reimbursement of Fees of Fiscal Agent and Issuer.....	18
ARTICLE IX	MISCELLANEOUS.....	18
Section 9.01.	Unclaimed Moneys.....	18
Section 9.02.	Consents of Bondholder.....	19
Section 9.03.	Limitation of Rights.....	19
Section 9.04.	Severability.....	19
Section 9.05.	Notices.....	20
Section 9.06.	Payments Due on Saturdays, Sundays and Holidays.....	20
Section 9.07.	Duplicates.....	20
Section 9.08.	Governing Law.....	20
Section 9.09.	Immunity of Issuer's Officers.....	20
Section 9.10.	Continuing Assignment and Security Interest Upon Transfer of Bond.....	20
Section 9.11.	Amendments, Changes and Modifications.....	20
Section 9.12.	Term of this Bond Issuance Agreement.....	21
Section 9.13.	Binding Effect.....	21
Section 9.14.	Waivers.....	21
Section 9.15.	Participation.....	21
Section 9.16.	Entire Agreement.....	21
Exhibit A – Definitions		
Exhibit B – Form of Bond		
Exhibit C – Legal Description		

Exhibit D – Form of Qualified Transferee Letter  
Exhibit E – Form of Sophisticated Investor Letter

## **BOND ISSUANCE AGREEMENT**

This BOND ISSUANCE AGREEMENT, dated as of February 1, 2013 (this "Bond Issuance Agreement"), among the CITY OF CHICAGO, a municipal corporation and home rule unit of local government under the Constitution and laws of the State of Illinois (the "Issuer"), JPMORGAN CHASE BANK, N.A., a national banking association, as purchaser of the Bond hereafter described (in such capacity, the "Bondholder"), and JPMORGAN CHASE BANK, N.A., a national banking association, as fiscal agent for the Bond (in such capacity, the "Fiscal Agent"),

### **WITNESSETH:**

WHEREAS, by virtue of Section 6(a) of Article VII of the 1970 Constitution of the State of Illinois, the Issuer is a home rule unit of local government and as such may exercise any power and perform any function pertaining to its government and affairs; and

WHEREAS, as a home rule unit and pursuant to the Constitution, the Issuer is authorized and empowered to issue multi-family housing revenue bonds for the purpose of financing the cost of acquiring, constructing, and equipping an affordable multi-family housing facility for low- and moderate-income families located in the City; and

WHEREAS, the Issuer has determined to issue, sell and deliver its \$16,800,000.00 Multi-Family Housing Revenue Bond (Shops and Lofts at 47th Project), Series 2013 (the "Bond"), as provided herein, and to lend the proceeds thereof to Lofts 47 Phase I Limited Partnership, an Illinois limited partnership (the "Owner"), for the purpose of financing a portion of the cost of acquiring, constructing, and equipping the Project (as hereinafter defined); and

WHEREAS, the Issuer and the Owner have entered into the Loan Agreement (as hereinafter defined) providing for the loan of the proceeds of the Bond to the Owner for the purposes described in the preceding paragraph; and

WHEREAS, the Loan Agreement provides for the issuance by the Owner of the Owner Note (as hereinafter defined); and

WHEREAS, the Issuer will pledge and assign the Owner Note and the Loan Agreement to the Bondholder under an Assignment (as hereinafter defined); and

WHEREAS, the Bond is secured by and payable from Revenues (as hereinafter defined) and the other security provided herein, including the Owner Collateral Documents (as hereinafter defined); and

WHEREAS, it has been determined that the Bond should be issued, sold and delivered, to provide funds in order to make a loan to the Owner to pay a portion of the cost of acquiring, constructing, and equipping the Project and related expenses; and

WHEREAS, all things necessary to make the Bond, when authenticated by the Fiscal Agent and issued as provided in this Bond Issuance Agreement, the legal, valid and binding limited obligation of the Issuer according to the terms thereof, and to constitute this Bond Issuance Agreement a valid assignment and pledge of the amounts assigned and pledged to the payment of the principal of and interest on the Bond, and a valid assignment and pledge of the right, title and interest of the Issuer under the Loan Agreement (except that Issuer shall

retain certain rights thereunder which rights may also be enforced, to the extent applicable, by the Bondholder) and the Owner Note, have been done and performed, and the creation, execution and delivery of this Bond Issuance Agreement, and the creation, execution and issuance of the Bond, subject to the terms hereof, have in all respects been duly authorized;

NOW, THEREFORE, THIS BOND ISSUANCE AGREEMENT WITNESSETH:

That the Issuer in consideration of the promises and the mutual covenants contained herein, and of the purchase and acceptance of the Bond by the Bondholder, and of the sum of one dollar, in lawful money of the United States of America, to it duly paid by the Bondholder at or before the execution and delivery of these presents, and for other good and valuable consideration (the receipt, sufficiency and adequacy of which are hereby acknowledged), in order to secure the payment of the principal of and interest on the Bond according to their tenor and effect, and in order to secure the performance and observance by the Issuer of all the covenants and conditions expressed or implied herein and in the Bond, does hereby grant, bargain, sell, convey, assign and pledge, and grant a security interest in, the following described property (collectively, the "Security for the Bond"), to the Bondholder, forever, to the extent provided in this Bond Issuance Agreement:

GRANTING CLAUSE FIRST

All right, title, interest and benefits of the Issuer in and to the Loan Agreement (except that Issuer shall retain the Issuer Reserved Rights) and the Owner Note (including all extensions and renewals of the term thereof, if any), including, but without limiting the generality of the foregoing, the present and continuing right to make claim for, collect, receive and receipt for any of the income, revenues, issues and profits and other sums of money payable or receivable thereunder, whether payable in respect of the indebtedness thereunder or otherwise, to issue approvals, authorizations and directions, to receive notices, to bring actions and proceedings thereunder or for the enforcement thereof, and to do any and all things that the Issuer is or may become entitled to do under the Loan Agreement and the Owner Note, provided that the assignment made by this clause shall not impair or diminish any obligation of the Issuer under the Loan Agreement to the extent provided therein; and

GRANTING CLAUSE SECOND

All moneys and securities of the Issuer from time to time held by the Fiscal Agent or by the Bondholder under the terms of this Bond Issuance Agreement, and any and all other real or personal property of every type and nature from time to time hereafter by delivery or by writing of any kind conveyed, mortgaged, pledged, assigned or transferred, as and for additional security hereunder, by the Issuer or by anyone on its behalf, or with its written consent, to the Fiscal Agent or the Bondholder, each of whom is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof; and

GRANTING CLAUSE THIRD

All funds paid over to the Fiscal Agent to provide for the payment of the Bond in accordance with the Pledge Agreement, and all right, title and interest of the Issuer in and to the Owner Collateral Documents, including moneys and investments held pursuant thereto, subject to the provisions thereof permitting the use of funds held thereunder to or for the uses therein provided.

TO HAVE AND TO HOLD all and singular the Security for the Bond, whether now owned or hereafter acquired, unto the Bondholder and its successors and assigns forever.

THIS BOND ISSUANCE AGREEMENT FURTHER WITNESSETH, and it is expressly declared, that the Bond issued pursuant to the Ordinance and secured hereunder is to be issued, authenticated and delivered, and all said property, rights and interest, including, without limitation, the amounts hereby assigned and pledged, are to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as hereinafter expressed, and the Issuer has agreed and covenanted, and does hereby agree and covenant with the Fiscal Agent and with the Bondholder as follows (subject, however, to the provisions of Section 2.08 hereof):

## ARTICLE I

### DEFINITIONS AND INTERPRETATIONS

**Section 1.01. Definitions.** Capitalized terms used in this Bond Issuance Agreement without definition shall have the respective meanings given to such terms in Section 1.1 of the Loan Agreement and in Exhibit A attached hereto and made a part hereof, unless the context or use clearly indicates another or different meaning or intent.

**Section 1.02. Interpretation.** In this Bond Issuance Agreement, except as otherwise expressly provided or unless the context otherwise requires: the words "hereby," "hereof," "herein," "hereunder" and any similar words used in this Bond Issuance Agreement refer to this Bond Issuance Agreement as a whole and not to any particular Article, Section or other subdivision, the word "heretofore" shall mean before, the word "hereafter" shall mean after, the date of this Bond Issuance Agreement, and the word "including" shall mean "including, without limitation";

(ii) all accounting terms not otherwise defined herein shall have the meanings assigned to them in accordance with generally accepted accounting principles;

(iii) any headings preceding the text of the several Articles and Sections of this Bond Issuance Agreement, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall neither constitute a part of this Bond Issuance Agreement nor affect its meaning, construction or effect;

(iv) words importing the redemption or redeeming of the Bond or the calling of the Bond for redemption do not include or connote the payment of the Bond at their stated maturity or the purchase of the Bond;

(v) any certificate, letter or opinion required to be given pursuant to this Bond Issuance Agreement shall mean a signed document attesting to or acknowledging the circumstances, representations, opinions of law or other matters therein stated or set forth, or setting forth matters to be determined pursuant to this Bond Issuance Agreement; and

(vi) the recitals and granting clauses appearing above are an integral part hereof and are fully incorporated herein by this reference.

## ARTICLE II

### BOND

**Section 2.01. Authorization of Bond.** The Bond shall be issued under the provisions of this Bond Issuance Agreement in accordance with this Article.

**Section 2.02. Issuance of Bond; Payments.** (a) The Bond shall be designated "City of Chicago Multi-Family Housing Revenue Bond (Shops and Lofts at 47th Project), Series 2013," and shall be issued in substantially the form of Exhibit B hereto. The Bond shall mature on the Maturity Date, shall bear interest on disbursed amounts from the respective dates of disbursement, and shall be issuable only as a registered Bond without coupons. The Bond shall be lettered and numbered R-1.

(b) The Bond shall be dated the Closing Date. Any Bond issued in substitution therefor at any time thereafter shall be dated its respective date of delivery.

(c) Except to the extent that the provisions of Article III or Section 7.02 hereof with respect to redemption or acceleration prior to maturity may become applicable hereto, the Bond shall mature as to principal as provided above.

(d) All payments on the Bond shall be first applied to interest on the unpaid principal balance, then to the unpaid principal balance and any remaining amount to any unpaid collection costs, late charges and other charges, provided, however, upon an Event of Default, the Bondholder reserves the right to apply payments among principal, interest, late charges, collection costs and other charges at its sole discretion. Any prepayments permitted hereunder shall be applied as the Bondholder from time to time determines in its sole discretion. The Bondholder shall make all notations upon the Bond or in the Bondholder's books and records as provided in Section 2.3(c) of the Loan Agreement, which records shall be conclusive absent manifest error.

(e) The principal of and interest on the Bond shall be payable in lawful money of the United States of America. Such principal and interest shall be payable at the principal office of the Bondholder or as otherwise directed in writing by the Bondholder. If any payment under the Bond is due and payable on a day which is not a Business Day, such payment shall be made on the next succeeding Business Day and any such extension of time shall be included in the computation of the payment of interest on the Bond. All payments of principal and interest under the Bond shall be made without deduction of any present or future taxes, levies, imposts, duties, fees, assessments, withholdings or other charges, which amounts shall be paid by the Owner, and without any other setoff or counterclaim of any kind.

(f) The Maturity Date for the Bond may be extended on a one-time basis for six months to February 1, 2016 upon delivery by the Owner to the Issuer and the Bondholder of a written notice and direction to extend the Maturity Date, which notice must be received by the Issuer and the Bondholder at least 30 but no more than 90 days prior to the original Maturity Date. Such extension shall also be conditioned upon the following: (i) the Project is Complete (as defined in Section 7.11 of the Loan Agreement, (ii) no Unmatured Event of Default, Default or Event of Default exists, (iii) the extension does not affect the exclusion of interest on the Bond from the gross income of the Bondholder for federal income tax purposes, (iv) all conditions to the Extension, as defined in the Bondholder Loan Agreement, set forth in Section 3.6 of the

Bondholder Loan Agreement, shall have been satisfied, and (v) the Owner pays the Bondholder a renewal fee in an amount equal to 1/4 of 1% of the Outstanding principal amount of the Bond.

**Section 2.03. Interest Rates on Bond.** (a) The unpaid portion of the principal amount of the Bond which has been advanced shall bear interest at the Interest Rate.

(b) If prior to the commencement of any Interest Period: (i) the Bondholder determines (which determination shall be conclusive absent manifest error) that adequate and reasonable means do not exist for ascertaining the Adjusted LIBO Rate for such Interest Period; or (ii) the Adjusted LIBO Rate for such Interest Period will not adequately and fairly reflect the cost to the Bondholder of making or maintaining the advance of proceeds of the Bond for such Interest Period; then the Bondholder shall give notice thereof to the Owner by telephone or facsimile as promptly as practical thereafter and, until the Bondholder notifies the Owner that the circumstances giving rise to such notice no longer exist, any advance, or continuation of an advance, shall bear interest at the Alternate Rate.

(c) Notwithstanding the foregoing, from and after the occurrence of an Event of Default, the outstanding principal balance of the Bond, and any amount payable by the Owner under the Loan Agreement, the Owner Note or any of the Owner Collateral Documents, shall bear interest, after as well as before judgment, at the Past Due Rate.

(d) Accrued interest shall be payable in arrears on each Interest Payment Date and upon maturity of the Loan; provided that interest accrued pursuant to Section 2.03(c) (including interest on past due interest) shall be payable on demand.

(e) All interest hereunder shall be computed on the basis of a year of 360 days, and in each case shall be payable for the actual number of days elapsed (including the first day but excluding the last day). The Interest Rate (or, if applicable, the Alternate Rate) shall be determined by the Bondholder and such determination shall be conclusive and binding upon the Owner absent manifest error.

(f) Interest on disbursed amounts under the Bond and the Owner Note shall be payable monthly commencing on the Interest Payment Date of the calendar month following the Closing Date and continuing on the Payment Date of each month thereafter, on any date of redemption and on the Maturity Date.

**Section 2.04. Interest Payment Dates.** Interest on disbursed amounts under the Bond and the Owner Note shall be payable monthly commencing on the tenth (10th) day of the calendar month following the Closing Date and continuing on the tenth (10th) day of each month thereafter, on any date of redemption and on the Maturity Date.

**Section 2.05. Interest on Amounts Past Due.** Notwithstanding anything in this Article II to the contrary, if the Issuer shall fail to make any of the payments required to be made by it under this Bond Issuance Agreement, including, without limitation, any mandatory redemption required by Section 3.02 of this Bond Issuance Agreement, or under the Bond, such payment shall continue as an obligation of the Issuer until the unpaid amount overdue shall have been fully paid and interest on the principal amount of the Bond so overdue shall continue to accrue at the applicable Past Due Rate, from the date such payment was due until the date such payment is made or the date the Bond has been repaid in full, whichever is earlier.



**Section 2.06. Transfers of Bond.** The Bond may be transferred in whole, and not in part, but only to a single Qualified Transferee who has executed and delivered to the Issuer a letter in the form of the Qualified Transferee letter attached hereto as Exhibit D; all of the Bond shall be so transferred if any of the Bond is so transferred. Successive transfers of the Bond are permitted, subject to the limitations set forth in this Section. Notwithstanding the foregoing, the Bondholder may sell participating interests in the Bond in accordance with applicable law.

**Section 2.07. Intentionally Omitted.**

**Section 2.08. Execution; Limited Obligation.** (a) The Bond shall be executed on behalf of the Issuer with the manual or facsimile signature of its Mayor and shall be acknowledged by the manual or facsimile signature of the City Clerk of the Issuer, and the seal of the Issuer shall be impressed, imprinted or reproduced thereon. In case any officer whose signature shall appear on the Bond shall cease to be such officer before the delivery of the Bond, such signature shall nevertheless be valid and sufficient for all purposes, the same as if he had remained in office until delivery. The Bond may be signed on behalf of the Issuer by such persons who, at the time of the execution of the Bond, are duly authorized or hold the appropriate offices of the Issuer, although on the date of the Bond such persons were not so authorized or did not hold such offices.

(b) THE BOND AND THE INTEREST THEREON CONSTITUTE SPECIAL, LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE SOLELY FROM THE PAYMENTS TO BE MADE BY THE OWNER UNDER THE LOAN AGREEMENT OR FROM THE OTHER SOURCES SPECIFIED OR REFERRED TO IN THIS BOND ISSUANCE AGREEMENT, ALL OF WHICH ARE SPECIFICALLY ASSIGNED AND PLEDGED TO SUCH PURPOSES IN THE MANNER AND TO THE EXTENT PROVIDED HEREIN. THE BOND AND ALL OTHER OBLIGATIONS OF THE ISSUER IN CONNECTION THEREWITH DO NOT CONSTITUTE A DEBT OF THE ISSUER, THE STATE OF ILLINOIS OR ANY POLITICAL SUBDIVISION THEREOF, AND NEITHER THE ISSUER NOR THE STATE OF ILLINOIS OR ANY POLITICAL SUBDIVISION THEREOF, SHALL BE LIABLE THEREON, NOR IN ANY EVENT SHALL THE BOND OR OTHER OBLIGATIONS BE PAYABLE OUT OF ANY FUNDS OR PROPERTIES OTHER THAN THOSE PLEDGED UNDER THIS BOND ISSUANCE AGREEMENT AND THOSE OTHER AGREEMENTS SPECIFICALLY SECURING THE BOND. THE BOND SHALL NOT CONSTITUTE AN INDEBTEDNESS OF THE ISSUER, THE STATE OF ILLINOIS OR ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT PROVISION.

**Section 2.09. Authentication.** The Bond shall not be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Issuance Agreement unless and until a certificate of authentication on the Bond, substantially in the form herein set forth, shall have been duly executed by the Fiscal Agent, and such executed certificate of the Fiscal Agent upon the Bond shall be conclusive evidence that the Bond has been authenticated and delivered under this Bond Issuance Agreement. The Fiscal Agent's certificate of authentication on the Bond shall be deemed to have been executed by it if manually signed by an authorized signatory of the Fiscal Agent.

**Section 2.10. Form of the Bond and Temporary Bond.** (a) The Bond, and the Fiscal Agent's certificates of authentication to be endorsed thereon, shall be in substantially the forms herein set forth, with such variations, omissions and insertions as are permitted or required by this Bond Issuance Agreement. The Bond shall provide that the principal thereof and interest thereon shall be payable only out of Revenues.

(b) The Bond may be initially issued in temporary form exchangeable for a definitive Bond when ready for delivery. The temporary Bond shall be in the same denomination as the Bond, and such temporary Bond may contain such reference to any of the provisions of this Bond Issuance Agreement as the Issuer may deem appropriate. The temporary Bond shall be executed by the Issuer and shall be authenticated by the Fiscal Agent upon the same conditions, and in substantially the same manner, as the definitive Bond. If the Issuer issues a temporary Bond in lieu of the definitive Bond, the Issuer shall execute and furnish the definitive Bond without delay, and thereupon the temporary Bond shall be surrendered for cancellation in exchange therefor at the Designated Office of the Fiscal Agent, and the Fiscal Agent shall authenticate and deliver in exchange for such temporary Bond a definitive registered Bond of the same series and maturity, and in the same denomination bearing the same interest rate. Until so exchanged, the temporary Bond shall be entitled to the same benefits under this Bond Issuance Agreement as the definitive Bond, but only to the extent that such temporary Bond is authenticated and delivered hereunder.

**Section 2.11. Delivery of the Bond.** (a) Upon (i) receipt by the Issuer of a duly executed Investor Letter, in the form attached hereto as Exhibit E, from the Bondholder, (ii) the execution and delivery of this Bond Issuance Agreement, the Loan Agreement, the Bond, the Owner Note, the Owner Collateral Documents, the Tax Agreement, and the Security for the Bond, (iii) the execution, delivery and recording of the Land Use Restriction Agreement, and the receipt by the Issuer of evidence of the priority of the Land Use Restriction Agreement over the Owner Collateral Documents, (iv) delivery by the Issuer to the Fiscal Agent of a copy of the Ordinance, certified by the Issuer to be in full force and effect, and (v) receipt by the Issuer of an opinion of Bond Counsel to the effect that the Bond has been duly authorized and issued, and that interest thereon is excluded from gross income of the owners thereof for Federal income tax purposes, the Issuer shall execute and deliver to the Fiscal Agent and the Fiscal Agent shall authenticate the Bond and deliver the Bond to the Bondholder as directed by the Issuer.

(b) Advances of proceeds under the Bond shall be paid by the Bondholder over to the Fiscal Agent from time to time and deposited in the Construction Fund pursuant to Article IV hereof. Promptly following the approval by the Bondholder of each written request for a disbursement from the Construction Fund in accordance with the provisions of the Loan Agreement, the Bondholder shall advance to the Fiscal Agent, as a draw under the Bond, sufficient moneys to permit the Fiscal Agent to make the approved disbursement in question (taking into account for such purpose any available moneys in the Construction Fund that were previously advanced under paragraph (c) of this Section 2.11 and not yet disbursed).

(c) At the time of the authentication and delivery of the Bond to the Bondholder as directed by the Issuer, the Bondholder shall fund a drawing on the Bond of an amount in excess of \$50,000.

**Section 2.12. Mutilated, Lost, Stolen or Destroyed Bond.** In the event the Bond is mutilated, lost, stolen or destroyed, the Issuer may execute, and the Fiscal Agent shall authenticate and deliver, a new Bond of like date, maturity, series, interest rate and denomination as the Bond mutilated, lost, stolen or destroyed. In each such case, the applicant for a substitute Bond shall furnish to the Issuer and the Fiscal Agent such security or indemnity as may be required by them to save each of them harmless. In each case of loss, theft or destruction, the applicant shall furnish to the Issuer and the Fiscal Agent evidence to their satisfaction of the loss, theft or destruction of such Bond and of the ownership thereof, and in each case of the mutilation of any Bond, the applicant shall surrender the mutilated Bond to the Fiscal Agent. Upon the issuance of a substitute Bond, the Issuer and the Fiscal Agent may

require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses and fees connected therewith. In the event an Bond has matured or is about to mature and is mutilated, lost, stolen, or destroyed, the Issuer may, instead of the issuing a substitute Bond as permitted by this Section, pay or authorize the payment of the same upon satisfaction of the conditions set forth above.

**Section 2.13. Bond Registrar; Registration Books; Persons Treated as Bondholder; Restrictions on Transfer.** (a) The Issuer shall cause books for the registration and transfer of the Bond, as provided in this Bond Issuance Agreement, to be kept by the Fiscal Agent, which is hereby constituted and appointed the Bond Registrar of the Issuer. Upon surrender for transfer of the Bond at the Designated Office of the Fiscal Agent, duly endorsed by, or accompanied by a written instrument or instruments of transfer in form satisfactory to the Fiscal Agent and duly executed by the registered owner or his attorney duly authorized in writing, and accompanied by a Qualified Transferee Letter executed by the party to whom the Bond are to be transferred, the Issuer shall execute, and the Fiscal Agent shall authenticate and deliver in the name of the transferee, a new Bond of the same series, interest rate and maturity for like principal amount. The Bond may not be transferred in part, and the Bond shall be transferred as a whole, so at all times there is but one registered owner of the Bond; provided that the Bondholder may, subject to applicable law, transfer participations in the Bond. Upon the making of any such transfer, the transferor may assign to the transferee its interests in, to and under the Owner Note, the Assignment and the Owner Collateral Documents, and in the event of any such assignment, the transferor shall notify the Issuer and the Owner of such assignment.

(b) The Fiscal Agent shall not be required to transfer or exchange the Bond during the period of 15 days prior to any Interest Payment Date on the Bond, or to transfer or exchange the Bond after the mailing of notice calling the Bond for redemption as herein provided, or during the period of 15 days prior to any redemption date.

(c) Any exchange of a temporary Bond for a definitive Bond shall be without charge, except for the payment of any tax, fee or other governmental charge. With respect to any other exchange or transfer, the Fiscal Agent may charge a sum not exceeding the actual cost (if any) of printing a new Bond to be issued upon such exchange or transfer, together with reasonable expenses of the Fiscal Agent in connection therewith. In each case the Fiscal Agent shall require the payment by the registered owner of the Bond requesting exchange, registration or transfer, of any tax, fee or other governmental charge required to be paid with respect to such exchange, registration or transfer. Any Bond surrendered upon exchange or transfer provided for in this Bond Issuance Agreement shall be promptly cancelled by the Fiscal Agent and thereafter disposed of in accordance with Section 2.14 hereof.

(d) The Person in whose name the Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of principal thereof or interest thereon, shall be made only to or upon the order of the registered owner thereof or his legal representative, but such registration may be changed as hereinabove provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon the Bond to the extent of the sum or sums so paid.

**Section 2.14. Cancellation of Bond.** Whenever the Bond shall be delivered to the Fiscal Agent for cancellation pursuant to this Bond Issuance Agreement, upon payment of the principal and interest represented thereby, or for replacement, transfer or exchange pursuant to Section 2.13 hereof, such Bond shall be promptly cancelled and destroyed by the Fiscal Agent,

and a certificate as to such cancellation and destruction shall be furnished by the Fiscal Agent to the Issuer and the Owner.

**Section 2.15. Conditions to Bondholder's Purchase of the Bond.** The Bondholder's obligation to purchase and accept the delivery of the Bond is expressly conditioned upon the following:

- (a) No Event of Default or Unmatured Event of Default shall exist hereunder;
- (b) The representations and warranties of the Issuer contained herein and in the Loan Agreement shall not prove to be incorrect or misleading in any material respect;
- (c) The Bondholder shall have received an opinion of Bond Counsel in form acceptable to Bondholder to the effect that the interest payable on the Bond is excludable from the Federal gross income of the Bondholder;
- (d) The Bondholder shall have received all of the Owner Collateral Documents, and all other documents required to be delivered to Bondholder under the Loan Agreement or the Bondholder Loan Agreement, in form acceptable to Bondholder;
- (e) The conditions precedent to the first disbursement of the proceeds of the Loan set forth in Articles X and XI of the Loan Agreement have been satisfied; and
- (f) the Bondholder shall have received payment of its transaction fees relating to the purchase of the Bond equal to 100 basis points (1.00%) times the face amount of the Bond.

### ARTICLE III

#### REDEMPTION OF BOND BEFORE MATURITY; CHANGES IN CIRCUMSTANCE

**Section 3.01. Optional Redemption.** The Bond is subject to optional redemption prior to maturity on any Business Day by the Issuer pursuant to the request of the Owner in accordance with Section 3.1(a) of the Loan Agreement, in whole or in part, at a redemption price of 100% of the principal amount thereof being redeemed plus accrued interest to the date fixed for redemption, by the Owner giving written notice to the Bondholder and the Issuer not less than five (5) Business Days prior to such applicable redemption date. Any notice under this Section 3.01 shall be given in the manner provided in Section 9.05 hereof. The Owner may withdraw any such notice, and revoke the election made therein, by giving written notice of such withdrawal and revocation to the Bondholder and the Issuer on or before the date fixed for redemption.

**Section 3.02. Mandatory Redemption.** The Bond is subject to redemption prior to maturity on any Business Day by the Issuer in accordance with Section 3.1(b) of the Loan Agreement, in whole or in part, at a redemption price of 100% of the principal amount thereof being redeemed plus accrued interest to the date fixed for redemption upon the occurrence of any of the events set forth in said Section 3.1(b).

**Section 3.03. Funding Losses.** As provided in the Loan Agreement, the Owner will indemnify the Bondholder upon demand against any loss or expense, including, without

limitation, reasonable attorneys' fees and expenses, which the Bondholder may sustain or incur (including, without limitation, any loss or expense sustained or incurred in obtaining, liquidating or employing deposits or other funds acquired to effect, fund or maintain the Loan and/or the Bond) as a consequence of (a) any failure of Owner to make any payment when due of any amount due hereunder or thereunder, or (b) any payment or prepayment of the Loan and/or the Bond on a date other than the scheduled payment dates therefor, whether voluntarily or by reason of acceleration, and including any loss incurred in obtaining, prepaying, liquidating or employing deposits or other funds from third parties and any loss of revenue, profit or yield, as determined by the Bondholder in its judgment reasonably exercised (together, "Consequential Loss") incurred by the Bondholder. Determinations by the Bondholder for purposes of this Section of the amount required to indemnify the Bondholder shall be conclusive in the absence of manifest error.

## ARTICLE IV

### REVENUES AND FUNDS

**Section 4.01. Revenues; Payment Notations.** (a) The Fiscal Agent is authorized and directed, subject to Section 7.06 of this Bond Issuance Agreement, to apply all available Revenues to the payment of the principal of and interest on the Bond as and when received, including, without limitation, (i) any amount in the Construction Fund or the escrow account referred to in Section 9.4 of the Loan Agreement, in either case to the extent provided in such Section; (ii) all payments specified in Section 2.2 (except payments under paragraph (c) thereof) of the Loan Agreement, including, without limitation, payments on the Owner Note and amounts applied to payment of the Owner Note under the Owner Collateral Documents; (iii) all prepayments specified in Article III of the Loan Agreement, including, without limitation, prepayments made on the Owner Note; and (iv) all other moneys received by the Bondholder under and pursuant to any of the provisions of the Loan Agreement that are required or are accompanied by directions that such moneys are to be applied to the payment of the principal of and interest on the Bond. Except as otherwise directed in Article II hereof, all Revenues shall be applied (i) first, to the payment of interest on the Bond, and (ii) second to the payment of principal of the Bond.

(b) Subject to Section 2.08 hereof, the Issuer hereby covenants and agrees that as long as the Bond is outstanding it will pay, or cause to be paid, to the Bondholder, sufficient sums from Revenues promptly to meet and pay the principal of and interest on the Bond as the same become due and payable. Nothing herein shall be construed as requiring the Issuer to use any funds or revenues from any source other than Revenues.

(c) The Fiscal Agent shall note in the Fiscal Agent's books and records relating to the Bond, the date and amount of (i) each draw increasing the principal amount of the Bond, and (ii) each payment of principal (whether at maturity or upon acceleration or prior redemption) and/or interest on the Bond. The information so recorded shall be rebuttable presumptive evidence of the accuracy thereof. The failure to so record any such information or any error in so recording any such information shall not, however, limit or otherwise affect the obligations of the Issuer hereunder or under the Bond to repay the principal amount thereof together with all interest accruing thereon.

**Section 4.02. Creation of Construction Fund; Disbursements.** (a) There is hereby created by the Issuer and ordered established with the Fiscal Agent a Fund in the name of the Issuer to be designated "City of Chicago Construction Fund (Shops and Lofts at 47th Project)"

(the "Construction Fund"). Within the Construction Fund is hereby created by the Issuer and ordered established with the Fiscal Agent an Account in the name of the Fiscal Agent, as agent of the Issuer, to be designated "City of Chicago Construction Fund (Shops and Lofts at 47th Project ), Series 2013" (the "Construction Account"). Advances of proceeds under the Bond shall be deposited in the Construction Account.

(b) The Issuer hereby authorizes and directs the Fiscal Agent to use the moneys in the Construction Account, pursuant to written requests therefor submitted by the Owner (except as otherwise provided in Section 4.04 hereof), and approved in writing by the Bondholder, for payment of the Costs of the Project, and for payment of principal of and interest on the Bond in accordance with Sections 4.01 and 3.02 hereof and Article IX of the Loan Agreement. The Fiscal Agent shall keep and maintain adequate records pertaining to the Construction Account and all disbursements therefrom, and shall promptly, following a written request therefor, submit to the Issuer, the Owner or the Bondholder copies of all reports, statements of receipts and disbursements and the like relating to the Construction Account. Any amounts remaining in the Construction Account when the Project is Complete shall be applied to prepay the Bond, pursuant to Section 3.02 of this Bond Issuance Agreement.

(c) Upon the occurrence of an Event of Default under Section 12.1(f) of the Loan Agreement, a declaration of acceleration following the occurrence of any Event of Default hereunder, or a redemption of the Bond, any moneys remaining in the Construction Account shall be used to pay the principal and interest then due and unpaid on the Bond.

(d) Notwithstanding the foregoing, disbursements from the Construction Fund to pay interest on the Bond shall be made automatically without the need to comply with any other requirements for disbursements therefrom.

**Section 4.03. Fiscal Agent's Fees, Charges and Expenses.** The Fiscal Agent agrees that the Issuer shall have no liability for any fees, charges and expenses of the Fiscal Agent, and the Fiscal Agent agrees to look only to the Owner for the payment of all reasonable fees, charges and expenses of the Fiscal Agent as provided in the Loan Agreement and in this Bond Issuance Agreement.

**Section 4.04. Moneys to be Held in Trust.** All moneys required to be deposited with or paid to the Fiscal Agent for the account of the Construction Fund or the escrow account referred to in Section 9.4 of the Loan Agreement under any provision of this Bond Issuance Agreement or the Loan Agreement shall be held by the Fiscal Agent in trust and applied for the purposes herein or therein specified. No Person not a party hereto shall have any rights to the money in the Construction Fund or the escrow account referred to in Section 9.4 of the Loan Agreement.

**Section 4.05. Repayment of Excess Moneys.** Any amounts remaining in any fund, or otherwise paid to the Fiscal Agent on behalf of the Issuer under this Bond Issuance Agreement or the Loan Agreement, after payment in full of the principal of and interest on the Bond, the fees, charges and expenses of the Issuer and the Fiscal Agent, and all other amounts required to be paid under this Bond Issuance Agreement and the Loan Agreement shall be paid (a) first, to the Issuer to the extent of any moneys owed by the Owner to the Issuer, and (b) second, to the Owner.

## ARTICLE V

### INVESTMENT OF MONEYS

**Section 5.01. Investment of Moneys.** Any moneys held as part of the Construction Account shall be invested or reinvested by the Fiscal Agent in Eligible Investments in accordance with the provisions of Section 9.6 of the Loan Agreement. The direction and written confirmation specified in Section 9.6 of the Loan Agreement shall specify to the extent applicable the issuer or obligor, the principal amount, maturity date and interest rate of each such Eligible Investment. All such Eligible Investments shall be held by or under the control of the Fiscal Agent and shall be deemed at all times a part of such Account, and the interest accruing thereon, if any, and any profit realized from such Eligible Investments shall be credited to such Account. Any loss resulting from such investments shall be charged to such Account.

**Section 5.02. Investments through Fiscal Agent's Investment Department.** The Fiscal Agent may make any and all investments permitted by the provisions of Sections 5.01 through its own investment department or that of an affiliate. Upon the written direction of the Owner or the Issuer, the Fiscal Agent shall confirm in writing any investment made with the moneys in the Construction Account. The Fiscal Agent shall answer all reasonable inquiries from the Owner or the Issuer as to the status of moneys in the Construction Account. The Fiscal Agent shall file with the Issuer a copy of its statements that it delivers to the Owner with respect to the investment of any funds held under this Bond Issuance Agreement.

## ARTICLE VI

### GENERAL COVENANTS OF ISSUER

Until payment in full of the Bond, the Issuer covenants and agrees that each of the covenants, undertakings and agreements set forth in this Section shall be complied with:

**Section 6.01. Payment of Principal and Interest.** The Issuer covenants that it will promptly pay the principal of and interest on the Bond at the place, on the dates and in the manner provided herein and in the Bond according to the true intent and meaning hereof and thereof; provided, however, that the Bond shall be a special, limited obligation of the Issuer payable as to principal and interest solely from the Revenues as provided in Section 2.08 of this Bond Issuance Agreement.

**Section 6.02. Performance of Covenants.** The Issuer covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Bond Issuance Agreement and in the Bond; provided, however, that the Issuer shall not be obligated to take any action or execute any instrument pursuant to any provision hereof until it shall have been requested to do so by the Owner or the Bondholder, and, at the option of the Issuer, until it shall have received from the Owner or the Bondholder assurance satisfactory to the Issuer that the Issuer shall be reimbursed for its reasonable expenses incurred or to be incurred in connection with taking such action or executing such instrument. The Issuer represents that it is duly authorized pursuant to the Ordinance to issue the Bond, to execute this Bond Issuance Agreement, to pledge and assign the Loan Agreement, the Owner Note and the Security for the Bond, and the amounts payable under the Loan Agreement, the Owner Note and the Security for the Bond, in the manner and to the extent set forth herein and in the Assignment; that all action on its part required for the issuance of the Bond and the execution and delivery of this Bond Issuance Agreement has been duly and effectively taken; and that the

Bond in the hands of the Bondholder is and will be a valid and enforceable obligation of the Issuer according to the terms thereof and hereof. Anything contained in this Bond Issuance Agreement to the contrary notwithstanding, it is hereby understood that none of the covenants of the Issuer contained in this Bond Issuance Agreement are intended to create a pecuniary obligation of the Issuer with respect to payment of principal of and interest on the Bond.

**Section 6.03. Assigned Rights; Instruments of Further Assurance.** The Issuer represents that the pledge and assignment of the Security for the Bond to the Bondholder hereby made is valid and lawful. The Issuer covenants that it will defend its interest in and to the Loan Agreement, the Owner Note, the Security for the Bond and the Revenues, and the pledge and assignment thereof to the Bondholder, against the claims and demands of all Persons whomsoever; provided, however, that all reasonable attorneys' fees and expenses incurred by the Issuer in the performance of its obligations under this covenant shall be paid by the Owner. The Issuer covenants that it will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such agreements supplemental hereto and such further acts, instruments and transfers as the Bondholder may reasonably require for the better assuring, transferring, conveying, pledging, assigning and confirming unto the Bondholder of the Loan Agreement, the Owner Note, the Security for the Bond and the Revenues, the rights pledged and assigned hereby, and the amounts pledged to the payment of the principal of and interest on the Bond; provided, however, that the Issuer undertakes no responsibility for the preparation or filing of any such instrument or the maintenance of any security interest intended to be perfected thereby, all of which shall be the responsibility of the Bondholder and the Owner. The Issuer covenants and agrees that, except as herein, in the Loan Agreement and in the Assignment provided, it will not sell, convey, mortgage, encumber or otherwise dispose of any part of its interest in and to the Loan Agreement, the Owner Note, the Security for the Bond or the Revenues.

**Section 6.04. Recordation and Other Instruments.** In order to perfect the security interest of the Bondholder in the Security for the Bond, the Issuer, to the extent permitted by law, will execute such assignments, security agreements or financing statements, naming the Bondholder as assignee and pledgee of the Security for the Bond assigned and pledged under this Bond Issuance Agreement for the payment of the principal of and interest on the Bond and as otherwise provided herein, as the Bondholder shall reasonably request in writing, and the Owner will cause the same to be duly filed and recorded, as the case may be, in the appropriate state and county offices as required by the provisions of the Uniform Commercial Code or other similar law as adopted in Illinois, as from time to time amended. To continue the security interest evidenced by the financing statements, the Bondholder shall file and record, or cause to be filed and recorded, such necessary continuation statements or supplements thereto and other instruments from time to time as may be required pursuant to the provisions of the said Uniform Commercial Code or other similar law to fully preserve and protect the security interest of the Bondholder in the Security for the Bond and to perfect the lien hereof and the rights of the Bondholder hereunder. The Issuer, to the extent permitted by law, at the expense of the Owner, shall execute and cause to be executed any and all further instruments as shall be reasonably requested in writing by the Bondholder for such protection and perfection of the interests of the Bondholder, and the Issuer or its agent shall, upon written direction from the Bondholder, file and refile or cause to be filed and refiled such instruments as shall be necessary to preserve and perfect the lien of this Bond Issuance Agreement upon the Security for the Bond until the principal of and interest on the Bond issued hereunder shall have been paid or provision for payment shall be made as herein provided.



**Section 6.05. Inspection of Books.** The Issuer, the Fiscal Agent and the Bondholder covenant and agree that all books and documents in their possession relating to the Project and the Revenues shall at all reasonable times be open to inspection by such accountants or other agencies as the other parties may from time to time designate.

**Section 6.06. Rights Under Loan Agreement.** The Loan Agreement, a duly executed copy of which has been delivered to the Bondholder, sets forth the covenants and obligations of the Issuer and the Owner, including provisions to the effect that subsequent to the issuance of the Bond and prior to its payment in full or provision for payment thereof in accordance with the provisions hereof, the Loan Agreement may not be effectively amended, changed, modified, altered or terminated without the written consent of the Issuer and the Bondholder, and reference is hereby made to the same for a detailed statement of said covenants and obligations of the Issuer and the Owner thereunder. The Issuer agrees that the Bondholder, in its name or in the name of the Issuer, may enforce all rights of the Issuer and all obligations of the Owner under and pursuant to the Loan Agreement, and the Issuer will not enforce such rights and obligations itself except at the written direction of the Bondholder, in each case whether or not the Issuer is in Default hereunder; provided, however, that the foregoing shall not apply to Issuer Reserved Rights.

**Section 6.07. Prohibited Activities.** The Issuer covenants and agrees that it has not engaged, and will not engage, in any activities, and that it has not taken, and will not take, any action, that might result in any interest on the Bond becoming includible in the gross income of the owner of the Bond under Federal income tax laws.

**Section 6.08. Arbitrage.** The Issuer shall not take any action within its power or fail to take any action of which it has knowledge with respect to the investment of the proceeds of the Bond, including, without limitation, moneys on deposit in any Fund or Account in connection with the Bond, whether or not such moneys were derived from the proceeds of the sale of the Bond or from any other sources, or with respect to the payments derived from the Owner Note which may result in constituting the Bond an "arbitrage bond" within the meaning of such term as used in Section 148 of the Code and the Regulations. The Fiscal Agent shall create a rebate fund upon direction by the Issuer or the Owner to facilitate the payment of any rebatable arbitrage that may arise.

**Section 6.09. Representations of the Issuer Contained in Loan Agreement.** The representations of the Issuer contained in Article V of the Loan Agreement are hereby restated and incorporated into this Bond Issuance Agreement by reference for the benefit of the Bondholder.

## ARTICLE VII

### DEFAULT PROVISIONS AND REMEDIES OF BONDHOLDER

**Section 7.01. Events of Default.** Each of the following is hereby defined and declared to be and shall constitute an "Event of Default" hereunder:

(a) default by the Issuer in the due and punctual payment of any amount required to be paid under the Bond or this Bond Issuance Agreement, whether by way of principal, interest or otherwise, including, without limitation, any mandatory redemption required by Section 3.02 of this Bond Issuance Agreement; provided that such default shall not constitute

an Event of Default hereunder if such default is cured within ten (10) days after the date when due; or

(b) default in the performance or observance of any other of the covenants, agreements or conditions on the part of the Issuer in this Bond Issuance Agreement or in the Bond (and not constituting an Event of Default under any of the other provisions of this Section 7.01); provided that such default shall not constitute an Event of Default hereunder if such default is cured within 90 days after written notice thereof to the Issuer and the Owner from the Bondholder as long as during such period the Issuer and/or the Owner is using its best efforts to cure such default and such default can be cured in such period; or

(c) any Event of Default shall occur under the Loan Agreement or any of the Owner Collateral Documents; or

(d) any representation or warranty made by the Issuer herein is breached or is false or misleading in any material respect, or any schedule, certificate, financial statement, report, notice or other writing furnished by the Issuer to the Bondholder is false or misleading in any material respect on the date as of which the facts therein set forth are stated or certified; or

(e) this Bond Issuance Agreement or the Bond or any of the Owner Collateral Documents, or any lien granted by the Owner or the Issuer to the Bondholder, shall (except in accordance with its terms), in whole or in part, terminate, cease to be effective or cease to be the legally valid, binding and enforceable obligations of the Issuer; or the Issuer shall directly or indirectly, contest in any manner such effectiveness, validity, binding nature or enforceability.

Notwithstanding anything to the contrary contained herein, the Fiscal Agent and the Issuer hereby agree that any cure of any default made or tendered by one or more of the Owner's partners shall be deemed to be a cure by the Owner and shall be accepted or rejected on the same basis as if made or tendered by the Owner.

**Section 7.02. Acceleration.** Upon the occurrence of an Event of Default hereunder and as long as such Event of Default has not been waived in writing by Bondholder, the Bondholder may, by notice in writing delivered to the Issuer and the Owner, declare the entire principal amount of the Bond then outstanding and the interest accrued thereon immediately due and payable, and such principal and interest shall thereupon become and be immediately due and payable, subject, however, to the right of the Bondholder, by written notice to the Issuer and the Owner, to annul such declaration and rescind its effect as hereinafter provided.

**Section 7.03. Other Remedies; Rights of Bondholder.** (a) Upon the occurrence of an Event of Default hereunder, the Bondholder may exercise and enforce such rights as exist under the Loan Agreement and the Owner Collateral Documents or pursue any available remedy by suit at law or in equity or by statute to enforce the payment of the principal of and interest on the Bond, or to enforce any obligations of the Issuer hereunder.

(b) No remedy by the terms of this Bond Issuance Agreement conferred upon or reserved to the Bondholder is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and in addition to any other remedy given to the Bondholder hereunder or now or hereafter existing at law or in equity or by statute.

(c) No delay or omission to exercise any right or power accruing upon any Event of Default hereunder shall impair any such right or power or shall be construed to be a

waiver of any such Event of Default or acquiescence therein; and such right and power may be exercised from time to time as often as may be deemed expedient. No waiver of any Event of Default hereunder shall extend to or shall affect any subsequent Event of Default or shall impair any rights or remedies consequent thereon.

(d) All remedies for which provision is made in this Bond Issuance Agreement shall be available only to the extent such remedies are not prohibited by the laws of the State of Illinois, decisions of courts of the State of Illinois or any other applicable law, statute, ordinance, regulation or court decision.

**Section 7.04. Appointment of Receivers.** Upon the occurrence of an Event of Default hereunder, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Bondholder under this Bond Issuance Agreement, the Bondholder shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Security for the Bond and of the revenues, earnings and income thereof, pending such proceedings, with such powers as the court making such appointment shall confer.

**Section 7.05. Waiver of Rights.** Except as specified in Section 7.09 hereof, upon the occurrence of an Event of Default hereunder, to the extent that such rights may then lawfully be waived, neither the Issuer, nor anyone claiming through or under the Issuer, shall set up, claim, or seek to take advantage of any appraisal, valuation, stay, extension, exemption or redemption laws now or hereafter in force, in order to prevent or hinder the enforcement of this Bond Issuance Agreement, and the Issuer, for itself and all who may claim through or under it, hereby waives, to the extent that it lawfully may do so, the benefit of all such laws.

**Section 7.06. Application of Funds.** All funds received by the Bondholder pursuant to any right given or action taken under the provisions of this Article, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the Bondholder or the Issuer, shall be applied to pay the principal of and interest on the Bond on the basis set forth in Section 4.01 hereof. Notwithstanding any other provision of this Bond Issuance Agreement to the contrary, funds received by the Bondholder may be applied (a) as long as an Event of Default has not occurred and is not continuing, with respect to payments and other amounts then due under the Owner Note, or, if all such payments and other amounts, if any, have been paid, may be applied as directed by the Owner, and (b) if an Event of Default has occurred and is continuing, as directed and in such order as determined by the Bondholder.

**Section 7.07. Termination of Proceedings.** In case the Bondholder shall have proceeded to enforce any right under this Bond Issuance Agreement by the appointment of a receiver or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case the Issuer, the Owner, the Fiscal Agent and the Bondholder shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies and powers of the Bondholder shall continue as if no such proceedings had been taken.

**Section 7.08. Termination of Bond Issuance Agreement.** This Bond Issuance Agreement shall terminate when the Bond has been finally, indefeasibly and fully paid, at which time the Bondholder shall, on a timely basis, reassign and redeliver (or cause to be reassigned and redelivered) to the Issuer, or to such Person or Persons as the Issuer shall designate in writing, against receipt, such of the Security for the Bond (if any) assigned by the Issuer to the Bondholder as shall not have been sold or otherwise applied by the Bondholder pursuant to the

terms hereof, and as shall still be held by it hereunder, together with appropriate instruments of reassignment and release, including, without limitation, any Uniform Commercial Code termination statements. Any such reassignment shall be without recourse upon, or representation or warranty by, the Bondholder and shall be at the cost and expense of the Owner. Should a claim ("Recovery Claim") be made upon the Bondholder at any time for recovery of any amount received by the Bondholder in payment of the Bond (whether received from the Issuer, the Owner or otherwise), and should the Bondholder repay all or part of said amount by reason of (a) any judgment, decree or order of any court or administrative body having jurisdiction over the Bondholder or any of its property, or (b) any settlement or compromise of any such Recovery Claim effected by the Bondholder with any such claimant (including, without limitation, the Owner), this Bond Issuance Agreement and the security interests granted to the Bondholder pursuant hereto shall continue in effect with respect to the amount so repaid to the same extent as if such amount had never originally been received by the Bondholder, notwithstanding any prior termination of this Bond Issuance Agreement, the return of this Bond Issuance Agreement to the Issuer or cancellation of the Bond. Notwithstanding anything in this Section 7.08, any collateral that is also collateral for the indebtedness evidenced by the Permanent Note, TIF Note A or TIF Note B (each as defined in the Bondholder Loan Agreement) shall not be released by Bondholder prior the date that each applicable note has been paid in full and the Bondholder Loan Agreement has been terminated.

**Section 7.09. Waivers of Events of Default.** Except for an Event of Default with respect to any Issuer Reserved Rights, the Bondholder may in its discretion waive in writing any Event of Default hereunder or under the Owner Note not involving any Issuer Reserved Rights and its consequences and rescind in writing any declaration of acceleration of principal of and interest on the Bond, and in case of any such waiver or rescission, or in case any proceeding taken by the Bondholder on account of any such default shall have been discontinued or abandoned or determined adversely, then and in every such case the Issuer, the Owner, the Fiscal Agent and the Bondholder shall be restored to their former positions and rights hereunder, respectively, but no such waiver or rescission shall extend to any subsequent or other Event of Default, or impair any right consequent thereon.

**Section 7.10. Cooperation of the Issuer.** If an Event of Default hereunder shall occur, the Issuer shall cooperate with the Bondholder and use its best efforts to protect the interests of the Bondholder with respect to this Bond Issuance Agreement, the Bond, the Security for the Bond and the Revenues.

## ARTICLE VIII

### FISCAL AGENT

**Section 8.01. Appointment of Fiscal Agent.** (a) JPMorgan Chase Bank, N.A. shall serve as the initial Fiscal Agent hereunder. The Fiscal Agent may resign at any time upon 30 days' prior written notice to the Owner, the Issuer and the Bondholder.

(b) Upon the resignation of any Fiscal Agent, the Bondholder, with the prior written consent of the Issuer, shall designate a successor Fiscal Agent and shall so notify the Owner in writing. If a successor Fiscal Agent has not been appointed and has not accepted such appointment by the end of the 30-day period, the Fiscal Agent may apply to a court of competent jurisdiction for the appointment of a successor Fiscal Agent, and the costs, expenses and reasonable attorneys' fees which are incurred in connection with such a proceeding shall be paid by the Owner. Any successor Fiscal Agent shall be a bank or savings and loan association

located in the City of Chicago, and shall at all times be a member of the Federal Deposit Insurance Corporation. No resignation shall become effective until a successor has been designated and accepted such designation in writing.

(c) Removal of Fiscal Agent. The Fiscal Agent may be removed at any time, by instrument in writing delivered to the Fiscal Agent, the Issuer and the Owner and signed by the Bondholder. No removal shall become effective until a successor has been designated and accepted such designation in writing.

**Section 8.02. Successor Fiscal Agents.** (a) Any corporation or association into which the Fiscal Agent may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its corporate trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party, shall be and become successor Fiscal Agent hereunder and vested with all of the title to the Security for the Bond and all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instrument or any further act, deed or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding; provided, however, that such successor Fiscal Agent shall satisfy the requirements of Section 8.01(b) hereof relating to the qualifications of successor Fiscal Agents.

(b) In case the Fiscal Agent hereunder shall resign or be removed, or be dissolved, or shall be in course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or in case it shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor may be appointed by the Bondholder, by an instrument in writing signed by it, or by its attorneys in fact, duly authorized. In case of any such vacancy, the Issuer, by an instrument executed by its Chief Financial Officer and attested by its Secretary under its seal, may appoint a temporary Fiscal Agent to fill such vacancy until a successor Fiscal Agent shall be appointed by the Bondholder in the manner above provided; and any such temporary Fiscal Agent so appointed by the Issuer shall immediately and without further act be superseded by the Fiscal Agent so appointed by the Bondholder.

**Section 8.03. Indemnification and Reimbursement of Fees of Fiscal Agent and Issuer.** The Fiscal Agent and the Issuer shall be entitled to payment and reimbursement for fees for services rendered under this Bond Issuance Agreement and all advances, reasonable counsel fees and other expenses made or incurred by the Fiscal Agent or the Issuer in connection with such services. The Fiscal Agent shall be entitled to payment and reimbursement for its reasonable fees and charges as Bond Registrar for the Bond as hereinabove provided. The Fiscal Agent and the Issuer shall look solely to the Owner for the payment of such amounts as provided herein and in the Loan Agreement, and the Issuer shall not be liable therefor. The Fiscal Agent, the Bondholder and the Issuer are indemnified as provided in the Loan Agreement.

## ARTICLE IX

### MISCELLANEOUS

**Section 9.01. Unclaimed Moneys.** Any moneys deposited with the Fiscal Agent by the Issuer, in accordance with the terms and covenants of this Bond Issuance Agreement, in order to redeem or pay the Bond, and remaining unclaimed by the Bondholder at any time after two years after the date fixed for redemption or of maturity, as the case may be, shall be repaid by

the Fiscal Agent to the Issuer, or to such party (the "Designee") as is directed by the Issuer, upon its Written Request therefor; and thereafter the registered owner of the Bond shall be entitled to look only to the Issuer or the Designee for payment thereof; provided, however, that the Fiscal Agent, before being required to make any such repayment, shall, at the expense of the Owner, effect publication at least once in a newspaper of general circulation in the City of Chicago, Illinois, printed in the English language and customarily published on each Business Day, of a notice to the effect that said moneys have not been so applied and that after the date named in said notice any unclaimed balance of said moneys then remaining shall be returned to the Issuer or the Designee. If the amount remaining unclaimed has been paid by the Owner under the Owner Note, the unclaimed amount will be paid to the Owner, and the Owner shall be the Designee (unless the Issuer has fully released the Owner under the Owner Note).

**Section 9.02. Consents of Bondholder.** Any consent, request, direction, approval, objection or other instrument required by this Bond Issuance Agreement to be signed and executed by the Bondholder may be executed by the Bondholder in person or by its agent appointed in writing. Proof of the execution of any such consent, request, direction, approval, objection or other instrument or of the writing appointing any such agent and of the ownership of Bond, if made in the following manner, shall be sufficient for any of the purposes of this Bond Issuance Agreement, and shall be conclusive in favor of the Fiscal Agent and the Issuer with regard to any action taken by either of them under such request or other instrument, namely:

(a) the fact and date of the execution by any Person of any such writing may be proved by the certificate of any officer in any jurisdiction who by law has power to take acknowledgments within such jurisdiction that the Person signing such writing acknowledged before him the execution thereof, or by an affidavit of any witness to such execution; and

(b) the ownership of the Bond shall be proved by the registration books maintained by the Bond Registrar.

**Section 9.03. Limitation of Rights.** With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Bond Issuance Agreement or the Bond is intended or shall be construed to give to any Person other than the parties hereto and the Owner any legal or equitable right, remedy or claim under or with respect to this Bond Issuance Agreement or any covenants, conditions and provisions herein contained, this Bond Issuance Agreement and all of the covenants, conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of the parties hereto and the Owner.

**Section 9.04. Severability.** If any provision of this Bond Issuance Agreement shall be held or deemed to be or shall, in fact, be inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions, or in all cases because it conflicts with any other provision or provisions hereof or any constitution or statute or rule of public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative, or unenforceable to any extent whatever. The invalidity of any one or more phrases, sentences, clauses or Sections contained in this Bond Issuance Agreement shall not affect the remaining portions of this Bond Issuance Agreement, or any part thereof; provided, however, that no holding of invalidity shall require the Issuer to make any payments from any moneys other than Revenues.

**Section 9.05. Notices.** Any notice, request, complaint, demand, communication or other paper shall be in writing and shall be sufficiently given, and shall be deemed given, when delivered or mailed as provided in Section 14.3 of the Loan Agreement. A duplicate copy of each notice required to be given hereunder by the Bondholder or the Fiscal Agent to the Issuer or the Owner shall also be given to the others. The Issuer, the Owner, the Fiscal Agent and the Bondholder may designate any further or different addresses to which subsequent notices, requests, complaints, demands, communications and other papers shall be sent.

**Section 9.06. Payments Due on Saturdays, Sundays and Holidays.** In any case where the date of maturity of interest on or principal of the Bond or the date fixed for prepayment of all or a portion of the Bond shall be on Saturday, Sunday or other day which is not a Business Day, then such payment need not be made on such date but may be made on the next succeeding Business Day and the Bond shall continue to bear interest until such date.

**Section 9.07. Duplicates.** This Bond Issuance Agreement may be executed in several duplicates, each of which shall be an original and all of which shall constitute but one and the same instrument.

**Section 9.08. Governing Law.** This Bond Issuance Agreement, the Bond and the rights and obligations of the parties hereunder and thereunder shall be construed in accordance with and be governed by the laws of the State of Illinois, without regard to its conflict of laws principles.

**Section 9.09. Immunity of Issuer's Officers.** No recourse shall be had for the payment of the principal of and interest on the Bond or for any claim based thereon or upon any obligation, covenant or agreement contained in this Bond Issuance Agreement, against any past, present or future officer, official, supervisor, director, agent or employee of the Issuer, or any officer, official, supervisor, director, agent or employee of any successor public body or entity, as such, either directly or through the Issuer or any successor corporation or entity, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such officer, official, supervisor, director, agent or employee as such is hereby expressly waived and released as a condition of and consideration for the execution of this Bond Issuance Agreement and the issuance of the Bond.

**Section 9.10. Continuing Assignment and Security Interest Upon Transfer of Bond.** This Bond Issuance Agreement shall create a continuing assignment of, and security interest in, the Security for the Bond, and shall (i) remain in full force and effect until payment in full of the Bond, (ii) be binding upon the Issuer, its successors and assigns, and (iii) inure to the benefit of the Bondholder and its successors, permitted transferees and assigns. Without limiting the generality of the foregoing clause (iii), the Bondholder may assign or otherwise transfer, subject to Section 2.13 hereof, the Bond to any other Person as provided in this Bond Issuance Agreement, and such other Person shall thereupon become vested with all the benefits in respect thereof granted to the Bondholder herein or otherwise upon delivery to the Issuer in writing of an acknowledgment of such other Person of such assignment or transfer, and agreeing to accept and perform any duties or obligations imposed upon it under this Bond Issuance Agreement.

**Section 9.11. Amendments, Changes and Modifications.** Subsequent to the initial issuance of the Bond and prior to its payment in full (or provision for payment thereof having been made in accordance with the provisions of this Bond Issuance Agreement), this Bond

Issuance Agreement may not be effectively amended, changed, modified, altered or terminated without the written consent of the Bondholder, the Issuer and the Owner.

**Section 9.12. Term of this Bond Issuance Agreement.** This Bond Issuance Agreement shall be in full force and effect from the date hereof, and shall continue in effect until the indefeasible payment in full of the Bond and all other obligations due hereunder. All matters affecting the tax-exempt status of the Bond shall survive the termination of this Bond Issuance Agreement.

**Section 9.13. Binding Effect.** This Bond Issuance Agreement shall inure to the benefit of, and shall be binding upon, the Issuer and the Bondholder and their respective successors and assigns.

**Section 9.14. Waivers.** If any agreement contained in this Bond Issuance Agreement should be breached by the Issuer and thereafter waived by the Bondholder, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder. All waivers by the Bondholder of breaches hereof by the Issuer shall be in writing.

**Section 9.15. Participation.** (a) The Bondholder shall have the right to grant participations in or to the Bond hereunder and to the Owner Note all without notice to or consent from the Issuer, but subject to the restriction on transfer (including, but not limited to, the provision of a Qualified Transferee Letter to the Issuer) set forth herein and in the Bond, and provided that there shall at all times be but one registered owner of the Bond. No holder of a participation in all or any part of the Bond and the Owner Note shall have any rights under this Bond Issuance Agreement.

(b) The Issuer hereby consents to the disclosure of any information obtained in connection herewith (i) by the Bondholder to any Person which is a participant or potential participant pursuant to clause (a) above, it being understood that the Bondholder and its assigns shall advise any such Person of its obligation to keep confidential any non-public information disclosed to it pursuant to this Section 9.15. The Bondholder shall advise the Issuer of each Person which becomes a participant pursuant to clause (a) above.

**Section 9.16. Entire Agreement.** This Bond Issuance Agreement, together with the Owner Note, the Loan Agreement, the Assignment and the Bond, constitutes the entire agreement among the parties with respect to the subject matter hereof, and supersedes all written or oral understandings with respect thereto.



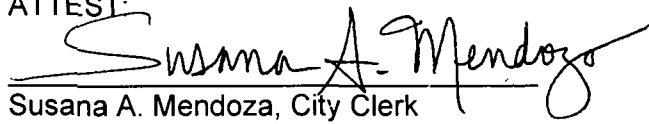
IN WITNESS WHEREOF, the parties have executed this instrument as of the date first above written.

**CITY OF CHICAGO**

(SEAL)

By:   
Lois A. Scott Chief Financial Officer

ATTEST:

  
Susana A. Mendoza, City Clerk

**JPMORGAN CHASE BANK, N.A., as  
Bondholder**

By: \_\_\_\_\_  
Name: Paul C. Vlamis  
Title: Authorized Officer

**JPMORGAN CHASE BANK, N.A., as Fiscal  
Agent**

By: \_\_\_\_\_  
Name: Paul C. Vlamis  
Title: Authorized Officer

Acknowledged and agreed to:

**LOFTS 47 PHASE I LIMITED  
PARTNERSHIP,**  
an Illinois limited partnership

By:     Lofts 47 Phase I, Inc., an Illinois corporation  
Its:     General Partner

By: \_\_\_\_\_  
Name: Sara Jean Lindholm  
Title:    Authorized Agent

IN WITNESS WHEREOF, the parties have executed this instrument as of the date first above written.

**CITY OF CHICAGO**

(SEAL)

By: \_\_\_\_\_  
Lois A. Scott, Chief Financial Officer

ATTEST:

\_\_\_\_\_  
Susana A. Mendoza, City Clerk

**JPMORGAN CHASE BANK, N.A., as  
Bondholder**

By: \_\_\_\_\_  
Name: Paul C. Vlamis  
Title: Authorized Officer

**JPMORGAN CHASE BANK, N.A., as Fiscal  
Agent**

By: \_\_\_\_\_  
Name: Paul C. Vlamis  
Title: Authorized Officer

Acknowledged and agreed to:

**LOFTS 47 PHASE I LIMITED  
PARTNERSHIP,**  
an Illinois limited partnership

By:   Lofts 47 Phase I, Inc., an Illinois corporation  
Its:   General Partner

By: \_\_\_\_\_  
Name: Sara Jean Lindholm  
Title: Authorized Agent

IN WITNESS WHEREOF, the parties have executed this instrument as of the date first above written.

**CITY OF CHICAGO**

(SEAL)

By: \_\_\_\_\_  
Lois A. Scott, Chief Financial Officer

ATTEST:

\_\_\_\_\_  
Susana A. Mendoza, City Clerk

**JPMORGAN CHASE BANK, N.A., as  
Bondholder**

By: \_\_\_\_\_  
Name: Paul C. Vlamis  
Title: Authorized Officer

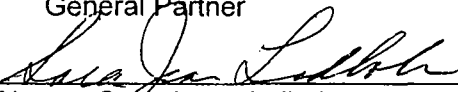
**JPMORGAN CHASE BANK, N.A., as Fiscal  
Agent**

By: \_\_\_\_\_  
Name: Paul C. Vlamis  
Title: Authorized Officer

Acknowledged and agreed to:

**LOFTS 47 PHASE I LIMITED  
PARTNERSHIP,**  
an Illinois limited partnership

By: Lofts 47 Phase I, Inc., an Illinois corporation  
Its: General Partner

By:   
Name: Sara Jean Lindholm  
Title: Authorized Agent

## **EXHIBIT A DEFINITIONS**

“Adjusted LIBO Rate” means with respect to any Interest Period, an interest rate per annum (rounded upwards, if necessary, to the next one-sixteenth of one percent) equal to (a) the LIBO Rate for such Interest Period multiplied by (b) the Statutory Reserve Rate.

“Adjusted One Month LIBO Rate” means an interest rate per annum equal to the sum of (i) 2.5% per annum plus (ii) the Adjusted LIBO Rate for a one month Interest Period on such day (or if such day is not a Business Day, the immediately preceding Business Day); provided, that, for the avoidance of doubt, the Adjusted LIBO Rate for any day shall be based on the rate appearing on Reuters Screen LIBOR01 Page (or any successor or substitute page) at approximately 11:00 a.m. London time on such day (without any rounding).

“Alternate Rate” means a per annum rate equal to the CB Floating Rate plus 0.5 percent (0.5%).

“Arbitrage Certificate” means the Arbitrage Certificate, dated as of the date of issuance of the Bond, between the Issuer and the Owner, as amended from time to time.

“Assignment” means that certain Assignment and Security Agreement, of even date herewith, from the Issuer to the Bondholder, as the same may be amended, modified or supplemented from time to time.

“Assignments of Contracts” means that certain Assignment of Plans, Specifications, Contracts, Agreements, Reports, Licenses and Permits dated as of February 1, 2013 from the Owner to the Bondholder, as the same may be amended, modified or supplemented from time to time.

“Bond Counsel” means nationally recognized municipal bond counsel selected by the Issuer and reasonably acceptable to the Bondholder.

“Bond Issuance Agreement” means this Bond Issuance Agreement, among the Issuer, the Bondholder and the Fiscal Agent, as the same may be amended, modified or supplemented from time to time.

“Bondholder” means JPMorgan Chase Bank, N.A., a national banking association, and its successors and assigns as the registered owner of the Bond. There shall only be one Bondholder at a time hereunder, provided that the Bondholder may sell, subject to applicable law, participations in the Bond.

“Bondholder Loan Agreement” means that certain Construction and Permanent Loan Agreement dated as of February 1, 2013 by and between Bondholder and Owner, as the same may be amended, modified or supplemented from time to time.

“Bond Registrar” means JPMorgan Chase Bank, N.A., a national banking association, as registrar of the Bond pursuant to Section 2.13 of this Bond Issuance Agreement, and any successors thereto which shall, from time to time, be appointed by the Issuer.

“Bond” means the Issuer’s \$16,800,000.00 Multi-Family Housing Revenue Bond (Shops and Lofts at 47th Project), Series 2013, issued under the Ordinance and secured by this Bond

Issuance Agreement and by the Assignment and the other Security for the Bond, substantially in the form of Exhibit B to this Bond Issuance Agreement, as the same may be amended, modified or supplemented from time to time.

"Business Day" means any day that is not a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to remain closed; and when used in connection with an advance of the principal amount of the Bond or any other provision hereof relating to the Interest Rate, the term "Business Day" shall also exclude any day on which banks are not open for dealings in U.S. dollar deposits in the London interbank market.

"CB Floating Rate" means a per annum rate equal to the Prime Rate; provided, that (i) the CB Floating Rate shall never be less than the Adjusted One Month LIBO Rate, and (ii) the CB Floating Rate shall never be greater than the Maximum Rate. Any change in the CB Floating Rate due to a change in the Prime Rate or the Adjusted One Month LIBO Rate shall be effective from and including the effective date of such change in the Prime Rate or the Adjusted One Month LIBO Rate, respectively.

"Closing Date" means February 15, 2013.

"Code" means the Internal Revenue Code of 1986, as amended.

"Construction Account" has the meaning set forth in Section 4.02 of this Bond Issuance Agreement.

"Construction Fund" has the meaning set forth in Section 4.02 of this Bond Issuance Agreement.

"Costs of the Project" means any reasonable or necessary costs incidental to the acquisition, construction, and equipping of the Project which are in compliance with the provisions of the Project Certificate, and as set forth in the Development Cost Budget. Without limiting the generality of the foregoing, such costs, to the extent permitted, may include the items listed in subparagraphs (a) through (i) of Section 9.3 of the Loan Agreement.

"Default" means any event, act or condition which, with lapse of time or the giving of notice, or both, would constitute an Event of Default.

"Designated Office" means the corporate office of the Fiscal Agent set forth in Section 9.05 of this Bond Issuance Agreement, or such other address as may be specified in writing by the Fiscal Agent as provided herein.

"Determination of Taxability" means (a) the receipt by the Owner of a written notice from the Bondholder or any former registered owner of the Bond of the issuance of a statutory notice of deficiency by the Internal Revenue Service which holds, in effect, that the interest payable on the Bond is includable in the Federal gross income of the taxpayer named therein (other than a taxpayer who is a "substantial user" of the facilities financed with the proceeds of the Bond or a "related person" thereto within the meaning of Section 147 of the Code); (b) the receipt by the Owner of an opinion of Bond Counsel to the effect that the interest payable on the Bond is includable in the Federal gross income of the taxpayer named therein; (c) the filing by the Owner with the Bondholder or the Internal Revenue Service of any certificate, statement or other tax schedule, return or document which concludes or discloses that the interest payable

on the Bond, or any installment thereof, is includable in the Federal gross income of the Bondholder or any former owner of the Bond (other than a taxpayer who is a "substantial user" of the facilities financed with the proceeds of the Bond or a "related person" thereto within the meaning of Section 147 of the Code); or (d) any amendment, modification, addition or change shall be made in Section 103 or any other provision of the Code or in any Regulation, or any ruling shall be issued or revoked by the Internal Revenue Service, or any other action shall be taken by the Internal Revenue Service, the Department of Treasury or any other governmental agency, authority or instrumentality, or any opinion of any Federal court or of the United States Tax Court shall be rendered, and the Bondholder or any former owner of the Bond shall have notified the Owner and the Issuer in writing that, as a result of any such event or condition, Bond Counsel is unable to give an unqualified opinion that the interest payable on the Bond on or after a date specified in said notice is excludable from the Federal gross income of the taxpayer named therein.

"Development Cost Budget" means the initial breakdown of the Costs of the Project prepared by the Owner and approved in writing by the Bondholder, of the total cost required to acquire, construct, and equip the Project. The analysis shall break down that total amount into the following three cost categories: (a) "land acquisition cost," (b) "hard construction costs," and (c) "soft costs." The categories of "hard costs" and "soft costs" shall be further broken down by detailed line-items, each for a specific type of cost associated with the Project.

"Dollars" means United States Dollars.

"Eligible Investment" means, to the extent permitted by the applicable laws and regulations of the Issuer and the State of Illinois, Issuer investment policy and with the approval of the Bondholder, any one or more of the following: (1) Government Obligations; (2) interest-bearing accounts at JPMorgan Chase Bank, N.A.; (3) interest in money market mutual funds registered under the Investment Company Act of 1940, as amended; provided, that the governing instrument or order directs, requires, authorizes or permits investment in obligations described in (1) above and to repurchase agreements fully collateralized by such obligations; and (4) such other investments approved in writing by the Owner, the Issuer and the Bondholder.

"Environmental Indemnity Agreement" means the Environmental Indemnity Agreement dated as of February 1, 2013 from the Owner and Guarantor in favor of the Bondholder, as amended from time to time.

"Event of Default" means an event so identified (a) with respect to the Loan Agreement, in Section 12.1 of the Loan Agreement, and (b) with respect to this Bond Issuance Agreement, in Section 7.01 of this Bond Issuance Agreement.

"Fiscal Agent" means JPMorgan Chase Bank, N.A., a national banking association, and its successors and any corporation or association resulting from or surviving any consolidation or merger to which it or its successors may be a party, and any successor fiscal agent at the time serving as such under this Bond Issuance Agreement.

"GAAP" or "generally accepted accounting principles" means generally accepted accounting principles as defined by the Financial Accounting Standards Board.

"Government Obligations" means direct obligations of, and obligations fully guaranteed as to the timely payment of principal and interest by the full faith and credit of, the United States

of America or any agency or instrumentality thereof when such obligations are backed by the full faith and credit of the United States of America.

"Governmental Body" means the United States of America, the State of Illinois and any political subdivision thereof, and any agency, department, commission, board, bureau or instrumentality of any of them which exercises jurisdiction over the Project, the use of improvements thereto or the availability of ingress or egress thereto or of gas, water, electricity, sewerage or other utility facilities therefor.

"Government Regulation" means any law, ordinance, order, rule or regulation of a Governmental Body.

"Guarantor" means The Community Builders, Inc., a Massachusetts charitable corporation doing business in Illinois as TCB Illinois NFP, Inc.

"Guaranty Agreement" means the Guaranty of Payment and Performance dated as of February 1, 2013 from the Guarantor in favor of the Bondholder.

"Indebtedness" means, with respect to any Person, as of the date of determination thereof: (a) all of such Person's indebtedness for borrowed money; (b) all indebtedness of such Person or any other Person secured by any Lien with respect to any Property owned or held by such Person, regardless whether the indebtedness secured thereby shall have been assumed by such Person; (c) all indebtedness of other Persons which such Person has directly or indirectly guaranteed (whether by discount or otherwise), endorsed (otherwise than for collection or deposit in the ordinary course of operations), discounted with recourse to such Person or with respect to which such Person is otherwise directly or indirectly, absolutely or contingently, liable, including indebtedness in effect guaranteed by such Person through any agreement (contingent or otherwise) to (i) purchase, repurchase or otherwise acquire such Indebtedness or any security therefor, (ii) provide funds for the payment or discharge of such indebtedness or any other liability of the obligor of such indebtedness (whether in the form of loans, advances, stock purchases, capital contribution or otherwise), (iii) maintain the solvency of any balance sheet or other financial condition of the obligor of such indebtedness, or (iv) make payment for any products, materials or supplies or for any transportation or services regardless of the nondelivery or nonfurnishing thereof, if in any such case the purpose or intent of such agreement is to provide assurance that such indebtedness will be paid or discharged or that any agreements relating thereto will be complied with or that the holders of such indebtedness will be protected against loss in respect thereof; (d) all of such Person's capitalized lease obligations; (e) all actual or contingent reimbursement obligations with respect to letters of credit issued for such Person's account; and (f) all other items which, in accordance with GAAP, would be included as liabilities on the liability side of the balance sheet of such Person.

"Indemnified Persons" has the meaning given to such term in Section 13.1 of the Loan Agreement.

"Interest Payment Date" means each date for the payment of interest on the Bond as determined pursuant to Section 2.04 of this Bond Issuance Agreement.

"Interest Period" means with respect to any advance of the principal amount of the Bond, the period commencing on the date of such advance and ending on the numerically corresponding day in the calendar month which is one month thereafter, provided that (i) if any

Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless the next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day, (ii) any Interest Period that commences on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the last calendar month of such Interest Period) shall end on the last Business Day of the last calendar month of such Interest Period, and (iii) no Interest Period shall extend beyond the Maturity Date (as it may be extended). For purposes hereof, the date of an advance initially made shall be the date on which such advance is made and, thereafter shall be the effective date of the most recent continuation of such advance.

"Interest Rate" means, for each Interest Period, the sum of the applicable Adjusted LIBO Rate plus three percent (3.0%) per annum, but in no event a rate per annum greater than the Maximum Rate.

"Investor Letter" means a letter substantially in the form of Exhibit E hereto.

"Issuer" means the City of Chicago, a municipal corporation and home rule unit of local government duly organized and validly existing under the Constitution and laws of the State of Illinois, and any successor body to the duties or functions of said Issuer.

"Issuer Reserved Rights" means (1) rights under Sections 4.1, 7.4, 7.5, 12.4, 12.5, 12.6, 13.1, 14.6, 14.7 and 14.12 of the Loan Agreement, which rights may be enforced directly by the Issuer and, where appropriate, also by the Bondholder, (2) the Issuer's right to consent to amendments of the Loan Agreement and the Owner Note, and (3) the Issuer's right to receive additional notices as provided in the Loan Agreement, which rights may be enforced directly by the Issuer and, where appropriate, also by the Bondholder.

"Land Use Restriction Agreement" means, the Land Use Restriction Agreement, dated as of February 1, 2013, between the Issuer and the Owner, as the same may be amended, modified or supplemented from time to time.

"LIBO Rate" means with respect to any advance of the principal amount of the Bond for any Interest Period, the rate appearing on Reuters Screen LIBOR01 Page (or on any successor or substitute page thereof, or any successor to or substitute for such page, providing rate quotations comparable to those currently provided on such page, as determined by the Bondholder from time to time for purposes of providing quotations of interest rates applicable to dollar deposits in the London interbank market) at approximately 11:00 a.m., London time, two (2) Business Days prior to the commencement of such Interest Period, as the rate for dollar deposits with a maturity comparable to such Interest Period. In the event that such rate is not available at any time for any reason, then the "LIBO Rate" with respect to such advance for such Interest Period shall be the rate at which dollar deposits of \$5,000,000.00 and for maturity comparable to such Interest Period are offered by the principal London office of JPMorgan Chase Bank, N.A. in immediately available funds in the London interbank market at approximately 11:00 a.m., London time, two (2) Business Days prior to the commencement of such Interest Period.

"Lien" means any mortgage, pledge, lien, hypothecation, security interest or other charge, encumbrance or preferential arrangement, including the retained security title of a conditional vendor or lessor.



"Loan" shall mean the loan of the proceeds of the Bond to the Owner under the Loan Agreement

"Loan Agreement" means that certain Loan Agreement, of even date herewith, between the Issuer and the Owner, as the same may be amended, modified or supplemented from time to time.

"Maturity Date" means August 1, 2015, subject to extension to February 1, 2016 pursuant to Section 2.02(f) hereof.

"Maximum Rate" means twelve percent (12%) per annum.

"Mortgage" has the meaning assigned to such term in the Loan Agreement.

"Ordinance" means the ordinance duly adopted by the City Council of the Issuer on October 31, 2012, authorizing, among other things, the execution and delivery of this Bond Issuance Agreement, the Loan Agreement, and the Land Use Restriction Agreement and the issuance of the Bond.

"Outstanding" means any Bond which has not been finally and fully paid hereunder.

"Owner" means Lofts 47 Phase I Limited Partnership, an Illinois limited partnership, and its successors and assigns.

"Owner Collateral Documents" means, collectively, (a) the Mortgage, (b) the Pledge Agreement, (c) the Security Agreement, (d) the Assignment, (e) the Assignments of Contracts, (f) the Environmental Indemnity Agreement; (g) the Subordination Agreement(s), (h) the Guaranty, and (i) such other collateral security documents as the Bondholder may require.

"Owner Note" means the promissory note of the Owner, of even date herewith, payable to the order of the Issuer in the principal amount of \$16,800,000.00, substantially in the form of Exhibit A to the Loan Agreement, as the same may be amended, modified or supplemented from time to time.

"Past Due Rate" means a rate per annum equal to four percent (4.0%) plus the Interest Rate (or, if applicable, the Alternate Rate), but in no event greater than the Maximum Rate.

"Person" means an individual, partnership, joint venture, corporation, trust, limited liability company, unincorporated organization or foundation, and a governmental agency or political subdivision thereof.

"Premises" means the real estate located within the corporate boundaries of the City of Chicago, Illinois, which is described in Exhibit C hereto, and any additional real estate that from time to time may be acquired, including all buildings, structures and other improvements now and hereafter located thereon, which constitutes the site of the Project.

"Prime Rate" means the rate of interest per annum publicly announced from time to time by JPMorgan Chase Bank, N.A. as its prime rate; each change in the Prime Rate shall be effective from and including the date such change is publicly announced as being effective. The Prime Rate is a reference rate and is not necessarily the lowest rate. If JPMorgan Chase Bank, N.A. ceases to exist or to establish or publish a prime rate from which the Prime Rate is then

determined, the applicable variable rate from which the Prime Rate is determined thereafter shall be instead the prime rate reported in *The Wall Street Journal* (or the average prime rate if a high and a low prime rate are therein reported), and the Prime Rate shall change without notice with each change in such prime rate as of the date such change is reported.

"Project" means the multi-family housing project to be developed on the Premises, consisting of five (5) buildings containing a total of approximately 96 residential dwelling units and related common facilities, located in the City in an area bounded by East 47th Street on the north, Cottage Grove Avenue on the east, East 48th Street on the south, and South Evans Avenue on the west.

"Project Certificate" means that certain Project Certificate of the Owner relating to the Project.

"Property" means any interest in any kind of property or asset, whether real, personal or mixed, or tangible or intangible, including, without limitation, all cash and pledge receivables.

"Qualified Transferee" means a "qualified institutional buyer" as defined in Rule 144A promulgated under the United States Securities Act of 1933, as amended, executing and delivering to the Issuer a Qualified Transferee Letter.

"Qualified Transferee Letter" means a letter substantially in the form of Exhibit D hereto.

"Regulations" mean any regulations promulgated or proposed by the Internal Revenue Service under Sections 103 and 141 through 150 of the Code, as amended.

"Revenues" means (a) all payments of principal and interest made on the Owner Note (other than those relating to the obligation of the Owner to rebate certain investment income to the United States Government pursuant to Section 148 of the Code), (b) all moneys held in any fund established under this Bond Issuance Agreement, including investment income earned thereon, (c) all moneys received by the Bondholder pursuant to the provisions of the Loan Agreement. Issuer and Owner acknowledge that some or all of the Owner Collateral Documents secure other obligations of the Owner to Bondholder in addition to the obligations of the Owner hereunder and under the Loan Agreement and Owner Note. In the event of an exercise of remedies by Bondholder under the Owner Collateral Documents, Bondholder may determine, it is sole discretion, which obligation or obligations of Owner to which to apply any proceeds of such collateral. To the extent such proceeds are applied to the obligations of the Owner hereunder or under the Loan Agreement or Owner Note, such proceeds shall be deemed Revenues hereunder.

"Security Agreement" means the Collateral Assignment and Pledge of Partnership Interest, dated as of February 1, 2013, for the benefit of the Bondholder.

"Security for the Bond" means the property described in the granting clauses of this Bond Issuance Agreement.

"Statutory Reserve Rate" means a fraction (expressed as a decimal), the numerator of which is the number one and the denominator of which is the number one minus the aggregate of the maximum reserve percentages (including any marginal, special, emergency or supplemental reserves) expressed as a decimal established by the Board of Governors of the Federal Reserve System to which the Bondholder is subject, with respect to the Adjusted LIBO

Rate, for eurocurrency funding (currently referred to as "Eurocurrency Liabilities" in Regulation D of the Board). Such reserve percentages shall include those imposed pursuant to such Regulation D. Advances of the principal amount of the Bond shall be deemed to constitute eurocurrency funding and to be subject to such reserve requirements without the benefit of credit for proration, exemption or offsets that may be available from time to time under such Regulation D or any comparable regulation. The Statutory Reserve Rate shall be adjusted automatically on and as of the effective date of any change in any reserve percentage.

"Subordination Agreement" means the Subordination Agreement(s), dated as of February 1, 2013, among the Owner, the Bondholder, and the holders of any mortgages securing any other indebtedness contemplated in the Loan Agreement or the Bondholder Loan Agreement.

"Tax Agreement" means the Tax Regulatory Agreement, dated as of the date of issuance of the Bond, between the Issuer and the Owner, as amended from time to time.

"Unmatured Event(s) of Default" means an event(s) that with notice or the passage of time, or both, could become an Event of Default.

"Written Request" means (a) with reference to the Issuer, a request in writing signed by any officer or official designated by the Issuer, and (b) with reference to the Owner or the Bondholder, a request in writing signed by the authorized representative of the Owner or the Bondholder, as applicable.

**EXHIBIT B**

**FORM OF BOND**

**THIS BOND IS TRANSFERABLE ONLY AS A WHOLE AS PROVIDED HEREIN**

**UNITED STATES OF AMERICA  
STATE OF ILLINOIS  
CITY OF CHICAGO**

**MULTI-FAMILY HOUSING REVENUE BOND  
(SHOPS AND LOFTS AT 47TH PROJECT), SERIES 2013**

**PAYABLE BY THE ISSUER SOLELY AND ONLY FROM REVENUES REFERRED TO HEREIN, INCLUDING, WITHOUT LIMITATION, REVENUES AND RECEIPTS DERIVED FROM AND PURSUANT TO THE LOAN AGREEMENT, THE OWNER NOTE AND THE SECURITY DOCUMENTS REFERRED TO HEREIN.**

**THIS BOND HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE. ACCORDINGLY, THIS BOND MAY BE SOLD OR OTHERWISE TRANSFERRED ONLY IN TRANSACTIONS IN WHICH THIS BOND IS REGISTERED UNDER THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS, OR IN TRANSACTIONS IN WHICH THIS BOND IS EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. THE ISSUER HAS NOT UNDERTAKEN ANY OBLIGATION TO CAUSE THIS BOND TO BE REGISTERED UNDER THE SECURITIES ACT OR APPLICABLE STATE SECURITIES LAWS, OR TO COMPLY WITH ANY EXEMPTION THAT MAY BE AVAILABLE UNDER THE SECURITIES ACT OR APPLICABLE STATE SECURITIES LAWS, INCLUDING, WITHOUT LIMITATION, RULE 144A UNDER THE SECURITIES ACT. THE REGISTERED OWNER OF THIS BOND AGREES THAT ANY TRANSFER OF THIS BOND WILL BE IN ACCORDANCE WITH THE PROVISIONS OF THE BOND ISSUANCE AGREEMENT.**

No. R-1

Dated: February 15, 2013

\$16,800,000.00

KNOW ALL MEN BY THESE PRESENTS, that the CITY OF CHICAGO, a municipal corporation and home rule unit of local government duly organized and validly existing under the Constitution and the laws of the State of Illinois (the "Issuer"), for value received, promises to pay (but only out of the source hereinafter described) to JPMORGAN CHASE BANK, N.A., a national banking association, or registered assigns (the "Bondholder"), the unrepaid portion of the principal amount specified above which has been advanced pursuant to the Bond Issuance Agreement (as described herein, the "Advanced Principal") on August 1, 2015, except to the extent that the provisions hereinafter set forth with respect to redemption prior to maturity or extension of maturity may become applicable hereto, and to pay (but only out of the sources hereinafter described) interest on the unpaid Advanced Principal balance hereof from the date or dates such principal was advanced as follows. Interest shall be computed on the unpaid Advanced Principal balance of this Bond at a floating rate as provided in the Bond Issuance Agreement payable on the tenth day of each month, at redemption and on the Maturity Date, commencing on the first day of the month following the date hereof.

This Bond is the "Bond" described in, and is subject to the terms and provisions of the Bond Issuance Agreement (the "Bond Issuance Agreement"), dated as of February 1, 2013, among the Issuer, the Bondholder and JPMorgan Chase Bank, N.A., as fiscal agent (the "Fiscal Agent"), and payment of this Bond is secured as described in the Bond Issuance Agreement. Capitalized terms not defined herein have the same meaning as given in the Bond Issuance Agreement. Reference is hereby made to the Bond Issuance Agreement for a statement of the prepayment rights and obligations of the undersigned, a description of the security therefor, and for a statement of the terms and conditions under which the due date of this Bond may be accelerated. Upon the occurrence of any Event of Default as specified in the Bond Issuance Agreement, the principal balance hereof and the interest accrued hereon may be declared to be forthwith due and payable.

This Bond is secured by the Security for the Bond as provided in the Bond Issuance Agreement. Notwithstanding anything herein or in the Bond Issuance Agreement to the contrary, if the Issuer shall fail to make any of the payments required to be made by it under this Bond, such payments shall continue as a limited obligation of the Issuer until the amount in default shall have been fully paid and interest on this Bond shall continue to accrue at the rate specified in the Bond Issuance Agreement from the date such payment was due until the date such payment is made or the date this Bond has been repaid in full, whichever is earlier.

In any case where the date of payment of interest on or principal of this Bond or the date fixed for prepayment of all or a portion of this Bond shall not be a Business Day, then such payment need not be made on such date but may be made on the next succeeding Business Day and this Bond shall continue to bear interest until such date.

All funds received by the Bondholder pursuant to any right given or action taken under this Bond, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the Bondholder, shall be applied first to interest on the unpaid principal balance and the remainder to principal remaining due under this Bond. Notwithstanding any other provision of this Bond or the Bond Issuance Agreement to the contrary, funds received by the Bondholder may be applied (a) so long as an Event of Default has not occurred and is not continuing, with respect to the payment then due under this Bond if due, or, if all such payments have been made may be applied as directed by the Owner (defined herein), and (b) if an Event of Default has occurred and is continuing, as directed and in such order as determined by the Bondholder.

This Bond is issued for the purpose of funding a loan by the Issuer to Lofts 47 Phase I Limited Partnership, an Illinois limited partnership (the "Owner") pursuant to the Loan Agreement dated as of February 1, 2013 (the "Loan Agreement") between the Issuer and the Owner for the purpose of financing a portion of the costs of acquiring, constructing, and equipping the Project (as defined in the Bond Issuance Agreement). The terms and conditions of the acquisition, construction, and equipping of the Project, the loan of the proceeds of this Bond to the Owner for such purpose, the issuance of this Bond, and the terms upon which the Bond is issued and secured are contained in the Bond Issuance Agreement and the Loan Agreement.

**This Bond shall only be transferable in whole to a Qualified Transferee delivering to the Issuer a Qualified Transferee Letter in the form of Exhibit D to the Bond Issuance Agreement.**

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the execution, delivery of and the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by law; and that the issuance of this Bond, together with all other obligations of the Issuer, does not exceed or violate any constitutional or statutory limitation.

This Bond is issued pursuant to an Ordinance adopted by the City Council of the Issuer on October 31, 2012. The Bond shall not be a debt of any city, village, incorporated town, county, the State of Illinois or any political subdivision thereof and neither the city, village, incorporated town or the county, nor the State of Illinois or any political subdivision thereof shall be liable thereon, nor in any event shall the Bond be payable out of any funds or properties other than those of the Issuer pledged under the Bond Issuance Agreement and any other agreements specifically securing this Bond. The Bond shall not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction.

The Bond has been issued by the Issuer to aid in financing a housing project to provide dwelling accommodations for persons of low and moderate income.

As provided in the Bond Issuance Agreement, this Bond is subject to prepayment, in whole or in part, and with or without premium, as specified and subject to the limitations set forth in the Bond Issuance Agreement. The Issuer agrees to make required prepayments on account of this Bond in accordance with the provisions of the Bond Issuance Agreement.

This Bond and the rights and obligations of the parties hereunder shall be construed in accordance with and be governed by the laws of the State of Illinois, without regard to its conflict of laws principles.

The Bondholder shall note the Bondholder's books and records, the date and amount of each payment of principal (whether at maturity or upon acceleration or prior redemption) and of interest paid, and of any principal and interest theretofore paid and not yet noted thereon or therein. The information so recorded shall be rebuttable presumptive evidence of the accuracy thereof absent manifest error. The failure to so record any such information or any error in so recording any such information shall not, however, limit or otherwise affect the obligations of the Issuer hereunder to repay the principal amount hereunder together with all interest accruing hereon.

IN WITNESS WHEREOF, the City of Chicago has caused this Bond to be executed in its name by the manual or facsimile signature of its Mayor and attested by the manual or facsimile signature of its City Clerk, all as of the date of delivery of this Bond.

**CITY OF CHICAGO**

(SEAL)

By: \_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
City Clerk

(Form of Fiscal Agent's Certificate of Authentication)

**CERTIFICATE OF AUTHENTICATION**

This Bond is the "Bond" described in the within mentioned Bond Issuance Agreement.

**JPMORGAN CHASE BANK, N.A.**, as Fiscal Agent

By: \_\_\_\_\_  
Authorized Officer

Date of Authentication: \_\_\_\_\_, 2013

**EXHIBIT C**

**LEGAL DESCRIPTION**

**RESIDENTIAL LEGAL DESCRIPTION – PER PROJECT**

**PROJECT A – 747 EAST 47<sup>TH</sup> STREET**

**PARCEL 1:**

LOTS 1 THROUGH 24 (BOTH INCLUSIVE) AND LOTS 43 THROUGH 47 (BOTH INCLUSIVE) IN THE SUBDIVISION OF LOTS 1 AND 2 (EXCEPT THE PART TAKEN FOR WIDENING COTTAGE GROVE AVENUE) IN STONE AND MCGLASHAN'S SUBDIVISION OF THE NORTH HALF OF THE NORTH HALF OF THE NORTHEAST QUARTER OF SECTION 10, TOWNSHIP 38 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN;

TOGETHER WITH

LOTS 1 THROUGH 5 (BOTH INCLUSIVE) IN GEORGE B. UPP'S SUBDIVISION OF SUBLOTS 39, 40, 41 AND 42 IN THE SUBDIVISION OF LOTS 1 AND 2 (EXCEPT THE PART TAKEN FOR WIDENING COTTAGE GROVE AVENUE) IN STONE AND MCGLASHAN'S SUBDIVISION OF THE NORTH HALF OF THE NORTH HALF OF THE NORTHEAST QUARTER OF SECTION 10, TOWNSHIP 38 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN;

TOGETHER WITH

LOTS 1, 2 AND 3 TOGETHER WITH THAT PART OF LOT 4 LYING NORTH OF A LINE DRAWN FROM A POINT ON THE EAST LINE OF SAID LOT 4, SAID POINT BEING 1.05 FEET (AS MEASURED ALONG SAID EAST LINE) NORTH OF THE SOUTHEAST CORNER OF SAID LOT 4 TO A POINT ON THE WEST LINE OF SAID LOT 4 SAID POINT BEING 21.54 FEET (AS MEASURED ALONG THE WEST LINE OF LOTS 4 AND 5) NORTH OF THE SOUTHWEST CORNER OF LOT 5 IN GEORGE B. UPP'S SUBDIVISION OF SUBLOTS 35, 36, 37 AND 38 IN THE SUBDIVISION OF LOTS 1 AND 2 (EXCEPT THE PART TAKEN FOR WIDENING COTTAGE GROVE AVENUE) IN STONE AND MCGLASHAN'S SUBDIVISION OF THE NORTH HALF OF THE NORTH HALF OF THE NORTHEAST QUARTER OF SECTION 10, TOWNSHIP 38 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN;

TOGETHER WITH

THAT PART OF THE NORTH/SOUTH 16 FOOT PUBLIC ALLEY LYING WEST OF AND ADJOINING SAID LOTS 1 THROUGH 13 (BOTH INCLUSIVE) IN THE



SUBDIVISION OF LOTS 1 AND 2 (EXCEPT THE PART TAKEN FOR WIDENING COTTAGE GROVE AVENUE) IN STONE AND MCGLASHAN'S SUBDIVISION OF THE NORTH HALF OF THE NORTH HALF OF THE NORTHEAST QUARTER OF SECTION 10, TOWNSHIP 38 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN AND LYING NORTH OF LINE DRAWN FROM A POINT 1.05 FEET NORTH OF THE SOUTHEAST CORNER OF LOT 4 (AS MEASURED ALONG THE EAST LINE THEREOF) IN GEORGE B. UPP'S SUBDIVISION OF SUBLOTS 35, 36, 37 AND 38 IN THE SUBDIVISION OF LOTS 1 AND 2 (EXCEPT THE PART TAKEN FOR WIDENING COTTAGE GROVE AVENUE) IN STONE AND MCGLASHAN'S SUBDIVISION AFORESAID TO A POINT 10.03 FEET NORTH OF THE SOUTHWEST CORNER OF SAID LOT 13 (AS MEASURED ALONG THE WEST LINE THEREOF); SAID ALLEY BEING VACATED BY ORDINANCE RECORDED NOVEMBER 15, 2012 AS DOCUMENT NUMBER 1232039099;

TOGETHER WITH

THAT PART OF THE EAST/WEST 16 FOOT PUBLIC ALLEY LYING NORTH OF AND ADJOINING TO SAID LOT 1 IN GEORGE B. UPP'S SUBDIVISION OF SUBLOTS 39, 40, 41 AND 42 IN THE SUBDIVISION OF LOTS 1 AND 2 (EXCEPT THE PART TAKEN FOR WIDENING COTTAGE GROVE AVENUE) IN STONE AND MCGLASHAN'S SUBDIVISION OF THE NORTH HALF OF THE NORTH HALF OF THE NORTHEAST QUARTER OF SECTION 10, TOWNSHIP 38 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, ALL TAKEN AS A TRACT; SAID ALLEY BEING VACATED BY ORDINANCE RECORDED NOVEMBER 15, 2012 AS DOCUMENT NUMBER 1232039099;

EXCEPT THEREFROM

THAT PART OF THE ABOVE DESCRIBED TRACT LYING ABOVE A HORIZONTAL PLANE HAVING AN ELEVATION OF +7.00 FEET CHICAGO CITY DATUM AND LYING WITHIN ITS HORIZONTAL BOUNDARY PROJECTED VERTICALLY AND DESCRIBED AS FOLLOWS: BEGINNING AT THE SOUTHWEST CORNER OF SAID TRACT SAID SOUTHWEST CORNER BEING A POINT ON THE WEST LINE OF LOT 4 IN GEORGE B. UPP'S SUBDIVISION OF SUBLOTS 35, 36, 37 AND 38, AFORESAID, SAID POINT BEING 21.54 FEET (AS MEASURED ALONG THE WEST LINE OF LOTS 4 AND 5) NORTH OF THE SOUTHWEST CORNER OF LOT 5 IN GEORGE B. UPP'S SUBDIVISION OF SUBLOTS 35, 36, 37 AND 38, AFORESAID; THENCE SOUTH 90°00'00" EAST ALONG A SOUTH LINE OF SAID TRACT 117.37 FEET; THENCE NORTH 00°00'29" WEST 41.33 FEET; THENCE SOUTH 90°00'00" EAST 136.03 FEET TO A POINT ON THE EAST LINE OF SAID TRACT SAID POINT BEING 274.43 FEET SOUTH OF THE NORTHEAST CORNER OF SAID TRACT (AS MEASURED ALONG THE EAST LINE THEREOF); THENCE NORTH 00°00'00" EAST ALONG THE EAST LINE OF SAID TRACT 53.58 FEET; THENCE NORTH 90°00'00" WEST 67.67 FEET; THENCE NORTH 00°00'00" EAST 26.25 FEET; THENCE NORTH 90°00'00"

WEST 7.41 FEET; THENCE NORTH 00°00'00" EAST 99.69 FEET; THENCE NORTH 90°00'00" WEST 158.18 FEET; THENCE SOUTH 00°00'00" WEST 20.95 FEET; THENCE NORTH 90°00'00" WEST 7.78 FEET; THENCE SOUTH 00°00'00" WEST 23.06 FEET; THENCE NORTH 90°00'00" WEST 12.40 FEET TO THE WEST LINE OF SAID TRACT; THENCE SOUTH 00°00'48" EAST ALONG THE WEST LINE OF SAID TRACT 176.85 FEET TO THE POINT OF BEGINNING;

ALSO EXCEPT THEREFROM

THAT PART OF THE ABOVE DESCRIBED TRACT LYING BELOW A HORIZONTAL PLANE HAVING AN ELEVATION OF +35.40 FEET CHICAGO CITY DATUM AND LYING ABOVE A HORIZONTAL PLANE HAVING AN ELEVATION OF +7.00 FEET CHICAGO CITY DATUM AND LYING WITHIN ITS HORIZONTAL BOUNDARY PROJECTED VERTICALLY AND DESCRIBED AS FOLLOWS: COMMENCING AT A POINT ON THE EAST LINE OF SAID TRACT 274.43 FEET SOUTH OF THE NORTHEAST CORNER THEREOF (AS MEASURED ALONG SAID EAST LINE); THENCE NORTH 00°00'00" EAST ALONG THE EAST LINE OF SAID TRACT 53.58 FEET TO THE POINT OF BEGINNING; THENCE NORTH 90°00'00" WEST 67.67 FEET; THENCE NORTH 00°00'00" EAST 26.25 FEET; THENCE NORTH 90°00'00" WEST 7.41 FEET; THENCE NORTH 00°00'00" EAST 97.88 FEET; THENCE SOUTH 90°00'00" EAST 8.00 FEET; THENCE SOUTH 00°00'00" WEST 5.29 FEET; THENCE SOUTH 90°00'00" EAST 67.08 FEET TO THE EAST LINE OF SAID TRACT; THENCE SOUTH 00°00'00" WEST ALONG SAID EAST LINE 118.84 FEET TO THE POINT OF BEGINNING;

ALSO EXCEPT THEREFROM

THAT PART OF THE ABOVE DESCRIBED TRACT LYING BELOW AN INCLINED PLANE DEFINED BY THE HEREINAFTER DESCRIBED POINT 'A', HAVING AN ELEVATION OF +20.92 FEET CHICAGO CITY DATUM AND THE HEREINAFTER DESCRIBED POINT 'B' HAVING AN ELEVATION OF +35.40 FEET CHICAGO CITY DATUM AND THE HEREINAFTER DESCRIBED POINT 'C' HAVING AN ELEVATION OF +20.92 FEET CHICAGO CITY DATUM, AND LYING ABOVE A HORIZONTAL PLANE HAVING AN ELEVATION OF +7.00 FEET CHICAGO CITY DATUM AND LYING WITHIN ITS HORIZONTAL BOUNDARY PROJECTED VERTICALLY AND DESCRIBED AS FOLLOWS: COMMENCING AT THE NORTHWEST CORNER OF SAID TRACT; THENCE SOUTH 00°00'48" EAST ALONG THE WEST LINE OF SAID TRACT 73.89 FEET; THENCE SOUTH 90°00'00" EAST 57.04 FEET TO THE POINT OF BEGINNING SAID POINT BEING ALSO THE HEREINABOVE MENTIONED POINT 'A'; THENCE SOUTH 90°00'00" EAST 109.83 FEET; THENCE NORTH 00°00'00" EAST 0.85 FEET; THENCE SOUTH 90°00'00" EAST 11.51 FEET; THENCE SOUTH 00°00'00" WEST 21.08 FEET TO A POINT SAID POINT BEING ALSO THE HEREINABOVE MENTIONED POINT 'B'; THENCE NORTH

90°00'00" WEST 121.34 FEET TO A POINT SAID POINT BEING ALSO THE  
HEREINABOVE MENTIONED POINT 'C'; THENCE NORTH 00°00'00" EAST  
20.22 FEET TO THE POINT OF BEGINNING;

ALSO EXCEPT THEREFROM

THAT PART OF THE ABOVE DESCRIBED TRACT LYING BELOW A  
HORIZONTAL PLANE HAVING AN ELEVATION OF +35.40 FEET CHICAGO  
CITY DATUM AND LYING ABOVE A HORIZONTAL PLANE HAVING AN  
ELEVATION OF +7.00 FEET CHICAGO CITY DATUM AND LYING WITHIN ITS  
HORIZONTAL BOUNDARY PROJECTED VERTICALLY AND DESCRIBED AS  
FOLLOWS: BEGINNING AT THE NORTHWEST CORNER OF SAID TRACT;  
THENCE SOUTH 00°00'48" EAST ALONG THE WEST LINE OF SAID TRACT  
53.05 FEET; THENCE SOUTH 90°00'00" EAST 32.62 FEET; THENCE SOUTH  
00°00'00" WEST 4.57 FEET; THENCE NORTH 90°00'00" WEST 25.18 FEET;  
THENCE SOUTH 00°00'00" WEST 1.17 FEET; THENCE NORTH 90°00'00"  
WEST 7.44 FEET TO THE WEST LINE OF SAID TRACT; THENCE SOUTH  
00°00'48" EAST ALONG THE WEST LINE OF SAID TRACT 15.10 FEET;  
THENCE SOUTH 90°00'00" EAST 166.86 FEET; THENCE NORTH 00°00'00"  
EAST 8.57 FEET; THENCE NORTH 90°00'00" WEST 30.40 FEET; THENCE  
NORTH 00°00'00" EAST 11.70 FEET; THENCE SOUTH 90°00'00" EAST 16.96  
FEET; THENCE NORTH 00°00'00" EAST 5.77 FEET; THENCE SOUTH  
90°00'00" EAST 13.51 FEET; THENCE NORTH 00°00'00" EAST 48.37 FEET  
TO THE NORTH LINE OF SAID TRACT; THENCE SOUTH 89°49'16" WEST  
ALONG THE NORTH LINE OF SAID TRACT 166.95 FEET TO THE POINT OF  
BEGINNING;

ALSO EXCEPT THEREFROM

THAT PART OF THE ABOVE DESCRIBED TRACT LYING BELOW A  
HORIZONTAL PLANE HAVING AN ELEVATION OF +35.40 FEET CHICAGO  
CITY DATUM AND LYING ABOVE A HORIZONTAL PLANE HAVING AN  
ELEVATION OF +7.00 FEET CHICAGO CITY DATUM AND LYING WITHIN ITS  
HORIZONTAL BOUNDARY PROJECTED VERTICALLY AND DESCRIBED AS  
FOLLOWS: BEGINNING AT THE NORTHEAST CORNER OF SAID TRACT;  
THENCE SOUTH 89°49'16" WEST ALONG THE NORTH LINE OF SAID TRACT  
73.92 FEET; THENCE SOUTH 00°00'00" WEST 47.95 FEET; THENCE SOUTH  
90°00'00" EAST 7.38 FEET; THENCE SOUTH 00°00'00" WEST 0.37 FEET;  
THENCE SOUTH 90°00'00" EAST 18.25 FEET; THENCE SOUTH 00°00'00"  
WEST 7.58 FEET; THENCE SOUTH 90°00'00" EAST 3.17 FEET; THENCE  
SOUTH 00°00'00" WEST 17.17 FEET; THENCE NORTH 90°00'00" WEST 21.51  
FEET; THENCE SOUTH 00°00'00" WEST 0.52 FEET; THENCE NORTH  
90°00'00" WEST 8.44 FEET; THENCE SOUTH 00°00'00" WEST 22.89 FEET;  
THENCE SOUTH 90°00'00" EAST 60.62 FEET; THENCE NORTH 00°00'00"  
EAST 4.25 FEET; THENCE SOUTH 90°00'00" EAST 14.45 FEET TO THE

EAST LINE OF SAID TRACT; THENCE NORTH 00°00'00" EAST ALONG THE EAST LINE OF SAID TRACT 92.47 FEET TO THE POINT OF BEGINNING;

ALSO EXCEPT THEREFROM

THAT PART OF THE ABOVE DESCRIBED TRACT DESCRIBED AS FOLLOWS: BEGINNING AT THE SOUTHEAST CORNER OF SAID TRACT; THENCE SOUTH 89°49'11" WEST ALONG THE SOUTH LINE OF SAID TRACT 119.98 FEET TO A WEST LINE OF SAID TRACT; THENCE NORTH 00°00'29" WEST ALONG A WEST LINE OF SAID TRACT 281.67 FEET TO A SOUTH LINE OF SAID TRACT; THENCE NORTH 90°00'00" WEST ALONG A SOUTH LINE OF SAID TRACT 16.00 FEET; THENCE NORTH 00°00'29" WEST 41.33 FEET; THENCE SOUTH 90°00'00" EAST 136.03 FEET TO A POINT ON THE EAST LINE OF SAID TRACT SAID POINT BEING 274.43 FEET SOUTH OF THE NORTHEAST CORNER OF SAID TRACT (AS MEASURED ALONG THE EAST LINE THEREOF); THENCE SOUTH 00°00'00" WEST ALONG THE EAST LINE OF SAID TRACT 322.63 FEET TO THE POINT OF BEGINNING), ALL IN COOK COUNTY, ILLINOIS.

**PARCEL 2:**

PERPETUAL, NON-EXCLUSIVE EASEMENTS FOR INGRESS AND EGRESS, STRUCTURAL SUPPORT, USE OF FACILITIES, COMMON WALLS, CEILINGS AND FLOORS, SERVICE CORRIDOR AND SOUTH EVANS AVENUE ENTRANCE AND RESIDENTIAL SIGNAGE PURSUANT TO THAT CERTAIN THE SHOPS AND LOFTS AT 47 RECIPROCAL EASEMENT AND OPERATING AGREEMENT RECORDED \_\_\_\_\_, 2013 AS DOCUMENT NUMBER \_\_\_\_\_ OVER THE PREMISES DESCRIBED AS FOLLOWS:

THAT PART OF LOTS 1 THROUGH 24 (BOTH INCLUSIVE) AND LOTS 43 THROUGH 47 (BOTH INCLUSIVE) IN THE SUBDIVISION OF LOTS 1 AND 2 (EXCEPT THE PART TAKEN FOR WIDENING COTTAGE GROVE AVENUE) IN STONE AND MCGLASHAN'S SUBDIVISION OF THE NORTH HALF OF THE NORTH HALF OF THE NORTHEAST QUARTER OF SECTION 10, TOWNSHIP 38 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN;

TOGETHER WITH

LOTS 1 THROUGH 5 (BOTH INCLUSIVE) IN GEORGE B. UPP'S SUBDIVISION OF SUBLOTS 39, 40, 41 AND 42 IN THE SUBDIVISION OF LOTS 1 AND 2 (EXCEPT THE PART TAKEN FOR WIDENING COTTAGE GROVE AVENUE) IN STONE AND MCGLASHAN'S SUBDIVISION OF THE NORTH HALF OF THE NORTH HALF OF THE NORTHEAST QUARTER OF SECTION 10, TOWNSHIP 38 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN;

TOGETHER WITH

LOTS 1, 2 AND 3 TOGETHER WITH THAT PART OF LOT 4 LYING NORTH OF A LINE DRAWN FROM A POINT ON THE EAST LINE OF SAID LOT 4, SAID POINT BEING 1.05 FEET (AS MEASURED ALONG SAID EAST LINE) NORTH OF THE SOUTHEAST CORNER OF SAID LOT 4 TO A POINT ON THE WEST LINE OF SAID LOT 4 SAID POINT BEING 21.54 FEET (AS MEASURED ALONG THE WEST LINE OF LOTS 4 AND 5) NORTH OF THE SOUTHWEST CORNER OF LOT 5 IN GEORGE B. UPP'S SUBDIVISION OF SUBLOTS 35, 36, 37 AND 38 IN THE SUBDIVISION OF LOTS 1 AND 2 (EXCEPT THE PART TAKEN FOR WIDENING COTTAGE GROVE AVENUE) IN STONE AND MCGLASHAN'S SUBDIVISION OF THE NORTH HALF OF THE NORTH HALF OF THE NORTHEAST QUARTER OF SECTION 10, TOWNSHIP 38 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN;

TOGETHER WITH

THAT PART OF THE NORTH/SOUTH 16 FOOT PUBLIC ALLEY LYING WEST OF AND ADJOINING SAID LOTS 1 THROUGH 13 (BOTH INCLUSIVE) IN THE SUBDIVISION OF LOTS 1 AND 2 (EXCEPT THE PART TAKEN FOR WIDENING COTTAGE GROVE AVENUE) IN STONE AND MCGLASHAN'S SUBDIVISION OF THE NORTH HALF OF THE NORTH HALF OF THE NORTHEAST QUARTER OF SECTION 10, TOWNSHIP 38 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN AND LYING NORTH OF LINE DRAWN FROM A POINT 1.05 FEET NORTH OF THE SOUTHEAST CORNER OF LOT 4 (AS MEASURED ALONG THE EAST LINE THEREOF) IN GEORGE B. UPP'S SUBDIVISION OF SUBLOTS 35, 36, 37 AND 38 IN THE SUBDIVISION OF LOTS 1 AND 2 (EXCEPT THE PART TAKEN FOR WIDENING COTTAGE GROVE AVENUE) IN STONE AND MCGLASHAN'S SUBDIVISION AFORESAID TO A POINT 10.03 FEET NORTH OF THE SOUTHWEST CORNER OF SAID LOT 13 (AS MEASURED ALONG THE WEST LINE THEREOF); SAID ALLEY BEING VACATED BY ORDINANCE RECORDED NOVEMBER 15, 2012 AS DOCUMENT NUMBER 1232039099;

TOGETHER WITH

THAT PART OF THE EAST/WEST 16 FOOT PUBLIC ALLEY LYING NORTH OF AND ADJOINING TO SAID LOT 1 IN GEORGE B. UPP'S SUBDIVISION OF SUBLOTS 39, 40, 41 AND 42 IN THE SUBDIVISION OF LOTS 1 AND 2 (EXCEPT THE PART TAKEN FOR WIDENING COTTAGE GROVE AVENUE) IN STONE AND MCGLASHAN'S SUBDIVISION OF THE NORTH HALF OF THE NORTH HALF OF THE NORTHEAST QUARTER OF SECTION 10, TOWNSHIP 38 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN; SAID ALLEY BEING VACATED BY ORDINANCE RECORDED NOVEMBER 15, 2012 AS DOCUMENT NUMBER 1232039099; ALL TAKEN AS A TRACT, LYING BELOW AN INCLINED PLANE DEFINED BY THE HEREINAFTER DESCRIBED POINT 'A', HAVING AN ELEVATION OF +20.92 FEET CHICAGO CITY DATUM AND THE HEREINAFTER DESCRIBED POINT 'B' HAVING AN ELEVATION OF +35.40 FEET CHICAGO CITY DATUM AND THE HEREINAFTER DESCRIBED POINT 'C' HAVING AN ELEVATION OF +20.92 FEET CHICAGO CITY

DATUM, AND LYING ABOVE A HORIZONTAL PLANE HAVING AN ELEVATION OF +7.00 FEET CHICAGO CITY DATUM AND LYING WITHIN ITS HORIZONTAL BOUNDARY PROJECTED VERTICALLY AND DESCRIBED AS FOLLOWS: COMMENCING AT THE NORTHWEST CORNER OF SAID TRACT; THENCE SOUTH 00°00'48" EAST ALONG THE WEST LINE OF SAID TRACT 73.89 FEET; THENCE SOUTH 90°00'00" EAST 57.04 FEET TO THE POINT OF BEGINNING SAID POINT BEING ALSO THE HEREINABOVE MENTIONED POINT 'A'; THENCE SOUTH 90°00'00" EAST 109.83 FEET; THENCE NORTH 00°00'00" EAST 0.85 FEET; THENCE SOUTH 90°00'00" EAST 11.51 FEET; THENCE SOUTH 00°00'00" WEST 21.08 FEET TO A POINT SAID POINT BEING ALSO THE HEREINABOVE MENTIONED POINT 'B'; THENCE NORTH 90°00'00" WEST 121.34 FEET TO A POINT SAID POINT BEING ALSO THE HEREINABOVE MENTIONED POINT 'C'; THENCE NORTH 00°00'00" EAST 20.22 FEET TO THE POINT OF BEGINNING, IN COOK COUNTY, ILLINOIS. \*\*\*

PINS: 20-10-206-001  
20-10-206-002  
20-10-206-003  
20-10-206-004  
20-10-206-005  
20-10-206-006  
20-10-206-007  
20-10-206-008  
20-10-206-009  
20-10-206-010  
20-10-206-021  
20-10-206-024  
20-10-206-025 – affects other property  
20-10-206-031  
20-10-206-033

#### **Project B – 4739 South Evans**

LOTS 32 AND 33 IN SUBDIVISION OF LOTS 1 AND 2 OF STONE AND MC GLASHAN'S SUBDIVISION OF THE NORTH HALF OF THE NORTH HALF OF THE NORTHEAST QUARTER OF SECTION 10, TOWNSHIP 38 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN (LYING EAST OF VINCENNES AVE.), IN COOK COUNTY, ILLINOIS.

P.I.N. 20-10-206-013  
20-10-206-014

**Project C - 4745 South Evans**

LOTS 29 and 30 IN SUBDIVISION OF LOTS 1 AND 2 OF STONE AND MC GLASHAN'S SUBDIVISION OF THE NORTH HALF OF THE NORTH HALF OF THE NORTHEAST QUARTER OF SECTION 10, TOWNSHIP 38 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN (LYING EAST OF VINCENNES AVE.), IN COOK COUNTY, ILLINOIS.

P.I.N. - 20-10-206-016  
20-10-206-017

**Project D – 736 East 48<sup>th</sup> Street and 4749 South Evans**

LOTS 25, 26 and 27 IN SUBDIVISION OF LOTS 1 AND 2 OF STONE AND MC GLASHAN'S SUBDIVISION OF THE NORTH HALF OF THE NORTH HALF OF THE NORTHEAST QUARTER OF SECTION 10, TOWNSHIP 38 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN (LYING EAST OF VINCENNES AVE.), IN COOK COUNTY, ILLINOIS.

P.I.N. 20-10-206-019  
29-10-206-020

## EXHIBIT D

### FORM OF QUALIFIED TRANSFEREE LETTER

[Letterhead of Investor]

[Date]

City of Chicago  
Department of Finance  
33 N. LaSalle Street, 6th Floor  
Chicago, Illinois 60602  
Attention: Jeremy Fine

Re: \$16,800,000.00  
City of Chicago  
Multi-Family Housing Revenue Bond  
(Shops and Lofts at 47th Project), Series 2013

Ladies and Gentlemen:

The undersigned (the "Investor") hereby represents and warrants to you as follows:

1. The Investor proposes to purchase the above-referenced Bond (the "Bond") issued pursuant to that certain Bond Issuance Agreement, dated as of February 1, 2013 (the "Bond Issuance Agreement"), among the City of Chicago (the "Issuer"), JPMorgan Chase Bank, N.A., as Bondholder, and JPMorgan Chase Bank, N.A., as Fiscal Agent. The Investor understands that the Bond has not been registered under the Securities Act of 1933, as amended (the "1933 Act"), or the securities laws of any state, and will be sold to the Investor as a whole in reliance upon certain exemptions from registration and in reliance upon the representations and warranties of the Investor set forth herein.

2. The Investor has sufficient knowledge and experience in business and financial matters in general, and investments such as the Bond in particular, and is capable of evaluating the merits and risks involved in an investment in the Bond. The Investor is able to bear the economic risk of, and an entire loss of, an investment in the Bond.

3. The Investor is purchasing the Bond solely for its own account for investment purposes and has no intention to resell or distribute the Bond; provided that the Investor reserves the right to transfer or dispose of the Bond, as a whole, at any time, and from time to time, in its complete and sole discretion, subject, however, to the restrictions described in paragraphs 4, 5 and 6 of this letter.

4. The Investor agrees that it will only offer, sell, pledge, transfer or exchange the Bond (or any legal or beneficial interest therein) (i) in accordance with an available exemption from the registration requirements of Section 5 of the 1933 Act, (ii) in accordance with any applicable state securities laws, and (iii) in accordance with the provisions of the Bond and the Bond Issuance Agreement.

5. The Investor is a "qualified institutional buyer" as defined in Rule 144A promulgated under the 1933 Act ("Rule 144A"); it is aware that the sale of the Bond to it is made



in reliance on Rule 144A, and understands that the Bond may be offered, resold, pledged or transferred only (1)(i) to a person who is a "qualified institutional buyer," as defined in Rule 144A, in compliance with Rule 144A, or (ii) pursuant to another exemption from registration under the 1933 Act; and (2) as a whole in compliance with the Bond, the Bond Issuance Agreement and applicable state securities laws.

6. If the Investor sells the Bond (or any legal or beneficial interest therein), the Investor or its agent will obtain for your benefit, and deliver to you, from any subsequent purchaser a Qualified Transferee Letter in the form of Exhibit D to the Bond Issuance Agreement or such other materials (including, but not limited to, an opinion of counsel) as are required by you to evidence compliance of such sale and purchase with the requirements of the 1933 Act effecting an exemption from registration. The Investor hereby agrees to indemnify the Issuer against any failure by the Investor to transfer the Bond in accordance with the restrictions relating thereto set forth in the Bond Issuance Agreement and the Bond.

Very truly yours,

[Name of Investor]

Dated: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBIT E**  
**FORM OF INVESTOR LETTER**

February 15, 2013

City of Chicago  
Department of Finance  
33 N. LaSalle Street, 6th Floor  
Chicago, Illinois 60602  
Attention: Jeremy Fine

Re: \$16,800,000.00  
City of Chicago  
Multi-Family Housing Revenue Bond  
(Shops and Lofts at 47th Project), Series 2013

Ladies and Gentlemen:

The undersigned (the "Investor") hereby represents and warrants to you as follows:

1. The Investor proposes to purchase the above-referenced Bond (the "Bond") issued pursuant to that certain Bond Issuance Agreement, dated as of February 1, 2013 (the "Bond Issuance Agreement"), among the City of Chicago (the "Issuer"), JPMorgan Chase Bank, N.A., as Bondholder, and JPMorgan Chase Bank, N.A., as Fiscal Agent. The Investor understands that the Bond has not been registered under the Securities Act of 1933, as amended (the "1933 Act"), or the securities laws of any state, and will be sold to the Investor as a whole in reliance upon certain exemptions from registration and in reliance upon the representations and warranties of the Investor set forth herein.

2. The Investor has sufficient knowledge and experience in business and financial matters in general, and investments such as the Bond in particular, and is capable of evaluating the merits and risks involved in an investment in the Bond. The Investor is able to bear the economic risk of, and an entire loss of, an investment in the Bond. In the normal course of the Investor's business, the Investor invests in and purchases securities (including restricted securities) similar in investment character to the Bond.

3. The Investor is purchasing the Bond solely for its own account for investment purposes and has no intention to resell or distribute the Bond; provided that the Investor reserves the right to transfer or dispose of the Bond as a whole at any time, and from time to time, in its complete and sole discretion, subject, however, to the restrictions described in paragraphs 4, 5 and 7 of this letter.

4. The Investor agrees that it will only offer, sell, pledge, transfer or exchange the Bond (or any legal or beneficial interest therein) (i) in accordance with an available exemption from the registration requirements of Section 5 of the 1933 Act, (ii) in accordance with any applicable state securities laws, and (iii) in accordance with the provisions of the Bond and the Bond Issuance Agreement.

5. The Investor understands that the Bond may be offered, resold, pledged or transferred only (1)(i) to a person who is a "qualified institutional buyer," as defined in Rule 144A

(promulgated under the 1933 Act), in compliance with Rule 144A, or (ii) pursuant to another exemption from registration under the 1933 Act; and (2) as a whole in compliance with the Bond, the Bond Issuance Agreement and applicable state securities laws.

6. The Investor acknowledges that it has had access to such financial and other information, and has been afforded the opportunity to ask such questions of representatives of the Issuer and the Owner (as defined in the Bond Issuance Agreement), and receive answers thereto, as the Investor deems necessary in order to evaluate the merits and risks involved in an investment in the Bond.

7. If the Investor sells the Bond (or any legal or beneficial interest therein), the Investor or its agent will obtain for your benefit, and deliver to you, from any subsequent purchaser a Qualified Transferee Letter in the form of Exhibit D to the Bond Issuance Agreement, or such other materials (including, but not limited to, an opinion of counsel) as are required by you to evidence the compliance of such sale and purchase with the requirements of the 1933 Act effecting an exemption from registration. The Investor hereby agrees to indemnify the Issuer against any failure by the Investor to transfer the Bond in accordance with the restrictions relating thereto set forth in the Bond Issuance Agreement and the Bond.

Very truly yours,

**JPMORGAN CHASE BANK, N.A.**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT B**

**LOAN AGREEMENT**

**(SEE ITEM NO. 2)**

---

**LOAN AGREEMENT**

between

**CITY OF CHICAGO**

and

**LOFTS 47 PHASE I LIMITED PARTNERSHIP,**  
an Illinois limited partnership

Dated as of February 1, 2013

---

## TABLE OF CONTENTS

	<u>Page</u>
ARTICLE I	DEFINITIONS, INTERPRETATION AND EXHIBITS .....2
Section 1.1	Definitions.....2
Section 1.2	Interpretation.....5
ARTICLE II	LOAN TO OWNER; REPAYMENT PROVISIONS .....5
Section 2.1	Loan to Owner .....5
Section 2.2	Repayment of Loan and Payment of Other Amounts .....5
Section 2.3	Payment.....6
Section 2.4	Interest Rates .....7
Section 2.5	Interest on Amounts Past Due .....7
Section 2.6	Application of Payments .....7
Section 2.7	Event of Default under the Bond Issuance Agreement.....7
Section 2.8	No Defense or Set-off; Unconditional Obligation .....8
ARTICLE III	PREPAYMENT OF THE OWNER NOTE; CHANGES IN CIRCUMSTANCE.....9
Section 3.1	Prepayment of the Owner Note .....9
Section 3.2	Surrender of Owner Note on Full Prepayment.....9
Section 3.3	Increased Costs.....9
Section 3.4	Break Funding Payments.....10
Section 3.5	Late Fee.....11
ARTICLE IV	LIMITED OBLIGATION; ASSIGNMENT BY ISSUER .....11
Section 4.1	Limited Obligation of Issuer .....11
Section 4.2	Assignment of Issuer's Rights.....11
ARTICLE V	REPRESENTATIONS AND WARRANTIES OF ISSUER.....12
Section 5.1	Organization and Authority .....12
Section 5.2	Amount of Bond; Proceeds.....12
Section 5.3	Issuance .....12
Section 5.4	Non-Assignment .....12
Section 5.5	Purposes.....12
Section 5.6	No Conflict .....12
Section 5.7	No Litigation.....13
Section 5.8	Location of the Project .....13
ARTICLE VI	REPRESENTATIONS AND WARRANTIES OF OWNER.....13
Section 6.1	Organization and Authority .....13
Section 6.2	Private Placement.....14
Section 6.3	Borrowing Legal and Authorized.....14
Section 6.4	Validity; Binding Nature; Approvals.....14
Section 6.5	Bond Counsel May Rely on Representations and Warranties .....14
Section 6.6	Pending Litigation .....15
Section 6.7	Filing and Payment of Tax Reports and Returns .....15
Section 6.8	Full Disclosure .....15
Section 6.9	No Defaults .....15

**TABLE OF CONTENTS**  
**(Continued)**

	<u>Page</u>
Section 6.10 Governmental Consent .....	16
Section 6.11 Compliance with Law .....	16
Section 6.12 Restrictions on the Owner .....	16
Section 6.13 No Conflict of Interest .....	16
Section 6.14 Project Compliance .....	16
Section 6.15 Eminent Domain; Damage; Code Violations .....	16
Section 6.16 Permits and Licenses .....	16
Section 6.17 Financial Statements .....	17
Section 6.18 Broker's Fees .....	17
Section 6.19 Other Representations and Warranties .....	17
Section 6.20 Survival .....	17
Section 6.21 Remaking of Representations and Warranties .....	17
<b>ARTICLE VII COVENANTS OF OWNER .....</b>	<b>17</b>
Section 7.1 Tax-Exempt Status of the Bond .....	17
Section 7.2 Taxes, Charges and Assessments .....	17
Section 7.3 Compliance with Orders, Ordinances, Etc .....	18
Section 7.4 Books, Records and Inspections .....	18
Section 7.5 Change in Nature of Operations .....	18
Section 7.6 Owner to Maintain Existence; Consolidation or Merger .....	18
Section 7.7 Transfer of Project .....	19
Section 7.8 Environmental Requirements; Indemnity .....	19
Section 7.9 Insurance .....	19
Section 7.10 Project Budget .....	19
Section 7.11 Completion of Construction .....	19
Section 7.12 Balancing .....	20
Section 7.13 Change Orders .....	20
Section 7.14 Covenant Against Liens .....	20
Section 7.15 Notices .....	20
Section 7.16 Zoning Amendments, Subdivisions, etc .....	20
Section 7.17 Covenants Regarding Tax Credits .....	20
Section 7.18 Capital Contributions of Investor Limited Partner .....	22
Section 7.19 Bondholder Loan Agreement .....	22
<b>ARTICLE VIII COVENANTS OF THE ISSUER .....</b>	<b>22</b>
Section 8.1 Payment of Principal and Interest .....	22
Section 8.2 Owner Note .....	22
Section 8.3 Further Assurances .....	22
Section 8.4 Arbitrage .....	23
Section 8.5 Volume Cap .....	23
Section 8.6 Assignment of Issuer's Rights .....	23
<b>ARTICLE IX COMPLETION OF PROJECT; ISSUANCE OF BOND .....</b>	<b>23</b>
Section 9.1 Agreement to Complete Project; Application of Bond Proceeds .....	23
Section 9.2 Agreement to Issue the Bond .....	23

**TABLE OF CONTENTS**  
(Continued)

	<u>Page</u>	
Section 9.3 Disbursements from the Construction Fund.....	23	
Section 9.4 Completion of the Project.....	25	
Section 9.5 Disbursements.....	26	
Section 9.6 Investment of Moneys.....	26	
Section 9.7 Arbitrage Covenant.....	27	
ARTICLE X CONDITIONS TO APPROVAL OF INITIAL DISBURSEMENTS .....	27	
Section 10.1 Documents.....	27	
Section 10.2 Documents of Organization/Authority .....	27	
Section 10.3 Opinions of Counsel .....	27	
Section 10.4 Bondholder's Fees.....	28	
Section 10.5 Searches.....	28	
Section 10.6 Development Cost Budget.....	28	
Section 10.7 Additional Funding Sources.....	28	
Section 10.8 Equity Requirements.....	28	
Section 10.9 Approval of Partners / Material Adverse Financial Change.....	28	
Section 10.10 .....	No Material Litigation	28
Section 10.11 .....	Conditions Under Bondholder Loan Agreement	29
ARTICLE XI CONDITIONS PRECEDENT TO ALL DISBURSEMENTS .....	29	
Section 11.1 No Default.....	29	
Section 11.2 Conditions Under Bondholder Loan Agreement .....	29	
ARTICLE XII EVENTS OF DEFAULT AND REMEDIES .....	29	
Section 12.1 Events of Default .....	29	
Section 12.2 Remedies on Default .....	31	
Section 12.3 Right to Perform Covenants; Advances .....	32	
Section 12.4 Costs and Expenses .....	33	
Section 12.5 Exercise of Remedies.....	34	
Section 12.6 Default by Issuer; Limited Liability .....	34	
Section 12.7 Application of Funds .....	34	
ARTICLE XIII INDEMNIFICATION.....	35	
Section 13.1 Indemnification of Issuer and Fiscal Agent .....	35	
ARTICLE XIV MISCELLANEOUS .....	36	
Section 14.1 [Intentionally Deleted] .....	36	
Section 14.2 Severability .....	36	
Section 14.3 Notices.....	36	
Section 14.4 Assignments .....	38	
Section 14.5 Counterparts .....	38	
Section 14.6 Amounts Remaining in the Bond Issuance Agreement Funds.....	38	
Section 14.7 Amendments, Changes and Modifications.....	38	
Section 14.8 Governing Law; Jury Trial.....	38	



# **TABLE OF CONTENTS** **(Continued)**

	<u>Page</u>
Section 14.9 Term of Loan Agreement.....	39
Section 14.10 ..... Bond Issuance Agreement Provisions	39
Section 14.11 ..... Binding Effect	39
Section 14.12 ..... Immunity of Issuer's Officers	39
Section 14.13 ..... Participations	40
Section 14.14 ..... Waivers	40
Section 14.15 ..... Patriot Act Notification	40
Section 14.16 ..... Entire Agreement	41
Exhibit A -- Form of Owner Note	
Exhibit B -- Costs of Project	
Exhibit C -- Form of Disbursement Request	
Exhibit D -- Wire Transfer Instructions	

## **LOAN AGREEMENT**

This LOAN AGREEMENT, dated as of February 1, 2013 (this "Loan Agreement"), between the CITY OF CHICAGO, an Illinois municipal corporation and home rule unit of local government duly organized and validly existing under the Constitution and the laws of the State of Illinois (the "Issuer"), located in Cook and DuPage Counties, Illinois, and LOFTS 47 PHASE I LIMITED PARTNERSHIP, an Illinois limited partnership (the "Owner").

### **WITNESSETH:**

WHEREAS, as a home rule unit of local government and pursuant to the Constitution of the State of Illinois, the Issuer is authorized to issue its revenue notes and bonds in order to aid in providing an adequate supply of residential housing for low- and moderate-income persons or families within the City of Chicago, which constitutes a valid public purpose for the issuance of revenue notes and bonds by the Issuer; and

WHEREAS, the Issuer has determined to issue, sell and deliver its \$16,800,000.00 Multi-Family Housing Revenue Bond (Shops and Lofts at 47th Project), Series 2013 (the "Bond") pursuant to a Bond Issuance Agreement dated as of February 1, 2013 (the "Bond Issuance Agreement") among the Issuer, JPMorgan Chase Bank, N.A., as Bondholder and JPMorgan Chase Bank, N.A., as Fiscal Agent, and to lend the proceeds thereof to the Owner for the purpose of financing a portion of the cost of acquiring, constructing, and equipping the Project (as defined in the Bond Issuance Agreement); and

WHEREAS, the Issuer and the Owner have entered into this Loan Agreement providing for the loan of the proceeds of the Bond to the Owner for the purposes described in the preceding paragraph; and

WHEREAS, this Loan Agreement provides for the issuance by the Owner of the Owner Note (as hereinafter defined); and

WHEREAS, the Issuer will pledge and assign the Owner Note and this Loan Agreement to the Bondholder under the Assignment (as defined in the Bond Issuance Agreement); and

WHEREAS, security for the repayment of the Owner Note is provided by certain Owner Collateral Documents (as defined in the Bond Issuance Agreement);

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements contained herein, and for other good and valuable consideration (the receipt, sufficiency and adequacy of which are hereby acknowledged), the parties hereto agree as follows, provided that in the performance of the agreements of the Issuer herein contained, any obligation it may thereby incur for the payment of money shall not constitute an indebtedness or give rise to a pecuniary liability of the Issuer, the State of Illinois or any political subdivision thereof, or a charge against the Issuer's general credit or the taxing powers of the State of Illinois or any political subdivision thereof, but shall be payable solely and only from the Revenues (as defined in the Bond Issuance Agreement):

## ARTICLE I

### DEFINITIONS, INTERPRETATION AND EXHIBITS

Section 1.1 Definitions. Capitalized terms used in this Loan Agreement without definition shall have the respective meanings given to such terms in Exhibit A attached to the Bond Issuance Agreement unless the context or use clearly indicates another or different meaning or intent.

“Additional Funding Sources” means (a) the Initial Equity, (b) the CHA Loan, (c) the NSP2 Loan, and (d) the DTC Loan.

“Bondholder” means JPMorgan Chase Bank, N.A., a national banking association, and its successors and assigns as the registered owner of the Bond.

“Bondholder Loan Agreement” means that certain Construction and Permanent Loan Agreement dated as of February 1, 2013 by and between Bondholder and Owner, as the same may be amended, modified or supplemented from time to time.

“Buildings” means the buildings in which the Project is located.

“CHA” means The Chicago Housing Authority, a municipal corporation organized and existing under the laws of the State of Illinois.

“CHA Loan” means the loan from CHA to Owner in the stated principal amount of \$8,374,410.00.

“Change in Law” means (i) the adoption of any law, rule or regulation, (ii) any change in any law, rule or regulation or in the interpretation or application thereof by any Governmental Authority (as defined in the Owner Note) after the date of this Loan Agreement, or (iii) compliance by the Bondholder (or any applicable lending office of the Bondholder) with any request, guideline or directive (whether or not having the force of law) of any Governmental Authority made or issued after the date of this Loan Agreement; provided, however, that notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, regulations, guidelines or directives thereunder or issued in connection therewith shall be deemed to be a “Change in Law”, regardless of the date enacted, adopted or issued, and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, Basel Community on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed a “Change in Law” regardless of the date enacted, adopted, issued or implemented.

“Complete” or “Completed” has the meaning assigned to such term in Section 7.11.

“Construction Escrow” means the escrow established pursuant to the Construction Escrow Agreement.

“Construction Escrow Agreement” means, that certain Construction Loan Escrow and Disbursement Agreement by and among Owner, CHA, TCB, Bondholder, Developer and the title company, as escrow agent and acknowledged and consented to by the General Contractor.

“Developer” means TCB Development Services LLC, an Illinois limited liability company.

“Donation Tax Credits” means the tax credits available with respect to the Project pursuant to 20 ILCS 3805/7.28.

“DTC Loan” means the loan from the Developer to Owner in the stated principal amount of \$662,881.00, funded by the proceeds of the sale of the Donation Tax Credits.

“Environmental Indemnity Agreement” means the Environmental Indemnity Agreement dated as of February 1, 2013 from the Owner in favor of the Bondholder, as the same may be amended and supplemented from time to time.

“General Contractor” means McShane Construction Company LLC, a Delaware limited liability company.

“General Partner” means Lofts 47 Phase I, Inc., an Illinois corporation, the general partner of the Owner (holding an approximately 0.01 percent equity interest in the Owner), together with its permitted successors and assigns.

“Guarantor” means TCB.

“Initial Equity” means the sum of not less than \$840,038.00 of the Owner’s cash equity required to be deposited in the Construction Escrow on or before the date of issuance of the Bond.

“Insurance Requirements” means those requirements with respect to the maintenance of insurance with respect to the Project and the Owner’s obligations hereunder, under the Bondholder Loan Agreement and under the other Owner Documents.

“Investor Limited Partner” means Hudson Shops and Lofts LLC, a Delaware limited liability company and limited partner of the Owner (holding an approximately 99.98 percent equity interest in the Owner), together with its permitted successors and assigns.

“Issuer Documents” means, collectively, the Bond Issuance Agreement, this Loan Agreement, the Land Use Restriction Agreement, the Tax Agreement and the Assignment.

“Liabilities” means any and all of the Owner’s obligations, liabilities and indebtedness to the Issuer or the Bondholder, now or hereafter existing or arising, or due or to become due, under or by reason of this Loan Agreement, the Owner Note, the Bond Issuance Agreement, the Bond, the Security for the Bond, the Owner Collateral Documents or any other document, instrument or agreement executed in connection therewith, by operation of law or otherwise, and any refinancings, substitutions, extensions, renewals, replacements and modifications for or of any or all of the foregoing, including all principal of and interest accrued on the Bond and the Owner Note, all fees, charges, expenses, disbursements, costs and indemnities of the Owner thereunder.

“Loan” means the loan to the Owner of the proceeds of the Bond pursuant to this Loan Agreement.

“Low Income Housing Tax Credits” means the tax credits described in Section 42 of the Code with respect to the Project.

"Maturity Date" means August 1, 2015 or, if extended pursuant to Section 2.02(f) of the Bond Issuance Agreement, February 1, 2016.

"Mortgage" means the Construction Mortgage , Security Agreement, Assignment of Leases and Rents and Fixture Filing, dated as of February 1, 2013, from the Owner to the Bondholder, securing the Loan and the Other Loans.

"NSP2 Loan" means the loan from TCB to Owner, funded by NSP2 program funds, in the stated principal amount of \$2,300,000.00.

"Other Loans" means the Permanent Loan and TIF Loan, as defined in the Bondholder Loan Agreement.

"Owner Documents" means, collectively, the Bond Issuance Agreement, this Loan Agreement, the Land Use Restriction Agreement, the Tax Agreement, the Owner Note and the Owner Collateral Documents (as defined in the Bond Issuance Agreement).

"Owner Note" means the promissory note of the Owner evidencing the obligation of the Owner to pay the Loan in substantially the form attached hereto as Exhibit A.

"Partnership Agreement" means the partnership agreement or similar governing document of the specified partnership and, if no partnership is specified, refers to the Amended and Restated Agreement of Limited Partnership dated February 1, 2013 of the Owner.

"Permitted Transfers" means (1) the transfer by the Limited Partner of partnership interests in the Borrower to any other entity which is an affiliate of the Limited Partner or which is controlled by Hudson Housing Capital LLC; (2) the pledge and encumbrance of the interests of the Limited Partner to or for the benefit of any financial institution which enables the Limited Partner to make its capital contributions to the Borrower; (3) the removal of any general partner of Borrower by the Limited Partner pursuant to the terms of the Partnership Agreement and the replacement of such general partner with an affiliate of the Limited Partner; and (4) issuance of partnership interests in the Borrower equal to 99.99% of the profits, losses, credits, distributions and other interests in the Borrower to the limited partners of the Borrower.

"Plans and Specifications" means the plans and specifications for the Project approved by the Issuer in conjunction with the issuance of the general building permit for the Project.

"Project Certificate" means the Project Certificate dated the Closing Date of the Owner, as supplemented and amended.

"Security" means the "Security for the Bond" described in the Bond Issuance Agreement and mortgaged, assigned and pledged as security for the obligations evidenced by the Bond.

"Special Limited Partner" means Hudson SLP LLC, a Delaware limited liability company and limited partner of the Owner (holding an approximately 0.01 percent equity interest in the Owner), together with its permitted successors and assigns.

"TCB" means The Community Builders, Inc., a Massachusetts charitable corporation doing business in Illinois as TCB Illinois NFP, Inc.

Section 1.2 Interpretation. In this Loan Agreement, except as otherwise expressly provided or unless the context clearly otherwise requires:

(a) the words "hereby," "hereof," "herein," "hereunder" and any similar words used in this Loan Agreement refer to this Loan Agreement as a whole and not to any particular Article, Section or other subdivision, and the word "heretofore" shall mean before, and the word "hereafter" shall mean after, the date of this Loan Agreement, and the word "including" shall mean including, without limitation;

(b) all accounting terms not otherwise defined herein shall have the meanings assigned to them in accordance with GAAP;

(c) any headings preceding the text of the several Articles and Sections of this Loan Agreement, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall neither constitute a part of this Loan Agreement nor affect its meaning, construction or effect; and

(d) any certificates, letters or opinions required to be given pursuant to this Loan Agreement shall mean a signed document attesting to or acknowledging the circumstances, representations, opinions of law or other matters therein stated or set forth or setting forth matters to be determined pursuant to this Loan Agreement.

## ARTICLE II

### LOAN TO OWNER; REPAYMENT PROVISIONS

Section 2.1 Loan to Owner. The Issuer covenants and agrees to finance a portion of the Costs of the Project through the issuance of the Bond pursuant to the Bond Issuance Agreement and the loan of the proceeds of the Bond to the Owner, such Loan to be advanced from time to time by making deposits into the Construction Fund and, subject to satisfaction of the conditions set forth in Articles X and XI hereof, disbursed and applied as provided in Article IX hereof.

#### Section 2.2 Repayment of Loan and Payment of Other Amounts.

(a) *Owner Note*. In order to evidence its obligation to repay the Loan made hereunder by the Issuer, the Owner shall authorize, execute and deliver the Owner Note, which Owner Note shall be in substantially the form attached hereto as Exhibit A. The terms and conditions of the Owner Note are hereby incorporated into this Section with the same effect as if fully set forth herein. The Owner agrees to pay all of its obligations in full under this Loan Agreement and the Owner Note.

(b) *Mandatory Payments under the Bond*. It is the intent of the Owner and the Issuer that, notwithstanding any schedule of payments contained in the Owner Note, the payments to be made by the Owner on the Owner Note shall at all times be sufficient to enable the Issuer to pay when due the principal of and interest on the Bond; provided, however, that if for any reason the funds available to the Issuer are at any time insufficient or unavailable to make any payment of the principal of or interest on the Bond when due (whether at maturity or upon redemption or acceleration), the Owner shall forthwith pay directly to the Bondholder, in immediately available funds, the amount required to make up such deficiency, or shall take such other action as may be

necessary to make sufficient funds available to make such payment. All such payments made to the Bondholder with respect to the Bond shall be made by the Owner on behalf of the Issuer, shall be deemed a credit against the Liabilities, and shall be applied against the Issuer's payment obligations under the Bond.

(c) *Payments to Fiscal Agent.* The Owner shall pay to the Fiscal Agent, until the principal of and interest on the Owner Note shall have been fully paid, the reasonable fees, charges and expenses (if any) of the Fiscal Agent, as fiscal agent and Bond Registrar, as and when the same become due. The Owner further agrees to indemnify the Fiscal Agent for, and to defend and hold the Fiscal Agent harmless against, any loss, liability or expense incurred without negligence or bad faith on its part, arising out of or in connection with its powers or duties hereunder and under the Bond Issuance Agreement, including, but not limited to, the cost and expenses of defending itself against any claim or liability in connection with the exercise of any of such powers or performance of any such duties.

### Section 2.3 Payment.

(a) *Payments under the Owner Note.* The Owner will promptly and punctually pay all amounts payable with respect to the Owner Note, without any presentment of the Owner Note, notice of nonpayment, notice of dishonor or notice of protest, and without any notation of such payment being made thereon, directly to the Bondholder in immediately available funds by: (i) wire transfer originated by the Owner not later than 12:00 noon, Chicago, Illinois time, on the payment date, pursuant to the wire instructions attached hereto as Exhibit D, or (ii) by disbursement of proceeds of the Bond from the Construction Fund in accordance with Section 9.5(b) of this Loan Agreement, or (iii) by charging an account of the Owner established with the Bondholder, which charge is hereby authorized by the Owner. The Owner Note shall be assigned by Issuer to Bondholder as set forth in Section 4.2 hereof.

(b) *Payments Due on Days other than Business Days.* In any case where the date of maturity of principal of or interest on the Owner Note or the Bond, or the date fixed for prepayment of all or a portion of the Owner Note or the Bond, as applicable, shall be other than a Business Day, then such payment need not be made on such date but may be made on the next succeeding Business Day, and the Owner Note and the Bond shall continue to bear interest until such date of actual payment.

(c) *Payment Notations.* The Bondholder shall make a notation in the Bondholder's books and records of each principal and interest payment made pursuant to this Section 2.3 and the date to which interest has been paid. The information so recorded shall be rebuttable presumptive evidence of the accuracy thereof. The failure to so record any such information, or any error in so recording any such information, shall not, however, limit or otherwise affect or increase the obligations of the Owner hereunder or under the Owner Note to repay the principal balance thereof together with all interest accruing thereon.

(d) *Manner of Payment.* The principal of and interest on the Owner Note shall be payable in lawful money of the United States of America; such principal and interest shall be payable at the office of the Bondholder designated in the Owner Note.

(e) Return of Collateral. Upon payment in full of the Owner Note and termination of this Loan Agreement, the Issuer and the Fiscal Agent shall, on a timely basis, reassign and redeliver (or cause to be reassigned and redelivered) to the Owner, or to such Person or Persons as the Owner shall designate, against receipt, such of the collateral (if any) assigned by the Owner to the Issuer as shall not have been sold or otherwise applied by the Issuer or the Fiscal Agent pursuant to the terms hereof and as shall still be held by the Issuer or the Fiscal Agent hereunder, together with appropriate instruments of reassignment and release, including, without limitation, UCC termination statements; it shall be the obligation of the Owner to provide all such instruments of reassignment and release for Issuer's approval or execution. Any such reassignment shall be without recourse upon, or representation or warranty by, the Issuer, and shall be at the cost and expense of the Owner. If a claim is made upon the Issuer (or any assignee of the Issuer, including, but not limited to, the Bondholder) at any time for recovery of any amount received by the Issuer (or such assignee) in payment of the Owner Note, whether received from the Owner or otherwise (a "Recovery Claim"), and should the Issuer (or such assignee) repay all or part of said amount by reason of: (i) any judgment, decree or order of any court or administrative body having jurisdiction over the Issuer or any assignee of the Issuer, or the Property of either thereof; or (ii) any settlement or compromise of any such Recovery Claim effected by the affected party with the claimant (including the Owner), this Loan Agreement, the Owner Collateral Documents and the Security for the Bond shall continue in effect with respect to the amount so repaid to the same extent as if such amount had never originally been received by the Issuer or such assignee, notwithstanding any prior termination of this Loan Agreement, the return of this Loan Agreement, the Owner Collateral Documents or any of the Security for the Bond to the Owner (or any designee of the Owner), or the cancellation of the Owner Note. Notwithstanding anything in this Section 2.3(e), any collateral that is also collateral for the indebtedness evidenced by the Permanent Note, TIF Note A or TIF Note B (each as defined in the Bondholder Loan Agreement) shall not be released by Bondholder prior the date that each applicable note has been paid in full and the Bondholder Loan Agreement has been terminated.

Section 2.4 Interest Rates. The interest rate per annum payable on an Owner Note shall be equal to the interest rate payable time to time on the Bond as provided in Article II of the Bond Issuance Agreement. Interest on the Owner Note shall be payable at such times as interest is payable on the Bond under the provisions of the Bond Issuance Agreement.

Section 2.5 Interest on Amounts Past Due. Notwithstanding anything in this Article II to the contrary, if the Owner shall fail to make any of the payments required to be made by it under this Loan Agreement or under the Owner Note, including, without limitation, any mandatory prepayments required by Section 3.1(b) of this Loan Agreement, such payments shall continue as an obligation of the Owner until the unpaid amount so overdue shall have been fully paid, and interest on such Owner Note shall continue to accrue from the date such payment was due until the date such payment is made or the date such Owner Note has been repaid in full, whichever is earlier, at the Past Due Rate as defined in the Bond Issuance Agreement.

Section 2.6 Application of Payments. All payments on account of indebtedness outstanding under an Owner Note shall be applied as set forth in the Owner Note.

Section 2.7 Event of Default under the Bond Issuance Agreement. Upon a declaration of acceleration by the Bondholder under Section 7.02 of the Bond Issuance



Agreement, an amount equal to the principal of the Owner Note, together with accrued interest due thereon, shall become immediately due and payable hereunder, and thereafter, to the extent not previously issued, the Issuer shall be under no obligation to make any additional disbursement of the Loan.

Section 2.8 No Defense or Set-off; Unconditional Obligation.

(a) The obligation of the Owner to make the payments required to be made by it herein, the obligation of the Owner to make the payments pursuant to the Owner Note, and the obligation of the Owner to perform and observe fully all other agreements, obligations and covenants on its part contained herein shall be absolute and unconditional, irrespective of any defense or any rights of set-off, recoupment, abatement or counterclaim it might otherwise have against the Issuer, the Fiscal Agent or the Bondholder.

(b) The Owner covenants and agrees with and for the express benefit of the Issuer and the Bondholder that all payments pursuant hereto and the Owner Note shall be made by the Owner on or before the dates the same become due, and the Owner shall perform all of its other obligations, covenants and agreements hereunder, without notice or demand (except as provided herein), and without abatement, deduction, reduction, diminishment, waiver, abrogation, set-off, counterclaim, recoupment, defense or other modification, or any right of termination or cancellation arising from any circumstance whatsoever, whether now existing or hereafter arising, and regardless of any act of God, contingency, event or cause whatsoever, and irrespective (without limitation) of whether any portion of the Project shall have been started or completed, or whether the title to any portion of the Premises or the Project is defective or nonexistent, or whether the revenues of the Owner are sufficient to make such payments, and notwithstanding any damage to, or loss, theft or destruction of, the Premises or the Project, or any part thereof, expiration of this Loan Agreement, any failure of consideration or frustration of purpose, the taking by eminent domain or otherwise of title to or of the right of temporary use of, all or any part of Premises or the Project, legal curtailment of the use thereof, any assignment, novation, merger, consolidation, transfer of assets, leasing or other similar transaction of or affecting the Owner, the Premises or the Project, whether with or without the approval of the Issuer, any change in the tax or other laws of the United States of America, the State of Illinois or any political subdivision of either thereof, any change in the Issuer's legal organization or status, or any default of the Issuer hereunder, and regardless of the invalidity of any portion of this Loan Agreement or the Bond Issuance Agreement, or any other document or instrument referred to herein or therein; and, to the extent legally permissible, the Owner hereby waives the provisions of any statute or other law now or hereafter in effect impairing or conflicting with any of its obligations, covenants or agreements under this Loan Agreement or the Owner Note, or which releases or purports to release the Owner herefrom or therefrom. Nothing in this Loan Agreement shall be construed as a waiver by the Owner of any rights or claims the Owner may have against the Issuer under this Loan Agreement or otherwise, but any recovery upon such rights and claims shall be had from the Issuer separately, it being the intent of this Loan Agreement that the Owner shall be unconditionally and absolutely obligated, without right of set-off or abatement, to perform fully all of its obligations, agreements and covenants under this Loan Agreement and the Owner Note for the benefit of the Issuer and the Bondholder.

## ARTICLE III

### PREPAYMENT OF THE OWNER NOTE; CHANGES IN CIRCUMSTANCE

#### Section 3.1 Prepayment of the Owner Note.

(a) Upon notice as provided in the Owner Note, the Owner may prepay, in whole or in part, without premium or penalty but subject to payment of any Break Funding Payment, on any Business Day, the principal amount of the Owner Note then outstanding (such optional prepayments to be applied to the redemption of the Bond as provided in Section 3.01 of the Bond Issuance Agreement).

(b) The Owner Note is subject to mandatory prepayment, without premium or penalty but subject to payment of any Break Funding Payment, prior to the Maturity Date as follows:

(i) to the extent of any excess amounts in the Construction Account of the Construction Fund after the Completion of the Project, which shall be applied to the prepayment of the Owner Note;

(ii) to the extent the Owner Collateral Documents provide that the proceeds of any insurance or condemnation payment received with respect to the Project be applied to the prepayment of the Owner Note and the Bond;

(iii) in part, in the amount of \$4,450,000.00, upon receipt by Owner of the Second Scheduled Equity Contribution (as defined in the Bondholder Loan Agreement);

(iv) in whole, upon the funding of the Other Loans; and

(v) in whole, upon the occurrence of a Determination of Taxability with respect to the Bond.

(c) In the event of any prepayment hereunder, the Owner shall pay to the Bondholder all accrued and unpaid interest through the date of such prepayment on the principal balance of the Owner Note being prepaid.

Section 3.2 Surrender of Owner Note on Full Prepayment. If the entire unpaid principal balance of an Owner Note is prepaid, the Owner Note shall be cancelled by the Bondholder and surrendered to the Owner.

#### Section 3.3 Increased Costs.

(a) From and after the assignment of the Owner Note to the Bondholder, if any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by, the Bondholder (except any such reserve requirement reflected in the Adjusted LIBO Rate); or

(ii) impose on the Bondholder or the London interbank market any other condition affecting the Owner Note or borrowings made by the Bondholder using the LIBO Rate;

and the result of any of the foregoing shall be to increase the cost to the Bondholder of making or maintaining any LIBO Rate borrowing (or of maintaining its obligation to make any such borrowing) or to increase the cost or to reduce the amount of any sum received or receivable by the Bondholder (whether of principal, interest or otherwise), then the Owner will pay to the Bondholder such additional amount or amounts as will compensate the Bondholder for such additional costs incurred or reduction suffered.

(b) If the Bondholder determines that any Change in Law regarding capital requirements has or would have the effect of reducing the rate of return on the Bondholder's capital or on the capital of the Bondholder's holding company, if any, as a consequence of this Note or the Loan made by the Bondholder to a level below that which the Bondholder or the Bondholder's holding company could have achieved but for such Change in Law (taking into consideration the Bondholder's policies with respect to capital adequacy), then from time to time the Owner will pay to the Bondholder, such additional amount or amounts as will compensate the Bondholder or the Bondholder's holding company for any such reduction suffered.

(c) A certificate of the Bondholder setting forth the amount or amounts necessary to compensate the Bondholder or its holding company, as the case may be, as specified in paragraph (a) or (b) of this Section shall be delivered to the Owner and shall be conclusive absent manifest error. The Owner shall pay the Bondholder, the amount shown as due on any such certificate within ten (10) days after receipt thereof.

(d) Failure or delay on the part of the Bondholder to demand compensation pursuant to this Section shall not constitute a waiver of the Bondholder's right to demand such compensation; provided that the Owner shall not be required to compensate the Bondholder pursuant to this Section for any increased costs or reductions incurred more than 270 days prior to the date that the Bondholder notifies the Owner of the Change in Law giving rise to such increased costs or reductions and of the Bondholder's intention to claim compensation therefor; provided further that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the 270-day period referred to above shall be extended to include the period of retroactive effect thereof.

**Section 3.4 Break Funding Payments.** From and after the assignment of the Owner Note to the Bondholder, during such time as the Interest Rate (or the Past Due Rate utilizing the Interest Rate as its base) shall be the governing interest rate under the Owner Note and the Bond, in the event of (a) the payment of any principal other than on the last day of an Interest Period applicable thereto (including as a result of an Event of Default), (b) a conversion to the Alternate Rate other than on the last day of the Interest Period applicable to the amount so converted, or (c) the failure to borrow, continue or prepay any advance of the proceeds of the Loan on the date specified in any notice delivered pursuant hereto or pursuant to the Bondholder Loan Agreement, then, in any such event, the Owner shall compensate the Bondholder for the loss, cost and expense attributable to such event. Such loss, cost or expense to the Bondholder shall be deemed to include an amount determined by the Bondholder to be the excess, if any, of (i) the amount of interest which would have accrued on the applicable principal amount had such event not occurred, at the Adjusted LIBO Rate that would have been applicable to such amount, for the period from the date of such event to the

last day of the then current Interest Period for such amount (or, in the case of a failure to borrow, convert or continue, for the period that would have been the Interest Period for such amount), over (ii) the amount of interest which would accrue on such principal amount for such period at the interest rate which the Bondholder would bid were it to bid, at the commencement of such period, for dollar deposits of a comparable amount and period from other banks in the eurodollar market. A certificate of the Bondholder setting forth any amount or amounts that the Bondholder is entitled to receive pursuant to this Section shall be delivered to the Owner and shall be conclusive absent manifest error. The Owner shall pay the Bondholder the amount shown as due on any such certificate (any such amount due, a "Break Funding Payment") within ten (10) days after receipt thereof.

Section 3.5 Late Fee. If any payment required under the Owner Note is not paid within ten (10) days after such payment is due, then, at the option of the holder thereof, the Owner shall pay a late charge equal to five percent (5.0%) of the amount of such payment to compensate the holder for administrative expenses and other costs of delinquent payments. This late charge may be assessed without notice, shall be immediately due and payable and shall be in addition to all other rights and remedies available to the holder.

## ARTICLE IV

### LIMITED OBLIGATION; ASSIGNMENT BY ISSUER

Section 4.1 Limited Obligation of Issuer. The obligations of the Issuer under this Loan Agreement are special, limited obligations of the Issuer, payable solely out of the Revenues. The obligations of the Issuer hereunder shall not be deemed to constitute an indebtedness or an obligation of the Issuer, the State of Illinois or any political subdivision thereof within the meaning of any constitutional limitation or statutory provision, or a charge against the credit or general taxing powers, if any, of any of them.

Section 4.2 Assignment of Issuer's Rights. As security for the payment of the Bond, the Issuer will, pursuant to the Bond Issuance Agreement and the Assignment, assign and pledge to the Bondholder all of the Issuer's right, title and interest in and to this Loan Agreement and the Owner Note, except that it will retain the Issuer Reserved Rights, but such retention by the Issuer will not limit in any way the exercise by the Bondholder of its rights hereunder, under the Assignment or under the Bond Issuance Agreement, the Owner Note, the Bond and the Security for the Bond. Notwithstanding anything herein to the contrary, the Issuer hereby directs the Owner to make all payments under this Loan Agreement (except with respect to the Issuer Reserved Rights) and the Owner Note directly to the Bondholder. The Owner hereby acknowledges and consents to such pledge and assignment, and agrees to make payments directly to the Bondholder (except with respect to the Issuer Reserved Rights), without defense or set-off, recoupment or counterclaim by reason of any dispute between the Owner on the one hand, and the Bondholder, the Fiscal Agent or the Issuer on the other hand, or otherwise. After any such assignment and pledge referenced in this Loan Agreement, the Bond Issuance Agreement, the Bond, the Owner Note or the Security for the Bond, all rights, interest and benefits accruing to the Issuer under this Loan Agreement or the Owner Note, except for the Issuer Reserved Rights, shall be assigned to and become the rights and benefits of the Bondholder. Any obligations of the Issuer as provided in the Bond Issuance Agreement, this Loan Agreement, the Bond or the Owner Note shall remain the obligations of the Issuer to the extent provided herein and therein after such assignment. The Issuer agrees that the Bondholder, in its name or in the name of the Issuer, may enforce all rights of the Issuer (other than the Issuer Reserved Rights) and all obligations of the Owner under and pursuant to the

assigned documents as aforesaid, and the Issuer will not enforce such rights and obligations itself except at the written direction of the Bondholder, in each case whether or not the Issuer is in Default hereunder.

## ARTICLE V

### REPRESENTATIONS AND WARRANTIES OF ISSUER

The Issuer hereby represents and warrants as follows (which representations and warranties shall survive the execution and delivery hereof, the making of the Loan and the issuance of the Owner Note):

Section 5.1 Organization and Authority. The Issuer is a municipal corporation and home rule unit of local government duly organized and validly existing under the Constitution and laws of the State of Illinois. Under the Constitution and laws of the State of Illinois, the Issuer has the power to enter into the transaction contemplated by this Loan Agreement, the Bond Issuance Agreement, the Bond, and the Issuer Documents, and to carry out its obligations hereunder and thereunder, including the full right, power and authority to pledge and assign this Loan Agreement and the Owner Note to the Bondholder as provided herein. By proper action of the City Council of the Issuer, the Issuer has been duly authorized to execute and deliver this Loan Agreement, the Bond, the Bond Issuance Agreement and the Issuer Documents.

Section 5.2 Amount of Bond; Proceeds. The Bond is being issued in the principal amount of \$16,800,000.00, will mature and bear interest as set forth in Article II of the Bond Issuance Agreement, and will be subject to redemption prior to maturity as set forth in Article III of the Bond Issuance Agreement. The proceeds of the sale of the Bond will be lent to the Owner for the purpose of paying Costs of the Project.

Section 5.3 Issuance. The Bond is to be issued under home rule powers of the Issuer under the Constitution of the State of Illinois and secured by the Bond Issuance Agreement, pursuant to which the right, title and interest of the Issuer in, to and with respect to this Loan Agreement, the Owner Note, the Owner Collateral Documents and the Security for the Bond (other than with respect to the Issuer Reserved Rights) will be assigned and pledged to the Bondholder as security for payment of the principal of and interest on the Bond as provided in the Bond Issuance Agreement.

Section 5.4 Non-Assignment. The Issuer has not assigned or pledged, and will not assign or pledge, its interest in this Loan Agreement, the Owner Note, the Owner Collateral Documents and the Security for the Bond other than to Bondholder to secure the Bond.

Section 5.5 Purposes. The Issuer hereby finds and determines that the Project is in the best interests of the Issuer, and that all requirements of the Constitution and laws of the State of Illinois have been complied with.

Section 5.6 No Conflict. To the knowledge of the undersigned representatives of the Issuer, neither the execution and delivery of this Loan Agreement, the Bond or the Bond Issuance Agreement, the consummation of the transactions contemplated hereby or thereby, nor the fulfillment of or compliance with the terms and conditions hereof or thereof, conflicts with or results in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which the Issuer is now a party or by which it or any of its Property is bound, or constitutes a default under any of the foregoing. THE ISSUER MAKES NO

REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE CREDITWORTHINESS OR THE ABILITY OF THE OWNER TO MAKE THE PAYMENTS DUE UNDER THIS LOAN AGREEMENT OR THE OWNER NOTE AND DOES NOT REPRESENT OR WARRANT AS TO ANY OF THE STATEMENTS, MATERIALS (FINANCIAL OR OTHERWISE), REPRESENTATIONS OR CERTIFICATIONS FURNISHED OR TO BE MADE AND FURNISHED BY THE OWNER IN CONNECTION WITH THE ISSUANCE, SALE, EXECUTION AND DELIVERY OF THE BOND, OR AS TO THE CORRECTNESS, COMPLETENESS OR ACCURACY OF SUCH STATEMENTS.

Section 5.7 No Litigation. To the knowledge of the undersigned representatives of the Issuer, there is no action, suit, proceeding or investigation pending or threatened against the Issuer which seeks to restrain or enjoin the issuance or delivery of the Bond, or the execution and delivery of the Bond Issuance Agreement, this Loan Agreement or the Issuer Documents, or which in any way contests or affects any authority for the issuance or delivery of the Bond, or the execution and delivery of the Bond Issuance Agreement, this Loan Agreement or the Issuer Documents, or the validity of the Bond, the Bond Issuance Agreement, this Loan Agreement, or in any way contests the corporate existence or powers of the Issuer, or in any way affects the exclusion from gross income for Federal income tax purposes of interest on the Bond.

Section 5.8 Location of the Project. The Project is located entirely within the corporate boundaries of the City of Chicago, Illinois.

## ARTICLE VI

### REPRESENTATIONS AND WARRANTIES OF OWNER

To induce the Issuer to issue, and the Bondholder to purchase, the Bond, the Owner hereby represents and warrants to the Issuer and the Bondholder as follows:

#### Section 6.1 Organization and Authority.

(a) The Owner is a limited partnership, duly organized, validly existing and in good standing under the laws of the State of Illinois. The General Partner is a corporation, duly organized and is validly existing and in good standing under the laws of the State of Illinois. The Developer is a limited liability company, duly organized and is validly existing and in good standing under the laws of the State of Illinois. TCB is a charitable corporation, duly organized and is validly existing and in good standing under the laws of the Commonwealth of Massachusetts and qualified to do business in the State of Illinois.

(b) The Owner (i) is authorized to do business in the State of Illinois and every other jurisdiction in which the nature of its business or its properties makes such qualification necessary; (ii) has full power and authority to own its properties and to conduct its business as now being conducted, and to enter into, and to perform and observe in all material respects the covenants and agreements in its part contained in, this Loan Agreement, the Owner Note and the Owner Documents; and (iii) is in compliance with all laws, regulations, ordinances and orders of public authorities applicable to it.

(c) The General Partner (i) is authorized to do business in the State of Illinois and every other jurisdiction in which the nature of its business or its properties makes

such qualification necessary; (ii) has full power and authority to own its properties and to conduct its business as now being conducted and to enter into, and to perform and observe in all material respects the covenants and agreements in its part contained in the Owner Documents; and (iii) is in compliance with all laws, regulations, ordinances and orders of public authorities applicable to it.

(d) The Developer (i) is authorized to do business in the State of Illinois and every other jurisdiction in which the nature of its business or its properties makes such qualification necessary; (ii) has full power and authority to own its properties and to conduct its business as now being conducted and to enter into, and to perform and observe in all material respects the covenants and agreements in its part contained in the Owner Documents; and (iii) is in compliance with all laws, regulations, ordinances and orders of public authorities applicable to it.

(e) TCB (i) is authorized to do business in the State of Illinois and every other jurisdiction in which the nature of its business or its properties makes such qualification necessary; (ii) has full power and authority to own its properties and to conduct its business as now being conducted and to enter into, and to perform and observe in all material respects the covenants and agreements in its part contained in the Owner Documents; and (iii) is in compliance with all laws, regulations, ordinances and orders of public authorities applicable to it.

Section 6.2 Private Placement. Neither the Owner nor any agent or representative thereof has offered the Owner Note to any Person other than the Issuer and the Bondholder.

Section 6.3 Borrowing Legal and Authorized. The Owner's execution and delivery of, performance by, compliance with this Loan Agreement, the Owner Note and the Owner Documents, and the consummation of the transactions provided for herein and therein: (a) are within the Owner's powers as an Illinois limited partnership; (b) have been duly authorized; (c) require no approval of any Governmental Body or other Person (other than approval of the Owner's partners, which has already been obtained); (d) do not and will not contravene or conflict with (i) the Partnership Agreement or Certificate of Limited Partnership of the Owner; (ii) any Government Regulation to which it is subject, or (iii) any judgment, decree, order or contractual restriction binding on or affecting the Owner, the General Partner, the Developer, TCB or the Project; and (e) do not and will not contravene or conflict with, or cause any Lien upon or with respect to any of the Owner's Property (including, but not limited to, the Project), other than as permitted in writing by the Bondholder or as expressly permitted hereunder.

Section 6.4 Validity; Binding Nature; Approvals. The Owner Documents are the legal, valid and binding obligations of the Owner, enforceable against the Owner in accordance with their respective terms. No order, authorization, consent, license or exemption of, or filing or registration with, any court or Governmental Body, or any other approval which has not been obtained or taken and is not in full force and effect, is required to authorize, or is required in connection with the execution, delivery and performance by the Owner of the Owner Documents (except for those which are not yet required to have been obtained in connection with the construction and equipping of the Project).

Section 6.5 Bond Counsel May Rely on Representations and Warranties. The Owner agrees that Bond Counsel shall be entitled to rely upon the factual representations and warranties of the Owner set forth in this Article VI in connection with the delivery of legal opinions on the date of the issuance of the Bond.

**Section 6.6 Pending Litigation.** There is no pending action or proceeding before or by any court, Governmental Body or arbitrator against or directly involving the Owner, the General Partner or the Developer, and, to the best of the Owner's knowledge, there is no threatened action or proceeding, or inquiry that might give rise thereto, materially affecting the Owner or any of its Properties, or the General Partner or the Developer, before any court, Governmental Body or arbitrator. The Owner does not know of any basis for any of the foregoing: (a) that, in any case, may materially and adversely affect the financial condition or operation of the Owner, the General Partner, or the Developer; (b) that, in any case, may seek to restrain, or would otherwise have a material adverse effect on, the transactions contemplated herein; or (c) that, in any case, would affect the validity or enforceability of the Owner Documents. There is no pending, or the best of Owner's knowledge, threatened litigation, against or directly involving TCB: (i) that, in any case, may materially and adversely affect the financial condition or operation of TCB except as has been disclosed to the Bondholder in Exhibit A to that certain Guaranty of Payment and Performance of even date herewith delivered by TCB to Bondholder; (ii) that, in any case, may seek to restrain, or would otherwise have a material adverse effect on, the transactions contemplated herein; or (iii) that, in any case, would affect the validity or enforceability of the Owner Documents.

**Section 6.7 Filing and Payment of Tax Reports and Returns.** The Owner has filed or caused to be filed all federal, state and local tax reports and returns which are required to be filed, and has paid or caused to be paid all taxes as shown on said returns or which are due or on any assessment received by it.

**Section 6.8 Full Disclosure.** Neither this Loan Agreement nor any written statement furnished by the Owner to the Issuer or the Bondholder in connection with the negotiation of the sale of the Bond contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements contained therein or herein not misleading. The Owner has disclosed to the Bondholder in writing all facts that might materially and adversely affect the transactions contemplated by this Loan Agreement, or that might materially and adversely affect the business, credit, operations, financial condition or prospects of the Owner, or that might materially and adversely affect any material portion of the Owner's Properties (including, but not limited to, the Project), or the Owner's ability to perform its obligations under the Owner Documents.

**Section 6.9 No Defaults.** To the best of the Owner's knowledge, the Owner is not in default in the payment or performance of any of its obligations, liabilities or indebtedness, or the performance of any mortgage, indenture, lease, contract or other agreement, instrument or undertaking to which it is a party or by which it or any of its Properties may be bound, which default would have a material and adverse effect on the business, operations, Property or condition, financial or otherwise, of the Owner. To the best of the Owner's knowledge, no event, act or condition exists that would constitute a Default or an Event of Default hereunder. To the best of the Owner's knowledge, the Owner is not in default under any order, award or decree of any court, arbitrator or Governmental Body binding upon or affecting it, or by which any of its Properties may be bound or affected, which default would have a material and adverse effect on the business, operations, Property or condition, financial or otherwise, of the Owner, and no such order, award or decree adversely affects the ability of the Owner to carry on its business as currently conducted or the ability of it to perform its obligations under this Loan Agreement, the Owner Note, the Owner Collateral Documents, the Security for the Bond and the Owner Documents.



Section 6.10 Governmental Consent. Neither the nature of the Owner nor of any of its activities or Properties, nor any relationship between the Owner and any other Person, or any circumstances in connection with the execution and delivery by the Owner of the Owner Documents, or the performance or observance of any covenants or agreements required to be observed or performed by such Owner under the Owner Documents, requires the consent, approval or authorization of, or filing, registration or qualification with, any Governmental Body on the part of the Owner as a condition to the execution and delivery of the Owner Documents (except for those which are not yet required to have been obtained in connection with the construction and equipping of the Project).

Section 6.11 Compliance with Law. To the best of the Owner's knowledge, the Owner is currently in compliance with all Government Regulations to which it is subject, and has obtained and shall continue to maintain all licenses, permits, franchises or other governmental authorizations necessary for the ownership of its Property or the conduct of its activities, non-compliance with which or failure to obtain which might materially adversely affect the ability of the Owner to conduct its activities as currently conducted or the financial condition of the Owner.

Section 6.12 Restrictions on the Owner. The Owner is not a party to any contract or agreement, or subject to any charter or other restriction, that materially and adversely affects (within the sole discretionary judgment of the Bondholder) its ability to perform its obligations under this Loan Agreement. The Owner is not a party, or otherwise subject, to any provision contained in any instrument evidencing Indebtedness, any agreement relating thereto or any other contract or agreement (including its Partnership Agreement) that restricts or otherwise limits the incurring of the Indebtedness to be represented by the Owner Documents. The Owner possesses all rights and properties necessary for the conduct of its business as currently conducted and as intended to be conducted.

Section 6.13 No Conflict of Interest. No member of the governing body of the Issuer or any elected or salaried officer or official of the Issuer has any interest (financial, employment or other) in the Owner, the Project or the transactions contemplated by the Owner Documents.

Section 6.14 Project Compliance. To the best of the Owner's knowledge, the Project will not violate any existing Government Regulation with respect thereto, and the anticipated use of the Project complies with all existing applicable ordinances, regulations and restrictive covenants affecting the Project, and all requirements of such use that can be satisfied prior to completion of construction have been satisfied.

Section 6.15 Eminent Domain; Damage; Code Violations. The Owner has not received notice of, or has any knowledge of: (a) any proceedings, whether actual, pending or threatened, for the taking under the power of eminent domain or any similar power or right, of all or any portion of the Project; (b) any damage to or destruction of any portion of the Project; or (c) any zoning, building, fire or health code violations in respect of the Project that have not heretofore been corrected or that are not scheduled to be corrected in connection with the construction of the Project.

Section 6.16 Permits and Licenses. All building, zoning, safety, health, fire, water district, sewerage and environmental protection agency permits and other licenses and permits that are required by any Governmental Body for the construction, use, occupancy and operation of the Project have been obtained and are in full force and effect (except for those which are not yet required to have been obtained in connection with the construction and equipping of the

Project, and which will be obtained at or prior to the time required by law in connection with the construction and equipping of the Project).

Section 6.17 Financial Statements. All balance sheet, income statements, statements of cash flow and other financial data that have been or shall hereafter be furnished to the Bondholder for the purposes of or in connection with this Loan Agreement do and will present fairly in accordance with GAAP, consistently applied, the financial condition of the Owner as of the dates thereof and the results of its operations for the periods covered thereby.

Section 6.18 Broker's Fees. Other than with respect to any term sheet proposal deposit and the origination fee being paid by the Owner in connection with the purchase of the Bond by the Bondholder, the Owner has no obligation to any Person in respect of any finder's, broker's or similar fee in connection with the Owner Documents.

Section 6.19 Other Representations and Warranties. Each representation and warranty made by Owner to or for the benefit of Bondholder in any other document relating to the financing and construction of the Project, including but not limited to the Bondholder Loan Agreement, is or will be, as of the date made, true and correct, and, if deemed to be remade under the terms of such document, shall be true and correct on each date such representation or warranty is deemed remade.

Section 6.20 Survival. The representations and warranties set forth in this Article VI shall survive until all Liabilities have been indefeasibly paid in full.

Section 6.21 Remaking of Representations and Warranties. At the time of making of each disbursement pursuant to Section 9.3, the Owner shall be deemed to have remade each of the representations and warranties contained in this Article VI with the same effect as though made on the date of such disbursement.

## ARTICLE VII

### COVENANTS OF OWNER

Section 7.1 Tax-Exempt Status of the Bond. The proceeds of the Bond will be used in a manner consistent with the representations of the Owner contained herein, the Tax Agreement and the Project Certificate. The Owner shall not use the Project, or permit the Project to be used, in such a way as would result in the loss of the exclusion from gross income for Federal income tax purposes of interest on the Bond, and will not act in any manner that would adversely affect the exclusion from gross income for Federal income tax purposes of interest on the Bond.

Section 7.2 Taxes, Charges and Assessments. The Owner shall pay or cause to be paid on or before the date they become due, all taxes (except taxes imposed on gross or net income), duties, charges, assessments and impositions on, or on account of, the use, occupancy or operation of the Project, and on any payments under this Loan Agreement or under the Owner Note. The Owner shall promptly pay when due all amounts except such as the Owner is diligently contesting in good faith and by appropriate proceedings; provided that the Owner has provided for and is maintaining adequate reserves with respect thereto in accordance with GAAP or a bond or other acceptable form of security to assure payment is made.

Section 7.3 Compliance with Orders, Ordinances, Etc. The Owner shall, at its sole cost and expense, comply with all current and future applicable Government Regulations, the failure to comply with which would materially and adversely affect the Project or the use, occupancy or condition thereof. The Owner shall have the right to contest any such Government Regulation and, in the event of any such contest, may refrain from complying therewith during the period of such contest and any appeal therefrom; provided that it has furnished additional security satisfactory to the Bondholder for any loss or damage that the Bondholder may sustain by reason of such non-compliance.

Section 7.4 Books, Records and Inspections. The Owner shall maintain complete and accurate books and records (including records relating to the Project), and, during reasonable times and upon reasonable notice (except upon an Event of Default when no such notice shall be required), shall permit the Issuer and the Bondholder to have full and complete access to such books and records of the Owner, and shall permit the Issuer and the Bondholder to visit, audit, examine, copy and inspect, as applicable, the Owner's books and records, offices, Premises and operations, at the sole cost and expense of the Owner. The Issuer and the Bondholder have no duty to visit the Premises, to supervise or observe construction or to examine any books or records. Any site visit, observation or examination by the Issuer or the Bondholder is solely for the purpose of protecting their respective rights and interests. No site visit, observation or examination by the Issuer or the Bondholder will impose any liability on the Issuer or the Bondholder or result in a waiver of any Event of Default of the Owner or be a representation that the Owner is or will be in compliance with the approved Plans and Specifications for the Project, that the construction of the Project is free from defective materials or workmanship, or that the construction complies with all applicable laws, ordinance and regulations. Neither the Owner, nor any other party, is entitled to rely on any site visit, observation or examination by the Issuer or the Bondholder. The Issuer and the Bondholder owe no duty of care to protect the Owner or any other party against, or to inform the Owner or any other party of, any negligent or defective design or construction of the Project or any other adverse condition affecting the Premises.

Section 7.5 Change in Nature of Operations. The Owner shall not make any material change in the nature of its operations carried on as of the date of issuance of the Bond unless consented to in writing by the Issuer and the Bondholder.

Section 7.6 Owner to Maintain Existence; Consolidation or Merger. Absent the prior written consent of the Bondholder, the Owner shall, as long as the Bond is outstanding, maintain its existence, not dissolve, liquidate, transfer any membership or other equity interest in the Owner or otherwise dispose of all or substantially all of its assets, and not consolidate with or merge into another business entity or permit one or more other business entities to consolidate with or merge into it. Notwithstanding anything to the contrary contained herein, the Owner's Investor Limited Partner and Special Limited Partner shall be permitted to remove the General Partner and replace the General Partner with a single-purpose affiliate of the Special Limited Partner in accordance with the Owner's Partnership Agreement without the consent of the Bondholder, provided that (a) the partnership interests of any such substitute General Partner shall be subject to the Bondholder's security interests pursuant to the terms of the Security Agreement, and (b) any such substitute General Partner shall execute any and all documents, including security agreements and financing statements, as the Bondholder may reasonably request in order to create, perfect, or continue such security interests. Notwithstanding the foregoing, the substitute General Partner shall assume all the rights and obligations of the General Partner under all of the Loan Documents.

Transfers of the interest of the Owner's Investor Limited Partner or Special Limited Partner shall not be made (i) except as permitted under the Bondholder Loan Agreement, and (ii) without the consent of the Issuer (with the exception of Permitted Transfers), which consent shall not be unreasonably withheld or delayed, and which consent of the Issuer shall not be required after all equity contributions of the Investor Limited Partner have been made pursuant to the terms and conditions of the Partnership Agreement.

The Owner may amend the Owner's Partnership Agreement to reflect any permitted removal and substitution of the General Partner or permitted transfer of the Investor Limited Partner's or Special Limited Partner's interests without the consent of the Issuer or the Bondholder.

**Section 7.7 Transfer of Project.** Absent the prior written consent of the Bondholder and the Issuer, the Owner shall not sell, transfer or otherwise dispose of the Project or any portion thereof (other than sales or other dispositions of obsolete equipment or fixtures in the ordinary course of business) while the Bond is Outstanding.

**Section 7.8 Environmental Requirements; Indemnity.** As between the Bondholder and the Owner, the Bondholder and the Owner agree and understand that the terms and provisions of the Environmental Indemnity Agreement shall govern all indemnifications from the Owner to the Bondholder with respect to environmental matters affecting the Project. The terms and provisions of the Environmental Indemnity Agreement are incorporated herein by this reference, mutatis mutandis, as if fully set forth herein with respect to such relationship.

**Section 7.9 Insurance.** The Owner shall at all times maintain insurance with respect to the Project as is set forth in Section 8.8 of the Bondholder Loan Agreement.

**Section 7.10 Project Budget.** All Costs of the Project shall be identified by line item in the Development Cost Budget approved in writing by the Bondholder. The initial Development Cost Budget shall have a hard cost contingency line item in the minimum amount of five percent (5%) of the hard cost amount (exclusive of profit and overhead) of the approved contract for construction of the Project between the Owner and a general contractor approved by the Bondholder. The initial Development Cost Budget, once so approved by the Bondholder shall not be modified or amended without the prior written approval of the Bondholder.

**Section 7.11 Completion of Construction.** The Owner shall commence construction of the Project on or prior to March 1, 2013, and Complete all improvements comprising the Project on or before the earlier of (a) November 1, 2014, and (b) the date required under any Project Agreement, as defined in the Bondholder Loan Agreement (the "Completion Date").

For purposes of this Section, the Project shall be deemed "Complete" when each of the following conditions has been satisfied: (i) lien-free completion of the construction of the Project, including all residential units and completion of all "punch list" items, in a good and workmanlike manner without any known defects in materials or workmanship, whether latent or otherwise, in accordance with the Plans and Specifications, to the satisfaction of Bondholder (except for completion of landscaping which may be delayed by weather conditions); (ii) the Architect has issued a certificate of completion in the form of AIA Document G704 or a substantially similar form reasonably acceptable to the Bondholder; (iii) issuance of one or more final certificates of occupancy (or a conditional certificates of occupancy subject to conditions reasonably satisfactory to Bondholder) with respect to the Project, each Building and each of the residential units by the City of Chicago sufficient to permit lawful occupancy of the Project, each Building

and each residential unit; (iv) the Project has been "placed in service" pursuant to the requirements of Section 42 of the Internal Revenue Code; (v) all amounts owing to the General Contractor for the construction of the Project have been paid in full; (vi) final lien waivers have been obtained; (vi) all conditions of Substantial Completion, as defined in the Partnership Agreement, have been satisfied, and (vii) environmental remediation of the Project is complete in accordance with the draft "No Further Remediation" letter from the IEPA. For purposes hereof, "lien-free completion" shall be deemed to have occurred notwithstanding the pendency of any lien claims, so long as such claims are bonded or insured over in compliance with the terms and conditions of the Mortgage.

Section 7.12 Balancing. The Owner shall maintain the Project "in balance" in accordance with the terms and conditions of Section 6.4 of the Bondholder Loan Agreement.

Section 7.13 Change Orders. The Owner shall comply at all times with the terms and conditions of Section 8.2 of the Bondholder Loan Agreement.

Section 7.14 Covenant Against Liens. The Owner must pay or otherwise discharge promptly all claims and liens for labor done and materials and services furnished in connection with the construction of the Project. The Owner has the right to contest in good faith any claim or lien, provided that it does so in accordance with the terms and conditions of Section 8.3 of the Bondholder Loan Agreement.

Section 7.15 Notices. The Owner must notify the Bondholder promptly in writing of: (a) any litigation affecting the Owner, the General Partner, the Developer or TCB, the defense of which has not been tendered to and accepted by the Owner's or such other parties' insurance carrier, as applicable; (b) any written or oral communication the Owner receives from any governmental, judicial or legal authority giving notice of any claim or assertion that the Premises or the Project fails in any material respect to comply with any of any applicable law, ordinance, rule, regulation or other governmental requirements; (c) any material adverse change in the physical condition of the Project (including any damage suffered as a result of earthquakes or floods); (d) any material adverse change in the financial condition or operations of the Owner, the General Partner or the Developer, or any material adverse change in the financial condition or operations of TCB which would materially adversely affect TCB's ability to fulfill its obligations under the Owner Documents; (e) any change in the ownership or control of the Owner, the General Partner, the Developer or TCB; or (f) any default by the Owner's General Contractor or any subcontractor or material supplier for the Project under any agreement relating to the Project.

Section 7.16 Zoning Amendments, Subdivisions, etc. The Owner will not, without the prior written consent of the Bondholder, suffer or cause any change in zoning relating to the Premises or permit any vacation of any existing public street or alley serving the Premises or dedicate any portion of the Premises or convert any portion of the Project to condominium or cooperative ownership

Section 7.17 Covenants Regarding Tax Credits. The Owner hereby agrees to comply with all of the following covenants:

- (a) to observe and perform all obligations imposed on the Owner in connection with the federal low income housing tax credits allocable to the Project under Section 42(h) of the Code (the "Tax Credits"), including the obligation, if any, to have the Project "placed in service" (within the meaning given in Section 42 of the Code) in a

timely manner; and to operate the residential units of the Project, and to use the Owner's best efforts to cause all appropriate parties to operate the same, in accordance with all requirements, statutes, and regulations governing the Tax Credits;

(b) to preserve at all times the allocation and availability of the Tax Credits;

(c) not to release, forego, alter, amend or modify its rights to the Tax Credits without the Bondholder's prior written consent, which the Bondholder may give or withhold in the Bondholder's sole and absolute discretion;

(d) not to execute any residential lease of all or any portion of the Project (except for the market rate units) which does not comply fully with all requirements, statutes and regulations governing the Tax Credits, without the Bondholder's prior written consent, which the Bondholder may give or withhold in the Bondholder's sole and absolute discretion;

(e) to cause to be kept all records, and cause to be made all elections and certifications, pertaining to the number and size of apartment units, occupancy thereof by tenants, income level of tenants, set-asides for low-income tenants, and any other matters now or hereafter required to qualify for and maintain the Tax Credits in connection with the low-income occupancy of the Project;

(f) to comply with the appropriate minimum low-income set-aside requirements under the Code or applicable federal laws and regulations applicable to the creation, maintenance and continued availability of the Tax Credits;

(g) to certify compliance with the set-aside requirements and report the dollar amount of qualified basis and maximum applicable percentage, date of placement in service and any other information required for the Tax Credits at such time periods as required by federal laws and regulations for such Tax Credits;

(h) to set aside the appropriate number of units for households with incomes meeting the required standards of the median income of the county in which the Project is located to qualify for the Tax Credits (as determined pursuant to Section 42 of the Code and/or State laws), adjusted for family size, and to operate and maintain all such units as "low-income units" qualifying for the Tax Credits under Section 42(i)(3) of the Code; and

(i) to promptly deliver to the Bondholder true and correct copies of all notices or other documents or communications received or given by the Owner from or to the Issuer or the Internal Revenue Service with regard to or relating in any way to the Tax Credits. Immediately upon receipt thereof, the Owner shall deliver to the Bondholder a copy of (i) the basis audits (as required by Section 42 of the Code) for the Project (including a certificate of the Owner's accountant or attorneys if requested by the Bondholder), (ii) the first annual income certification for all tenants of the Project showing that the tenants are qualified for purposes of the Owner's obtaining Tax Credits, and (iii) the fully-completed Form 8609 (required by the Code) issued for the Project. The Owner shall deliver promptly to the Bondholder such other certificates, income certificates, reports and information as the Bondholder may request.

The Owner understands and acknowledges that the Issuer is making the Loan, and Bondholder is purchasing the Bond, based, in part, upon the value of the Tax Credits, and the Tax Credits, as allocated to the Investor Limited Partner pursuant to the Partnership Agreement, indirectly constitute part of the security for the Loan. The Owner agrees to indemnify, defend, and hold the Issuer and the Bondholder harmless for, from and against any and all actions, suits, claims, demands, liabilities, losses, damages, obligations, and costs or expenses, including litigation costs and reasonable attorney's fees, arising from or in any way connected with the Owner's failure to comply with one or more Tax Credit Covenants, excepting those arising out of, or resulting, solely from the gross negligence or willful misconduct of the Issuer or the Bondholder.

Section 7.18 Capital Contributions of Investor Limited Partner. The Owner shall cause the Investor Limited Partner to make the capital contributions required pursuant to the Partnership Agreement, at the times, in the amounts, and subject to the terms and conditions specified therein including, without limitation, all applicable grace periods provided in the Partnership Agreement. In no event may the Owner amend, modify, or waive any term of the Partnership Agreement which would decrease the amount of, change the conditions to the funding of, change the timing of the funding of, or change the use of, the Investor Limited Partner's capital contributions, without the prior written consent of the Bondholder in its discretion.

Section 7.19 Bondholder Loan Agreement. The Owner shall observe and perform all of the covenants and agreements of Owner contained in the Bondholder Loan Agreement and all documents executed and delivered by Owner in connection therewith.

## ARTICLE VIII

### COVENANTS OF THE ISSUER

Until the payment in full of the Bond and the Owner Note, and until all Liabilities are indefeasibly satisfied in full, the Issuer covenants and agrees that each of the covenants, undertakings and agreements set forth in this Section shall be complied with.

Section 8.1 Payment of Principal and Interest. The Issuer shall promptly pay the principal of and interest on the Bond at the place, on the dates and in the manner provided in the Bond Issuance Agreement and the Bond according to the true intent and meaning thereof; provided, however, that the Bond shall each be a special, limited obligation of the Issuer payable as to principal and interest solely from the Revenues as provided in Section 2.08 of the Bond Issuance Agreement.

Section 8.2 Owner Note. The Issuer shall not thwart the efforts of the Owner or the Bondholder to defend (and, upon the written request of the Bondholder, shall assist in such defense if such assistance is necessary to adequately defend the rights of the Bondholder thereunder at no cost to the Issuer) the title to the Owner Note against all claims and demands of all Persons whomsoever, and hereby authorizes the Owner and the Bondholder to defend, on behalf of the Issuer, all such claims and demands.

Section 8.3 Further Assurances. The Issuer shall execute, acknowledge and deliver each and every further act, deed, conveyance, transfer and assurance reasonably necessary or proper for the better assuring of the pledge and assignment to the Bondholder of this Loan Agreement, the Owner Note, the Owner Collateral Documents and the Security for the Bond.

The Owner agrees to pay all expenses incurred by the Issuer in connection with the performance by the Issuer of its agreements under this Section 8.3.

Section 8.4 Arbitrage. The Issuer shall not take any action within its control, or fail to take any action of which it has knowledge, with respect to the investment of the proceeds of the Bond, including, without limitation, moneys on deposit in any Fund or Account in connection with the Bond, whether or not such moneys were derived from the proceeds of the sale of the Bond or from any other source, or with respect to the payments derived from the Owner Note, which may result in constituting the Bond an "arbitrage bond" within the meaning of Section 148 of the Code and the Regulations. The Issuer further covenants to create a rebate fund upon direction by the Owner to facilitate the payment of any rebatable arbitrage that may arise.

Section 8.5 Volume Cap. The Issuer shall take such actions as may be required to ensure that sufficient volume cap is available under Section 146 of the Code for the issuance of the Bond in compliance with Section 146.

Section 8.6 Assignment of Issuer's Rights. As security for the payment of the Bond, the Issuer shall assign and pledge this Loan Agreement (except for Issuer Reserved Rights), the Owner Note and the Security for the Bond to the Bondholder. The Bondholder and the Owner hereby agree to such assignment, and the Owner agrees that it shall make payments directly to the Bondholder as herein provided, without any defense or rights of set-off whatsoever.

## ARTICLE IX

### COMPLETION OF PROJECT; ISSUANCE OF BOND

Section 9.1 Agreement to Complete Project; Application of Bond Proceeds. The Owner shall apply the proceeds of the Bond, and the proceeds of the Additional Funding Sources, to the acquisition, construction, and equipping of the Project as described in Exhibit B attached hereto. The Owner acknowledges and agrees that the disbursement of proceeds of the Bond shall be made in the order and pursuant to the terms of the Construction Escrow Agreement. The Owner agrees that the acquisition, construction, and equipping of the Project will at all times proceed with due diligence to completion in accordance with the terms and conditions of this Loan Agreement and the Bondholder Loan Agreement.

Section 9.2 Agreement to Issue the Bond. In order to provide funds to make the Loan to the Owner to pay a portion of the Costs of the Project and related expenses, but subject to the terms and conditions contained in the Bond Issuance Agreement, the Issuer agrees that it will issue, sell and cause to be delivered to the Bondholder, the Bond in the principal amount of \$16,800,000.00 bearing interest and maturing as set forth in the Bond Issuance Agreement. The Issuer will deposit, or cause to be deposited, the proceeds received from the sale of the Bond with the Fiscal Agent for deposit in the Construction Account of the Construction Fund in accordance with Article IV of the Bond Issuance Agreement.

Section 9.3 Disbursements from the Construction Fund. Upon receipt by the Fiscal Agent of the proceeds from the sale of the Bond as advanced by the Bondholder, the Fiscal Agent will, subject to the prior written approval of the Bondholder, disburse moneys in the Construction Account of the Construction Fund to or on behalf of the Owner for the following purposes, to the extent included in the Development Cost Budget or otherwise approved by Bondholder:



(a) Payment of the initial or acceptance fee of the Fiscal Agent (if any), the fees and expenses for recording or filing any required documents or instruments by which the revenues and receipts to be derived by the Issuer pursuant to this Loan Agreement, the related Owner Note and the Security for the Bond are assigned and pledged as security for the Bond, and the fees and expenses for recording or filing any financing statements and any other documents or instruments that either the Owner or counsel to the Issuer may deem desirable to file or record.

(b) Payment to the Owner of such amounts as shall be necessary to reimburse the Owner in full for all advances and payments made or costs that have been or will be incurred prior to or after the delivery of the Bond for expenditures in connection with the preparation of Plans and Specifications (including any preliminary study or planning of the Project or any aspect thereof), the acquisition, construction, and equipping of the Project and the acquisition and installation necessary to provide utility services and all real or personal properties deemed necessary in connection with the Project.

(c) Payment or reimbursement to the Owner of all financial, legal and accounting fees and expenses (including all expenses incurred in connection with the placement of the Bond) incurred in connection with the authorization, sale and issuance of the Bond, the preparation of the Bond Issuance Agreement, this Loan Agreement, the Security for the Bond, the Owner Documents, the Issuer Documents and all other documents in connection therewith.

(d) Payment or reimbursement for labor, services, materials and supplies used or furnished on site improvement and in the acquisition, construction, and equipping of the Project as provided in Exhibit B hereto, payment for the cost of the acquisition and installation of utility services or other facilities, and the acquisition and installation of all real and personal property deemed necessary in connection with the Project and payment for the miscellaneous capitalized expenditures incidental to any of the foregoing items.

(e) Payment or reimbursement of the fees if any, for architectural, engineering, legal, investment banking and supervisory services with respect to the Project, and of any fees payable to the Issuer or the Bondholder, or the Issuer's or the Bondholder's counsel, or to the Investor Limited Partner in connection with the financing of the Project.

(f) To the extent not paid pursuant to a contract for acquisition, construction, or equipping with respect to any part of the Project, payment of the premiums on all insurance required to be taken out and maintained with respect to the Project during the related construction period.

(g) Payment of the taxes, assessments and other charges, if any, that may become payable during the related construction period with respect to the Project, or reimbursement thereof if paid by the Owner.

(h) Payment of expenses incurred in seeking to enforce any remedy against any supplier, conveyor, grantor, contractor or subcontractor in respect of any default under a contract relating to the Project.

(i) Payment of interest on the Owner Note, or reimbursement of the Owner for any payments for such purpose during the construction period.

(j) All money remaining in the Construction Fund after the Project is Complete, and after payment or provision for payment of all other items provided for in the preceding subsections (a) to (i), inclusive, of this Section 9.3, shall be used in accordance with Section 9.4 hereof.

Each of the payments referred to in this Section 9.3, other than those payments referred to in subsections (i) and (j) above, shall be made upon receipt by the Fiscal Agent of the documents and showings specified in Section 9.5(a) hereof. Payments referred to in subsection (i) shall be made in accordance with Section 9.5(b) hereof.

Notwithstanding any other provision hereof or of the Bond Issuance Agreement, in the event the moneys in the Construction Fund, together with the balance of monies that are available through the Additional Funding Sources, for payment of the Costs of the Project should not, in the Bondholder's reasonable judgment, be sufficient to pay the costs thereof in full, the Owner agrees within ten (10) days after receipt of written notice thereof from the Bondholder to pay directly, or to deposit in the Construction Fund moneys sufficient to pay the costs of completing the Project as may be in excess of the moneys available therefor in the Construction Fund and from the Additional Funding Sources. NEITHER THE ISSUER NOR THE BONDHOLDER MAKES ANY WARRANTY, EITHER EXPRESS OR IMPLIED, THAT THE MONEYS WHICH WILL BE PAID INTO THE CONSTRUCTION FUND, AND WHICH, UNDER THE PROVISIONS OF THIS LOAN AGREEMENT, WILL BE AVAILABLE FOR PAYMENT OF THE COSTS OF THE PROJECT, WILL BE SUFFICIENT TO PAY ALL THE COSTS THAT WILL BE INCURRED IN THAT CONNECTION. The Owner agrees that if it should pay or should deposit moneys in the Construction Fund for payment of any portion of the Costs of the Project pursuant to the provisions of this Section 9.3, it shall not be entitled to any reimbursement therefor from the Issuer, the Fiscal Agent or the Bondholder, nor shall it be entitled to any diminution of the amounts payable under the Owner Note or hereunder. The Owner hereby pledges, sets over and transfers to the Issuer and hereby grants to the Issuer a security interest and right of setoff in all rights to the proceeds in the escrow account, if any, created pursuant to Section 9.4 of this Loan Agreement.

#### Section 9.4 Completion of the Project.

(a) Any moneys (including investment proceeds) remaining in the Construction Account of the Construction Fund on the date the Project is Completed and not set aside for the payment of Costs of the Project not then due and payable shall on such date be placed by the Fiscal Agent in a separate escrow account and used to pay the outstanding balance (including principal and interest) of the Owner Note at the earliest possible redemption date, provided that, until used for such purpose, moneys on deposit in such escrow account may be invested as provided in Section 9.6 hereof, but may not be invested to produce a yield on such moneys (computed from the Completion Date and taking into account any investment of moneys during the period from the Completion Date until such moneys were deposited in such escrow account) greater than the yield on the Bond, all as such terms are used in and determined in accordance with Section 148(a) of the Code and the Regulations.

(b) No Person not a party hereto shall have any rights to the money or other funds or assets from time to time in the Construction Fund or the escrow accounts referred to in this Section 9.4 or Section 4.02 of the Bond Issuance Agreement.

#### Section 9.5 Disbursements.

(a) Funds in the Construction Fund shall be disbursed upon written request, substantially in the form of Exhibit C hereto, signed by the Owner and the Bondholder. The Bondholder's disbursement of funds from the Construction Fund, other than the payment or reimbursement of interest pursuant to Section 9.3(i), shall be subject to the satisfaction of the conditions set forth in Articles X and XI hereof. Immediately following a disbursement, the Owner covenants that written notice of the amount and date of the disbursement shall be provided to the Issuer. Such notice may be provided by an email sent to such address as the Issuer may have designated to be used for such purposes in a prior notice to the Owner.

(b) A portion of the principal amount of the Loan on deposit in the Construction Fund may be allocated to an interest reserve for the payment of interest on the Loan (the "Interest Reserve"). The amount of the Interest Reserve shall be reasonably determined by the Bondholder and will be disbursed from time to time directly to the Bondholder to pay accrued interest due and payable under the Loan and on the Owner Note. The Owner hereby designates and appoints the Bondholder as its agent and attorney-in-fact for the purpose of applying the proceeds of the Loan allocated to the Interest Reserve to the payment of accrued interest on the principal balance of the Loan as the same becomes due and payable hereunder, and authorizes the Fiscal Agent to make such disbursements on the due dates for payments of interest on the Loan as directed by the Bondholder. The Fiscal Agent shall keep complete records of disbursement of the Interest Reserve, and shall provide them to the Owner, the Issuer and the Bondholder upon written request therefor.

#### Section 9.6 Investment of Moneys.

(a) Any moneys held as part of the Construction Fund, or the escrow accounts specified in Section 9.4 hereof, or as part of any other Fund or Account in the possession or control of the Fiscal Agent, while acting as such under the Bond Issuance Agreement, and any other moneys subject to the requirements of Section 148(a) of the Code, including any moneys which at any time shall constitute "gross proceeds" of the Bond within the meaning of the Regulations, shall be invested, to the extent permitted by law, only in Eligible Investments.

(b) All such investments of moneys held by the Fiscal Agent as a part of the Construction Fund or the escrow accounts specified in Section 9.4 hereof or any other Fund or Account shall be made by the Fiscal Agent at the direction of the Owner (which direction shall be either in writing or given orally and confirmed in writing). The approval of the Issuer shall not be required prior to the making of any such investment, but the Issuer reserves the right (which right is subject to assignment as set forth in Section 4.2 hereof) to disapprove in its reasonable discretion any investments or proposed investments of which it has notice. If no direction is given by the Owner, the Issuer may direct (which right is subject to assignment as set forth in Section 4.2 hereof) the Fiscal Agent to invest in any of the Eligible Investments, and, if no direction is given, the Fiscal

Agent or any affiliate thereof shall invest in a money market deposit account at the Fiscal Agent.

(c) The Fiscal Agent may make any and all such investments through its own investment department or that of an affiliate. The investments so purchased shall be held by the Fiscal Agent and shall be deemed at all times a part of the Fund or Account for which the investment was made, and the interest accruing thereon and any profit realized therefrom shall be credited to such Fund or Account, as the case may be, and any net losses resulting from such investment shall be charged to such Fund or Account, as the case may be.

Section 9.7 Arbitrage Covenant. The Owner covenants with the Bondholder and the Issuer that, as long as any of the payment obligations hereunder remain unpaid, moneys on deposit in any Fund or Account in connection with the Bond, whether or not such moneys were derived from the proceeds of the sale of the Bond or from any other source, will not be used in a manner that will cause the Bond to be "arbitrage bonds" within the meaning of Section 148(a) of the Code and the Regulations.

## ARTICLE X

### CONDITIONS TO APPROVAL OF INITIAL DISBURSEMENTS

All disbursements (other than disbursements solely to pay interest on the Owner Note) made by the Fiscal Agent of funds deposited and held in the Construction Fund are subject to the prior written approval of the Bondholder as set forth in Articles X (with respect to initial disbursements) and XI (with respect to all disbursements) hereof. Funds in the Construction Fund may be disbursed to pay Costs of the Project upon fulfillment of the conditions set forth in Section 2.11 of the Bond Issuance Agreement, and subject to the disbursement requirements of this Article and Article XI hereof.

The Bondholder's approval of the initial disbursement of proceeds of the Loan is subject to the satisfaction of all of the following conditions and delivery of the following documents in form and content acceptable to the Bondholder:

Section 10.1 Documents. All of the documents required to be delivered to the Bondholder or the Fiscal Agent pursuant to this Loan Agreement and the Bond Issuance Agreement shall have been duly authorized, executed and delivered to the Bondholder and the Fiscal Agent, respectively, including, without limitation, the Owner Note, the Bond, the Owner Collateral Documents and such other agreements or documents as may be required by the Bondholder in its discretion, including, without limitation, all documents required to be delivered on or prior to the Closing Date pursuant to the Bondholder Loan Agreement.

Section 10.2 Documents of Organization/Authority. A true, correct and complete copy of the fully executed Partnership Agreement (including all amendments) of the Owner, together with such additional documentation as the Bondholder deems necessary to evidence the due organization, good standing and authority of the Owner, the General Partner, the Developer and TCB, the form and content of which shall be satisfactory to the Bondholder in its discretion.

Section 10.3 Opinions of Counsel. Opinions of Bond Counsel, Issuer's counsel and Owner's counsel, addressing such matters as the Bondholder may request.

Section 10.4 Bondholder's Fees. All fees and expenses of the Bondholder and the Fiscal Agent (if any) in connection with the purchase of the Bond and the assignment of this Loan Agreement and the Owner Note shall have been paid.

Section 10.5 Searches. Uniform Commercial Code, judgment and federal tax lien searches of the filing offices of the Illinois Secretary of State and Cook County showing all financing statements, tax liens or judgments entered or filed against Owner, the General Partner, the Developer, TCB, or the Premises, and dated no later than thirty (30) days prior to the date of issuance of the Bond.

Section 10.6 Development Cost Budget. The Development Cost Budget setting forth all costs associated with the acquisition of the Premises and the completion of the Project shall be approved by the Bondholder in writing. Once approved by the Bondholder, any subsequent amendments to the approved Development Cost Budget shall require the further prior written approval of the Bondholder.

Section 10.7 Additional Funding Sources. The Bondholder shall have approved the form and content of all documentation evidencing or securing the loans from the Additional Funding Sources with respect to the Project, and the Bondholder shall receive evidence satisfactory to the Bondholder in its sole and absolute discretion that the conditions to initial disbursement of each of the loans from each of the Additional Funding Sources have been satisfied or waived, and such loans are available for disbursement to fund Costs of the Project with respect to the Project, and that no failure of condition or default, or event or circumstance that with notice or the passage of time, or both, would constitute a default, under any ordinance, resolution or agreement relating to any such loan from an Additional Funding Source exists; provided, however, that the DTC Loan will be available for initial disbursement within three (3) business days after the initial disbursement of the Loan. The Bondholder and the Additional Funding Sources shall also have agreed in the Construction Escrow Agreement or otherwise in writing regarding the priority and, to the extent contemporaneously funded, the ratio in which the proceeds of the Loans and the Additional Funding Sources are to be disbursed to finance Costs of the Project.

Section 10.8 Equity Requirements. The Bondholder shall have determined, in the exercise of its reasonable discretion, that the aggregate of (a) the principal amount of the Loans, plus (b) the amount of all equity contributed or to be contributed by the Owner, plus (c) all funds committed by Additional Funding Sources are sufficient to (i) fully Complete the Buildings and related ancillary improvements in the Project, and (ii) pay all Costs of the Project, identified in the Development Cost Budget together with other sums due under the Loan Documents.

Section 10.9 Approval of Partners / Material Adverse Financial Change. Each partner of the Owner shall be acceptable to the Bondholder and there shall have occurred no material adverse change in the financial condition of the Owner, the General Partner, the Developer or TCB.

Section 10.10 No Material Litigation. No material litigation shall be pending or threatened against the Owner, the General Partner, the Developer or TCB (other than, with respect to TCB only, as disclosed to the Bondholder in Exhibit A to that certain Guaranty of Payment and Performance of even date herewith delivered by TCB to Bondholder).

Section 10.11 Conditions Under Bondholder Loan Agreement. All additional conditions under the Bondholder Loan Agreement to the purchase of the Bond by Bondholder and the initial funding of the Loan shall have been satisfied.

## ARTICLE XI

### CONDITIONS PRECEDENT TO ALL DISBURSEMENTS

Unless otherwise approved by the Bondholder (and except with respect to disbursements referred to in subsections 9.3(i) and (j) above), disbursements from the Construction Account in the Construction Fund shall be deposited into the Construction Escrow established with the Title Company pursuant to the Construction Escrow Agreement. Subject to the introductory language of Article X hereof, the Bondholder's approval of each request of the Owner for disbursement of funds held in the Construction Fund shall be subject to satisfaction of the following conditions:

Section 11.1 No Default. No Default or Event of Default, or event which with the giving of notice or lapse of time or both would constitute a Default or Event of Default shall exist hereunder or under the Bond Issuance Agreement, and the representations and warranties contained in Article VI hereof shall be true and accurate in all material respects as of the date of each disbursement request.

Section 11.2 Conditions Under Bondholder Loan Agreement. All additional conditions to such funding under the Bondholder Loan Agreement shall have been satisfied.

## ARTICLE XII

### EVENTS OF DEFAULT AND REMEDIES

Section 12.1 Events of Default. Each of the following shall constitute an "Event of Default" hereunder:

(a) default by the Owner in the due and punctual payment of any amount required to be paid under the Owner Note, this Loan Agreement, the Bond Issuance Agreement, the Owner Collateral Documents or the Bond, whether by way of principal, interest, fees or otherwise; provided that such default shall not constitute an Event of Default hereunder if it is cured within ten (10) days after the date when due; or

(b) default in the performance or observance of any of the covenants contained in Sections 7.1, 7.6, 7.7 or 7.9 of this Loan Agreement; or

(c) default in the performance or observance of any other of the covenants, agreements or conditions, other than as enumerated in subsection (b), on the part of the Owner in this Loan Agreement or the Owner Note (and not constituting an Event of Default under any of the other provisions of this Section 12.1); provided, however, that if such failure by its nature can be cured, then so long as the priority, validity and enforceability of the liens created by the Owner Collateral Documents are not impaired, threatened or jeopardized, then Owner shall have a period (the "Cure Period") of thirty (30) days after Owner obtains actual knowledge of such failure or receives written notice of such failure to cure the same and an Event of Default shall not be deemed to exist during the Cure Period; provided further that if such failure by its nature can be cured but

cannot be cured by the payment of money and Owner commences to cure such failure during the Cure Period and is diligently and in good faith attempting to effect such cure, the Cure Period shall be extended for thirty (30) additional days, but in no event shall the Cure Period be longer than sixty (60) days in the aggregate; or

(d) any Event of Default under the Bond Issuance Agreement or any of the Owner Collateral Documents shall occur; or

(e) any representation or warranty made by the Owner herein or in any of the Owner Collateral Documents is false or misleading in any material respect when made or remade, or any schedule, certificate, financial statement, report, notice or other writing furnished by the Owner to the Issuer or the Bondholder is false or misleading in any material respect on the date as of which the facts therein set forth are stated or certified (or deemed stated or certified, or restated or recertified); or

(f) the dissolution or liquidation of the Owner, the General Partner, the Developer, TCB or the Investor Limited Partner (collectively the "Principal Parties," and individually the "Principal Party," as the context requires); the filing by any Principal Party of a voluntary petition in bankruptcy, whether under Title 11 of the United States Code or otherwise; the failure by any Principal Party promptly to lift any execution, garnishment or attachment of such consequence as will impair its ability to carry on its obligations hereunder; the entering of an order for relief under Title 11 of the United States Code, as amended from time to time, against such Principal Party unless such order is discharged or denied within 60 days after the filing thereof; if a petition or answer proposing the entry of an order for relief under Title 11 of the United States Code, as amended from time to time, is entered by or against such Principal Party, or if a petition or answer proposing the entry of an order for relief under Title 11 of the United States Code, as amended from time to time, or its reorganization, arrangement or debt readjustment under any present or future federal bankruptcy act or any similar federal or state law shall be filed by or against such Principal Party in any court, and such petition or answer shall not be discharged or denied within 60 days after the filing thereof; if a Principal Party shall fail generally to pay its debts as they become due; if a custodian (including a receiver, trustee or liquidator of a Principal Party) shall be appointed for or take possession of all or a substantial part of its property, and shall not be discharged within 90 days after such appointment or taking possession; if a Principal Party shall consent to or acquiesce in such appointment or taking of possession, or assignment by such Principal Party for the benefit of its creditors; or the entry by a Principal Party into an agreement of composition with its creditors; or

(g) default in the payment when due (subject to any applicable grace period), whether by acceleration or otherwise, of any other Indebtedness (in excess of \$100,000) of, or guaranteed by, the Owner, or default in the performance or observance of any obligation or condition with respect to any such other Indebtedness if the effect of such default is to accelerate the maturity of any such Indebtedness or cause any of such Indebtedness to be prepaid, purchased or redeemed, or to permit the holder or holders thereof, or any trustee or agent for such holder or holders, to cause such Indebtedness to become due and payable, prior to its expressed maturity, or to cause such Indebtedness to be prepaid, purchased or redeemed; or

(h) default in the payment when due, or in the performance or observance, of any material obligation of, or condition agreed to by, the Owner with respect to any

material purchase or lease of goods or services (except only to the extent that the Owner is contesting the existence of any such default in good faith and by appropriate proceedings subject to applicable notice and cure provisions, if any); or

(i) there shall be entered against the Owner one or more judgments or decrees in excess of \$100,000 in the aggregate at any one time outstanding for the Owner, excluding those judgments or decrees (i) that shall have been stayed, vacated or bonded, (ii) for and to the extent to which the Owner is insured and with respect to which the insurer specifically has assumed responsibility in writing, or (iii) for and to the extent to which the Owner is otherwise indemnified if the terms of such indemnification are satisfactory to the Issuer and the Bondholder; or

(j) a default by the Investor Limited Partner occurs with respect to its obligation to timely make any installment of its capital contribution to the Owner under the Partnership Agreement or the Owner fails for any reason to cause the Investor Limited Partner to make timely payment of any installment of its capital contribution when due under the Partnership Agreement; or

(k) a default or event of default shall occur under any of the documents evidencing, securing or executed in connection with, any loan made by any Additional Funding Source with respect to the Project, including, without limitation, any promissory notes, mortgages or agreements containing covenants, conditions and restrictions, which default is not cured before the lapse of any applicable cure period; or

(l) an Event of Default shall occur under the Bondholder Loan Agreement.

Notwithstanding anything to the contrary contained herein, the Bondholder hereby agrees that any cure of any default by the Owner made or tendered by one or more of the Owner's partners (including, without limitation, the Investor Limited Partner or Special Limited Partner) shall be deemed a cure by the Owner and shall be accepted or rejected on the same basis as if made or tendered by the Owner.

**Section 12.2 Remedies on Default.** If any one or more of the foregoing Events of Default shall occur, then the Bondholder (as assignee of the Issuer pursuant to the Assignment) shall have the right, but not the obligation, and without notice, to exercise any one or more of the following rights and remedies, at any time and from time to time, singularly, successively or collectively, and in such order and when and as often as may from time to time be determined:

(a) The Bondholder may exercise any right, power or remedy permitted to it by law as a holder of the Owner Note, including the right to declare the entire principal of and all unpaid interest accrued on the Owner Note to be, and upon written notice to the Owner (with a copy to the Issuer) of such declaration such Owner Note and the unpaid accrued interest thereon shall become, due and payable, without presentment, demand or protest, all of which are hereby expressly waived. The Owner shall forthwith pay to the Bondholder the entire principal of and interest accrued on the Owner Note. There shall be automatically waived, rescinded and annulled such declaration of acceleration of the Owner Note and the consequences thereof when any declaration of acceleration of the Bond pursuant to Section 7.02 of the Bond Issuance Agreement has been waived, rescinded and annulled.



(b) The Bondholder may take whatever action at law or in equity that may appear necessary or desirable to collect the payments and other amounts then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the Owner under this Loan Agreement or the other Owner Collateral Documents.

(c) The Bondholder may direct the Fiscal Agent to withhold further disbursements of proceeds made available to the Owner hereunder.

If the Bondholder shall have proceeded to enforce its rights under this Loan Agreement, the Owner Note, the Owner Collateral Documents or the Security for the Bond, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Bondholder, then and in every such case the Owner, the Issuer and the Bondholder shall be restored, respectively, to their several positions and rights hereunder and thereunder, and all rights, remedies and powers of the Owner, the Issuer and the Bondholder shall continue as though no such proceeding had been taken.

Should a claim (a "Recovery Claim") be made upon the Bondholder at any time for recovery of any amount received by the Bondholder in payment of the Owner Note (whether received from the Issuer, the Owner or otherwise), and should the Bondholder repay all or part of said amount by reason of (a) any judgment, decree or order of any court or administrative body having jurisdiction over the Bondholder or any of its property, or (b) any settlement or compromise of any such Recovery Claim effected by the Bondholder with any such claimant (including, without limitation, the Owner), this Loan Agreement and the security interests granted to the Bondholder pursuant hereto shall continue in effect with respect to the amount so repaid to the same extent as if such amount had never originally been received by the Bondholder, notwithstanding any prior termination of this Loan Agreement, the return of this Loan Agreement to the Issuer or cancellation of the Owner Note.

If there shall be pending proceedings for the bankruptcy or for the reorganization of the Owner under the federal bankruptcy laws or any other applicable law, or in case a custodian, receiver or trustee shall have been appointed for any of the Property of the Owner, or in the case of any other similar judicial proceedings relative to the Owner, or to the creditors or Property of the Owner, the Issuer and the Bondholder shall be entitled and empowered, by intervention in such proceedings or otherwise, to file and prove a claim or claims for the whole amount owing and unpaid pursuant to the Owner Note and this Loan Agreement, and, in case of any judicial proceedings, to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Issuer and the Bondholder allowed in such judicial proceedings relative to the Owner, its creditors or its Property, and to collect and receive any moneys or other property payable or deliverable on such claims, and to distribute the same after the deduction of its charges and expenses; and any custodian, receiver, assignee or trustee in bankruptcy or reorganization is hereby authorized to make such payments to the Issuer and the Bondholder, and to pay to the Issuer and the Bondholder any amount due it for compensation and expenses, including attorneys' and paralegals' fees, costs, disbursements and expenses incurred by it up to the date of such distribution.

### Section 12.3 Right to Perform Covenants; Advances.

(a) Notwithstanding anything to the contrary contained herein, if the Owner shall fail to make any payment or perform any act required to be made or performed by it hereunder, then and in each such case the Issuer or the Bondholder, upon not less than

15 days' prior written notice to the Owner, may (but shall not be obligated to) remedy such failure for the account of the Owner, and make advances for that purpose. If such failure involves, has caused or threatens to cause a condition that must, in the opinion of the Issuer or the Bondholder, be cured immediately, the Issuer or the Bondholder may remedy such failure without prior notice to the Owner. No such performance or advance shall operate to release the Owner from any such default and any sums so advanced shall be repayable by the Owner on demand, and shall bear interest at the Past Due Rate. The Issuer agrees that the Bondholder, in its name or in the name of the Issuer, may enforce all rights of the Issuer and all obligations of the Owner under and pursuant to this Loan Agreement, and the Issuer will not enforce such rights and obligations itself except at the written direction of the Bondholder, in each case whether or not the Issuer is in Default under the Bond Issuance Agreement; provided, however, that the Issuer hereby reserves to itself the right to enforce all Issuer Reserved Rights.

(b) Notwithstanding anything to the contrary contained herein, no action by any Additional Funding Source to cure any default or Event of Default by the Owner under this Loan Agreement, the Owner Note, the Owner Collateral Documents and the Security for the Bond shall excuse the performance by Owner hereunder or thereunder, or operate to release Owner from any such default or Event of Default.

#### Section 12.4 Costs and Expenses.

(a) The Owner agrees to pay on demand all of the reasonable out-of-pocket costs and expenses of the Issuer (including the reasonable fees and out-of-pocket expenses of the Issuer's counsel, Bond Counsel, the Bondholder's counsel and local counsel, if any, who may be retained by said counsel) in connection with the preparation, negotiation, execution, delivery and administration of this Loan Agreement, the Owner Note, the Owner Collateral Documents or the Security for the Bond and all other agreements, certificates, instruments or documents provided for herein or delivered or to be delivered hereunder or in connection herewith (including all amendments, supplements, modifications, restatements and waivers executed and delivered pursuant hereto or in connection herewith). The Owner further agrees that the Issuer, in its sole discretion, may deduct all such unpaid amounts from the aggregate proceeds of the Owner Note.

(b) The costs, fees, disbursements and expenses that the Issuer incurs with respect to the following shall be part of the Liabilities, payable by the Owner on demand if, at any time after the date of this Loan Agreement, the Issuer: (i) employs counsel for advice or other representation (A) with respect to the amendment or enforcement of this Loan Agreement, the Owner Note, the Owner Collateral Documents or the Security for the Bond, (B) to represent the Issuer in any work-out or any type of restructuring of the Owner Note or the Bond, or any litigation, contest, dispute, suit or proceeding or to commence, defend or intervene or to take any other action in or with respect to any litigation, contest, dispute, suit or proceeding (whether instituted by the Issuer, the Bondholder, the Owner or any other Person) in any way or respect relating to this Loan Agreement, the Owner Note, the Owner Collateral Documents, the Security for the Bond or the Owner's affairs, or any collateral securing the Liabilities hereunder, or (C) to enforce any of the rights of the Issuer with respect to the Owner; and/or (ii) seeks to enforce or enforces any of the rights and remedies of the Issuer with respect to the Owner. Without limiting the generality of the foregoing, such expenses, costs, charges, disbursements and fees include: reasonable fees, costs, disbursements and expenses

of attorneys, accountants and consultants; court costs and expenses; court reporter fees, costs and expenses; long distance telephone charges; and telegram and facsimile charges.

(c) The Owner agrees to pay on demand, and to save and hold the Issuer harmless from all liability for, any stamp or other taxes that may be payable in connection with or related to the execution or delivery of this Loan Agreement, the Owner Note, the Owner Collateral Documents, the Security for the Bond, the Bond or of any other agreements, certificates, instruments or documents provided for herein or delivered or to be delivered hereunder or in connection herewith.

(d) All of the Owner's obligations provided for in this Section 12.4 shall be Liabilities and shall survive repayment of the Bond and the Owner Note, cancellation of the Bond and the Owner Note, or any termination of this Loan Agreement or any related document.

**Section 12.5 Exercise of Remedies.** No remedy herein conferred upon or reserved to the Issuer or the Bondholder is intended to be exclusive of any other available remedy, but each and every such remedy shall be cumulative and in addition to every other remedy given under this Loan Agreement, the Owner Note, the Owner Collateral Documents or the Security for the Bond, or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any Event of Default hereunder shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Issuer or the Bondholder to exercise any remedy reserved to it in this Article XII, it shall not be necessary to give any notice, other than such notice as may be herein expressly required. Such rights and remedies as are given the Issuer hereunder shall also extend to the Bondholder to the extent applicable, and the Bondholder shall be deemed a third-party beneficiary of all covenants and agreements herein contained.

**Section 12.6 Default by Issuer; Limited Liability.** Notwithstanding any provision or obligation to the contrary herein set forth, no provision of this Loan Agreement shall be construed so as to give rise to a pecuniary liability of the Issuer or a charge upon the general credit of the Issuer. The liability of the Issuer hereunder shall be limited to its interest in this Loan Agreement, the Owner Note, the Owner Collateral Documents and the Security for the Bond, and the Lien of any judgment shall be restricted thereto. In the performance of the agreements of the Issuer herein contained, any obligation it may incur for the payment of money shall not be a debt of the Issuer, and the Issuer shall not be liable on any obligation so incurred. The Issuer does not assume general liability for the repayment of the Bond or for the costs, fees, penalties, taxes, interest, commissions, charges, insurance or any other payments recited herein, and the Issuer shall be obligated to pay the same only out of Revenues. The Issuer shall not be required to do any act whatsoever, or exercise any diligence whatsoever, to mitigate the damages to the Owner if an Event of Default shall occur hereunder.

**Section 12.7 Application of Funds.** All funds received by the Bondholder are subject to the rights given or action taken under the provisions of Article VII of the Bond Issuance Agreement. Notwithstanding any other provision of this Loan Agreement or the Bond Issuance Agreement to the contrary, funds received by the Bondholder may be applied (a) as long as an Event of Default has not occurred and is not continuing, to the payments and other amounts, if any, then due under the Owner Note or, if all such payments and other amounts, if any, have been paid, the same may be applied as directed by the Owner (subject to the restrictions of the

Tax Agreement), and (b) if an Event of Default has occurred and is continuing, as directed and in such order as determined by the Bondholder.

## ARTICLE XIII

### INDEMNIFICATION

#### Section 13.1 Indemnification of Issuer and Fiscal Agent.

(a) Except as otherwise provided below, the Issuer and the Fiscal Agent, and each of their officers, agents, independent contractors, employees, successors and assigns, and, in the case of the Issuer, its elected and appointed officials, past, present or future (hereinafter the "Indemnified Persons"), shall not be liable to the Owner for any reason. The Owner shall defend, indemnify and hold the Indemnified Persons harmless from any loss, claim, damage, tax, penalty or expense (including, but not limited to, reasonable counsel fees, costs, expenses and disbursements), or liability (other than with respect to payment of the principal of or interest on the Owner Note) of any nature due to any and all suits, actions, legal or administrative proceedings, or claims arising or resulting from, or in any way connected with: (i) the acquisition, financing, construction, operation, use or maintenance of the Project; (ii) any act, failure to act, or misrepresentation by the Owner or any partner of the Owner, or any Person acting on behalf of, or at the direction of, the Owner or any partner of the Owner, in connection with the issuance, sale or delivery of the Bond; (iii) any false or misleading representation made by the Owner in the Owner Documents; (iv) the breach by the Owner of any covenant contained in the Owner Documents, or the failure of the Owner to fulfill any such covenant which are not cured within all applicable notice and cure periods; (v) enforcing any obligation or liability of the Owner under this Loan Agreement, the Owner Note, the Owner Collateral Documents, the Security for the Bond or the Owner Documents, or any related agreement; (vi) taking any action requested by the Owner; (vii) taking any action reasonably required by the Owner Documents; or (viii) taking any action considered necessary by the Issuer or the Fiscal Agent, and which is authorized by the Owner Documents. If any suit, action or proceeding is brought against any Indemnified Person, the interests of the Indemnified Person in that suit, action or proceeding shall be defended by counsel to the Indemnified Person or the Owner, as the Indemnified Person shall determine. If such defense is by counsel to the Indemnified Person, the Owner shall indemnify and hold harmless the Indemnified Person for the cost of that defense, including counsel fees, disbursements, costs and expenses. If the Indemnified Persons affected by such suit determine that the Owner shall defend the Indemnified Persons, the Owner shall immediately assume the defense at its own cost. Neither the Indemnified Persons nor the Owner shall be liable for any settlement of any proceeding made without each of their consent. In no event shall the Owner be liable to an Indemnified Person for its own willful misconduct or gross negligence.

(b) Any provision of this Loan Agreement or any other instrument or document executed and delivered in connection therewith to the contrary notwithstanding, the Issuer retains the right to enforce: (i) any applicable federal or state law or regulation or resolution of the Issuer; and (ii) any rights accorded the Issuer by federal or state law or regulation or resolution of the Issuer, and nothing in this Loan Agreement shall be construed as an express or implied waiver thereof.

(c) If the Indemnified Persons are requested by the Owner to take any action under this Loan Agreement or any other instrument executed in connection herewith for the benefit of the Owner, they will do so if and only if: (i) the Indemnified Persons are a necessary party to any such action; (ii) the Indemnified Persons have received specific written direction from the Owner, as required hereunder or under any other instrument executed in connection herewith, as to the action to be taken by the Indemnified Persons; and (iii) a written agreement of indemnification and payment of costs, liabilities and expenses satisfactory to the Indemnified Persons has been executed by the Owner prior to the taking of any such action by the Indemnified Persons.

(d) The obligations of the Owner under this Section 13.1 shall survive any assignment or termination of this Loan Agreement and, as to the Fiscal Agent, any resignation or removal of the Fiscal Agent.

## ARTICLE XIV

### MISCELLANEOUS

#### Section 14.1 [Intentionally Deleted]

Section 14.2 Severability. If any provision of this Loan Agreement shall be held or deemed to be, or shall, in fact, be, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions, or in all cases because it conflicts with any other provision or provisions hereof or any constitution, statute or rule of public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative or unenforceable to any extent whatsoever. The invalidity of any one or more phrases, sentences, clauses or Sections contained in this Loan Agreement shall not affect the remaining portions of this Loan Agreement, or any part thereof; provided, however, that no holding of invalidity shall require the Issuer to make any payment from any moneys other than Revenues.

Section 14.3 Notices. Any notice, request, complaint, demand, communication or other paper shall be in writing and shall be sufficiently given and shall be deemed given when delivered or mailed by registered or certified mail, postage prepaid, return-receipt requested, or overnight courier service, addressed as follows:

If to the Issuer:

City of Chicago, Illinois  
Office of Corporation Counsel  
City Hall, Room 600  
121 N. LaSalle Street  
Chicago, Illinois 60602

With a copy to:

City of Chicago, Illinois  
Department of Finance  
33 N. LaSalle Street, Suite 600  
Chicago, Illinois 60602  
Attention: Comptroller

If to the Owner:

Lofts 47 Phase I Limited Partnership  
c/o The Community Builders, Inc.  
95 Berkeley Street, Suite 500  
Boston, Massachusetts 02116  
Attn: Senior Vice President  
Development Operations

And:

The Community Builders, Inc.  
95 Berkeley Street, Suite 500  
Boston, Massachusetts 02116  
Attn: General Counsel

With copies to:

Applegate & Thorne-Thomsen, P.C.  
626 West Jackson Boulevard  
Suite 400  
Chicago, Illinois 60661  
Attn: Bennett P. Applegate

And:

Hudson SLP LLC  
c/o Hudson Housing Capital LLC  
630 Fifth Avenue, Suite 2850  
New York, NY 10111  
Attn: Joseph A. Macari

If to the Fiscal Agent:

JPMorgan Chase Bank, N.A  
Community Development Real Estate  
Chase Tower  
10 South Dearborn Street  
Mail Code IL1-0953  
Chicago, Illinois 60603  
Attn: Paul Vlamis

If to the Bondholder:

At the address shown in the books of the Bond  
Registrar

With copies to:

JPMorgan Chase Bank, N.A  
Community Development Real Estate  
Chase Tower  
10 South Dearborn Street  
Mail Code IL1-0953  
Chicago, Illinois 60603  
Attn: Paul Vlamis

And:

Dykema Gossett PLLC  
10 South Wacker Drive, Suite 2300  
Chicago, Illinois 60606  
Attn: Derek L. Cottier

A duplicate copy of each notice required to be given hereunder by the Bondholder or the Fiscal Agent to the Issuer or the Owner shall also be given to the others. The Issuer, the Owner, the Fiscal Agent and the Bondholder may designate any further or different addresses to which

subsequent notices, requests, complaints, demands, communications and other papers shall be sent.

Section 14.4 Assignments. Except as otherwise expressly provided herein, this Loan Agreement may not be assigned by any party without the consent of the other and the Bondholder, except that the Issuer shall assign to the Bondholder certain of its rights under this Loan Agreement as provided by Section 4.2 hereof, and the Bondholder may assign such rights to its successors and assigns as owner of the Bond.

Section 14.5 Counterparts. This Loan Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument; provided, however, that for purposes of perfecting a security interest in this Loan Agreement under Article 9 of the Illinois Uniform Commercial Code, only the counterpart delivered, pledged and assigned to the Bondholder shall be deemed the original.

Section 14.6 Amounts Remaining in the Bond Issuance Agreement Funds. It is agreed by the parties hereto that after payment in full of: (a) the principal of and interest on the Bond (or provision for payment thereof having been made in accordance with the provisions of the Bond Issuance Agreement); (b) the fees, charges, disbursements, costs and expenses of the Bondholder and the Fiscal Agent in accordance with the Bond Issuance Agreement; and (c) all other amounts required to be paid under this Loan Agreement, the Owner Note and the Bond Issuance Agreement, then any amounts remaining in any of the Funds or Accounts created under the Bond Issuance Agreement shall be paid by the Fiscal Agent as follows: (i) first, to the Issuer to the extent of any moneys owed by the Owner to the Issuer pursuant to the Bond Documents, and (ii) second, to the Owner.

Section 14.7 Amendments, Changes and Modifications. Subsequent to the initial issuance of the Bond and prior to its payment in full (or provision for payment thereof having been made in accordance with the provisions of the Bond Issuance Agreement), this Loan Agreement may not be effectively amended, changed, modified, altered or terminated without the written consent of the Bondholder and, with respect to the Issuer Reserved Rights, the Issuer.

Section 14.8 Governing Law; Jury Trial. This Loan Agreement and the Owner Note, and the rights and obligations of the parties hereunder and thereunder, shall be construed in accordance with, and shall be governed by, the laws of the State of Illinois, without regard to its conflict of laws principles.

**THE OWNER HEREBY IRREVOCABLY WAIVES ANY RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING (I) TO ENFORCE OR DEFEND ANY RIGHTS UNDER OR IN CONNECTION WITH THIS LOAN AGREEMENT OR THE OWNER NOTE, OR ANY AMENDMENT, INSTRUMENT, DOCUMENT OR AGREEMENT DELIVERED, OR WHICH MAY IN THE FUTURE BE DELIVERED, IN CONNECTION HERewith OR THEREWITH, OR (II) ARISING FROM ANY DISPUTE OR CONTROVERSY IN CONNECTION WITH OR RELATED TO THIS LOAN AGREEMENT OR THE OWNER NOTE, OR ANY SUCH AMENDMENT, INSTRUMENT, DOCUMENT OR AGREEMENT, AND AGREES THAT ANY SUCH ACTION OR COUNTERCLAIM SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY.**

**THE OWNER IRREVOCABLY AGREES THAT, SUBJECT TO THE ISSUER'S SOLE AND ABSOLUTE ELECTION, ANY ACTION OR PROCEEDING IN ANY WAY, MANNER OR**

**RESPECT ARISING OUT OF THIS LOAN AGREEMENT, THE OWNER NOTE, THE OWNER COLLATERAL DOCUMENTS AND THE SECURITY FOR THE BOND, OR ANY AMENDMENT, INSTRUMENT, DOCUMENT OR AGREEMENT DELIVERED OR WHICH MAY IN THE FUTURE BE DELIVERED IN CONNECTION HERewith OR THEREWITH, OR ARISING FROM ANY DISPUTE OR CONTROVERSY ARISING IN CONNECTION WITH OR RELATED TO THIS LOAN AGREEMENT, THE OWNER NOTE, THE OWNER COLLATERAL DOCUMENTS AND THE SECURITY FOR THE BOND, OR ANY SUCH AMENDMENT, INSTRUMENT, DOCUMENT OR AGREEMENT, SHALL BE LITIGATED ONLY IN THE COURTS HAVING SITUS WITHIN THE CITY OF CHICAGO, STATE OF ILLINOIS, AND THE OWNER HEREBY CONSENTS AND SUBMITS TO THE JURISDICTION OF ANY LOCAL, STATE OR FEDERAL COURT LOCATED WITHIN SUCH CITY AND STATE. THE OWNER HEREBY WAIVES ANY RIGHT IT MAY HAVE TO TRANSFER OR CHANGE THE VENUE OF ANY LITIGATION BROUGHT AGAINST IT IN ACCORDANCE WITH THIS SECTION.**

Section 14.9 Term of Loan Agreement. This Loan Agreement shall be in full force and effect from the date hereof, and shall continue in effect until the indefeasible payment in full of all Liabilities. All representations, certifications and covenants by the Owner as to the indemnification of various parties (including, without limitation, the Issuer and the Issuer Indemnified Persons) and the payment of fees and expenses of the Issuer as described herein, and all matters affecting the tax-exempt status of the Bond shall survive the termination of this Loan Agreement and the payment in full of the Owner Note and the Bond.

Section 14.10 Bond Issuance Agreement Provisions. The Bond Issuance Agreement provisions concerning the Bond and the other matters therein are an integral part of the terms and conditions of the Loan made by the Issuer to the Owner pursuant to this Loan Agreement, and the execution of this Loan Agreement shall constitute conclusive evidence of approval of the Bond Issuance Agreement by the Owner to the extent it relates to the Owner and the Project. Additionally, the Owner agrees that, whenever the Bond Issuance Agreement by its terms imposes a duty or obligation upon the Owner, such duty or obligation shall be binding upon the Owner to the same extent as if the Owner were an express party to the Bond Issuance Agreement, and the Owner hereby agrees to carry out and perform all of its obligations under the Bond Issuance Agreement as fully as if the Owner were a party to the Bond Issuance Agreement.

Section 14.11 Binding Effect. This Loan Agreement shall inure to the benefit of and shall be binding upon the Issuer and the Owner, and their respective successors and assigns; subject, however, to the limitations contained in Section 4.2 hereof.

Section 14.12 Immunity of Issuer's Officers. No recourse shall be had for the payment of any principal of or interest on the Bond, or for any obligation, covenant or agreement contained in this Loan Agreement, against any past, present or future officer, member, supervisor, director, agent or employee of the Issuer, or any successor entity, as such, either directly or through the Issuer or any such successor entity, under any rule of law or equity, statute or constitution, or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such officer, member, supervisor, director, agent or employee as such is hereby expressly waived and released as a condition of, and in consideration for, the execution and delivery of this Loan Agreement.



#### Section 14.13 Participations.

(a) The Owner acknowledges that the Bondholder shall have the right to grant participations in the Bond and the Owner Note, pursuant to the Bond Issuance Agreement, all without notice to or consent from the Owner. No holder of a participation in the Bond or the Owner Note shall have any rights under this Loan Agreement.

(b) The Owner hereby consents to the disclosure of any information obtained in connection herewith by the Issuer to any Person which is a participant or potential participant pursuant to clause (a) above, it being understood that the Issuer and its assigns shall advise any such Person of its obligation to keep confidential any nonpublic information disclosed to it pursuant to this Section 14.13. The Issuer shall advise the Owner of each Person which becomes a participant pursuant to clause (a) above.

Section 14.14 Waivers. If any agreement contained in this Loan Agreement should be breached by the Owner and thereafter waived in writing by the Issuer or the Bondholder, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder. For any waiver hereunder to be effective, such waiver shall be in writing and signed by an authorized representative of the party granting the waiver.

#### Section 14.15 Patriot Act Notification.

(a) As of the date of this Loan Agreement the Owner is, and during the term of this Loan Agreement the Owner shall remain, in full compliance with all the applicable laws and regulations of the United States of America that prohibit, regulate or restrict financial transactions, including, but not limited to, conducting any activity or failing to conduct any activity, if such action or inaction constitutes a money laundering crime, including any money laundering crime prohibited under the Money Laundering Control Act, 18 U.S.C. 1956, 1957, or the Bank Secrecy Act, 31 U.S.C. 5311 et seq. and any amendments or successors thereto and any applicable regulations promulgated thereunder.

(b) The Owner represents and warrants that: (a) neither it, nor any of its partners, or any officer, director or employee, is named as a "Specially Designated National and Blocked Person" as designated by the United States Department of the Treasury's Office of Foreign Assets Control, or as a person, group, entity or nation designated in Presidential Executive Order 13224 as a person who commits, threatens to commit, or supports terrorism; (b) it is not owned or controlled, directly or indirectly, by the government of any country that is subject to a United States Embargo; and (c) it is not acting, directly or indirectly, for or on behalf of any person, group, entity or nation named by the United States Treasury Department as a "Specially Designated National and Blocked Person," or for or on behalf of any person, group, entity or nation designated in Presidential Executive Order 13224 as a person who commits, threatens to commit, or supports terrorism; and that it is not engaged in this transaction directly or indirectly on behalf of, or facilitating this transaction directly or indirectly on behalf of, any such person, group, entity or nation.

(c) The Owner acknowledges that it understands and has been advised by its own legal counsel as to the requirements of the applicable laws referred to above, including the Money Laundering Control Act, 18 U.S.C. 1956, 1957, the Bank Secrecy

Act, 31 U.S.C. 5311 et seq., the applicable regulations promulgated thereunder, and the Foreign Assets Control Regulations, 31 C.F.R. Section 500 et seq.

Section 14.16 Entire Agreement. This Loan Agreement, together with the Owner Note, the Owner Collateral Documents, the Security for the Bond, the Bond, the Assignment and the Bond Issuance Agreement, constitutes the entire agreement among the parties with respect to the subject matter hereof, and supersedes all written or oral understandings with respect thereto.


[Signatures Appear on Following Page]

IN WITNESS WHEREOF, the parties have executed this instrument as of the date first above written.

**CITY OF CHICAGO**

(SEAL)

ATTEST:

  
Susana A. Mendoza, City Clerk

By:   
Lois A. Scott, Chief Financial Officer

**LOFTS 47 PHASE I LIMITED PARTNERSHIP**, an  
Illinois limited partnership

By:     Lofts 47 Phase I, Inc., an Illinois corporation  
Its:     General Partner

By: \_\_\_\_\_  
Name: Sara Jean Lindholm  
Title:   Authorized Agent

Acknowledged and agreed to:

**JPMORGAN CHASE BANK, N.A.**,  
as Bondholder

By: \_\_\_\_\_  
Name: Paul C. Vlamis  
Title:   Authorized Officer

IN WITNESS WHEREOF, the parties have executed this instrument as of the date first above written.

**CITY OF CHICAGO**

(SEAL)

ATTEST:

\_\_\_\_\_  
Susana A. Mendoza, City Clerk

By: \_\_\_\_\_  
Lois A. Scott, Chief Financial Officer

**LOFTS 47 PHASE I LIMITED PARTNERSHIP**, an  
Illinois limited partnership

By:   Lofts 47 Phase I, Inc., an Illinois corporation  
Its:   General Partner

By: \_\_\_\_\_  
Name: Sara Jean Lindholm  
Title: Authorized Agent

Acknowledged and agreed to:

**JPMORGAN CHASE BANK, N.A.**,  
as Bondholder

By: \_\_\_\_\_  
Name: Paul C. Vlamis  
Title: Authorized Officer

IN WITNESS WHEREOF, the parties have executed this instrument as of the date first above written.

**CITY OF CHICAGO**

(SEAL)

ATTEST:

By: \_\_\_\_\_  
Lois A. Scott, Chief Financial Officer

\_\_\_\_\_  
Susana A. Mendoza, City Clerk

**LOFTS 47 PHASE I LIMITED PARTNERSHIP**, an  
Illinois limited partnership

By: \_\_\_\_\_  
Lofts 47 Phase I, Inc., an Illinois corporation  
Its: General Partner

By: \_\_\_\_\_  
Name: Sara Jean Lindholm  
Title: Authorized Agent

Acknowledged and agreed to:

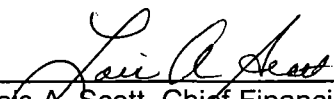
**JPMORGAN CHASE BANK, N.A.**,  
as Bondholder

By: \_\_\_\_\_  
Name: Paul C. Vlamis  
Title: Authorized Officer

## NON-RECOURSE ASSIGNMENT

With the exception of the Issuer Reserved Rights, the interest of the CITY OF CHICAGO in this Loan Agreement and all amounts receivable hereunder have been assigned, without recourse, to JPMORGAN CHASE BANK, N.A., the registered owner of the Bond. For purposes of Article 9 of the Illinois Uniform Commercial Code, the counterpart of this Loan Agreement pledged, delivered and assigned to the Bondholder shall be deemed the original.

### CITY OF CHICAGO

By:   
Lois A. Scott, Chief Financial Officer

**EXHIBIT A**  
**PROMISSORY NOTE**

\$16,800,000.00

February \_\_\_\_, 2013

FOR VALUE RECEIVED, **LOFTS 47 PHASE I LIMITED PARTNERSHIP**, an Illinois limited partnership (the “**Borrower**”), promises to pay to the order of the **CITY OF CHICAGO, ILLINOIS**, a municipal corporation and home rule unit of local government under the Constitution and laws of the State of Illinois (the “**Issuer**”, Issuer and any subsequent holder hereof, the “**Holder**”), at such place as the Holder hereof may from time to time designate in writing, the principal sum of Sixteen Million Eight Hundred Thousand and no/100 Dollars (\$16,800,000.00), or so much thereof as shall from time to time be disbursed hereunder, together with accrued interest from the date of disbursement on the unpaid principal at the rate set forth herein.

This Promissory Note (as the same may at any time be amended or modified and in effect, the “**Note**”) is the Owner Note described in, and is subject to the terms and provisions of, that certain Loan Agreement dated of even date herewith (as the same may at any time be amended or modified and in effect, the “**Loan Agreement**”), by and between the Issuer and the Borrower, and payment of this Promissory Note is secured as described in (i) the Loan Agreement, and (ii) that certain Bond Issuance Agreement dated of even date herewith (as the same may at any time be amended or modified and in effect, the “**Bond Issuance Agreement**”) by and between the Issuer and JPMorgan Chase Bank, N.A., a national banking association (the “**Bank**”), as Bondholder and Fiscal Agent. The provisions of the Loan Agreement are incorporated herein by reference with the same force and effect as if fully set forth herein.

The interest of the Issuer in this Note and, subject to the Issuer Reserved Rights (as defined in the Bond Issuance Agreement), the Loan Agreement, shall be assigned to the Bank concurrently with execution by the Borrower of this Note pursuant to the terms of the Bond Issuance Agreement, the Loan Agreement and that certain Assignment and Security Agreement of even date herewith by the Issuer to the Bank. Upon such assignment, the Bank shall be the Holder hereunder.

1. Definitions. In addition to the terms defined in the Recitals to this Note, the following terms as used in this Note shall have the following meanings:

The term “**Adjusted LIBO Rate**” means with respect to any Interest Period, an interest rate per annum (rounded upwards, if necessary, to the next one-sixteenth of one percent) equal to (a) the LIBO Rate for such Interest Period multiplied by (b) the Statutory Reserve Rate.

The term “**Adjusted One Month LIBO Rate**” means an interest rate per annum equal to the sum of (i) 2.5% per annum plus (ii) the Adjusted LIBO Rate for a one month Interest Period on such day (or if such day is not a Business Day, the immediately preceding Business Day); provided, that, for the avoidance of doubt, the Adjusted LIBO Rate for any day shall be based on the rate appearing on Reuters Screen LIBOR01 Page (or any successor or substitute page) at approximately 11:00 a.m. London time on such day (without any rounding).

The term “**Alternate Rate**” means a per annum rate equal to the CB Floating Rate plus 0.5 percent (0.5%).

The term “**Bank Loan Agreement**” means that certain Construction and Permanent Loan Agreement dated as of February 1, 2013 by and between Bank and Borrower, as the same may be amended, modified or supplemented from time to time.

The term “**Business Day**” means any day that is not a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to remain closed; and when used in connection with an advance of the principal amount of this Note or any other provision hereof relating to the Interest Rate, the term “Business Day” shall also exclude any day on which banks are not open for dealings in U.S. dollar deposits in the London interbank market.

The term “**CB Floating Rate**” means a per annum rate equal to the Prime Rate; provided, that (i) the CB Floating Rate shall never be less than the Adjusted One Month LIBO Rate, and (ii) the CB Floating Rate shall never be greater than the Maximum Rate. Any change in the CB Floating Rate due to a change in the Prime Rate or the Adjusted One Month LIBO Rate shall be effective from and including the effective date of such change in the Prime Rate or the Adjusted One Month LIBO Rate, respectively.

The term “**Change in Law**” means (i) the adoption of any law, rule or regulation, (ii) any change in any law, rule or regulation or in the interpretation or application thereof by any Governmental Authority after the date of this Note, or (iii) compliance by the Holder (or any applicable lending office of the Holder) with any request, guideline or directive (whether or not having the force of law) of any Governmental Authority made or issued after the date of this Note; provided, however, that notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, regulations, guidelines or directives thereunder or issued in connection therewith shall be deemed to be a “Change in Law”, regardless of the date enacted, adopted or issued, and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, Basel Community on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed a “Change in Law” regardless of the date enacted, adopted, issued or implemented.

The term “**Collateral**” has the meaning given to such term in Section 13 of this Note.

The term “**Event of Default**” means any default or events of default described in Section 17 of this Note.

The term “**Interest Rate**” means, for each Interest Period, the sum of the applicable Adjusted LIBO Rate plus three percent (3.0%) per annum, but in no event a rate per annum greater than the Maximum Rate.

The term “**Governmental Authority**” means the Government of the United States of America, any other nation or any other political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.



The term “**Interest Period**” means with respect to any advance of the principal amount of this Note, the period commencing on the date of such advance and ending on the numerically corresponding day in the calendar month which is one month thereafter, provided that (i) if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless the next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day, (ii) any Interest Period that commences on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the last calendar month of such Interest Period) shall end on the last Business Day of the last calendar month of such Interest Period, and (iii) no Interest Period shall extend beyond the Maturity Date (as it may be extended). For purposes hereof, the date of an advance initially made shall be the date on which such advance is made and, thereafter shall be the effective date of the most recent continuation of such advance.

The term “**Liabilities**” has the meaning given to such term in the Loan Agreement.

The term “**LIBO Rate**” means with respect to any advance of the principal amount of this Note for any Interest Period, the rate appearing on Reuters Screen LIBOR01 Page (or on any successor or substitute page thereof, or any successor to or substitute for such page, providing rate quotations comparable to those currently provided on such page, as determined by the Holder from time to time for purposes of providing quotations of interest rates applicable to dollar deposits in the London interbank market) at approximately 11:00 a.m., London time, two (2) Business Days prior to the commencement of such Interest Period, as the rate for dollar deposits with a maturity comparable to such Interest Period. In the event that such rate is not available at any time for any reason, then the “LIBO Rate” with respect to such advance for such Interest Period shall be the rate at which dollar deposits of \$5,000,000.00 and for maturity comparable to such Interest Period are offered by the principal London office of JPMorgan Chase Bank, N.A. in immediately available funds in the London interbank market at approximately 11:00 a.m., London time, two (2) Business Days prior to the commencement of such Interest Period.

The term “**Loan**” means the loan made by the Holder to the Borrower in the stated principal amount of Sixteen Million Eight Hundred Thousand Dollars and no/100 (\$16,800,000.00) to be advanced in accordance with the provisions of the Loan Agreement and the Bank Loan Agreement, which loan is evidenced by this Note and secured by the Mortgage and the Owner Collateral Documents.

The term “**Maturity Date**” means August 1, 2015, as the same may be extended to February 1, 2016 pursuant to the terms of the Loan Agreement.

The term “**Maximum Rate**” means twelve percent (12%) per annum.

The term “**Mortgage**” means the Mortgage, as defined in the Loan Agreement.

The term “**Owner Collateral Documents**” has the meaning given to such term in the Bond Issuance Agreement.

The term “**Past Due Rate**” means a rate per annum equal to four percent (4.0%) plus the Interest Rate (or, if applicable, the Alternate Rate), but in no event greater than the Maximum Rate.

The term **"Payment Date"** means the tenth (10th) day of each month.

The term **"Prime Rate"** means the rate of interest per annum publicly announced from time to time by JPMorgan Chase Bank, N.A. as its prime rate; each change in the Prime Rate shall be effective from and including the date such change is publicly announced as being effective. The Prime Rate is a reference rate and is not necessarily the lowest rate. If JPMorgan Chase Bank, N.A. ceases to exist or to establish or publish a prime rate from which the Prime Rate is then determined, the applicable variable rate from which the Prime Rate is determined thereafter shall be instead the prime rate reported in The Wall Street Journal (or the average prime rate if a high and a low prime rate are therein reported), and the Prime Rate shall change without notice with each change in such prime rate as of the date such change is reported.

The term **"Principal Balance"** means the outstanding principal balance of this Note from time to time.

The term **"Statutory Reserve Rate"** means a fraction (expressed as a decimal), the numerator of which is the number one and the denominator of which is the number one minus the aggregate of the maximum reserve percentages (including any marginal, special, emergency or supplemental reserves) expressed as a decimal established by the Board of Governors of the Federal Reserve System to which the Holder is subject, with respect to the Adjusted LIBO Rate, for eurocurrency funding (currently referred to as "Eurocurrency Liabilities" in Regulation D of the Board). Such reserve percentages shall include those imposed pursuant to such Regulation D. Advances of the principal amount of this Note shall be deemed to constitute eurocurrency funding and to be subject to such reserve requirements without the benefit of credit for proration, exemption or offsets that may be available from time to time under such Regulation D or any comparable regulation. The Statutory Reserve Rate shall be adjusted automatically on and as of the effective date of any change in any reserve percentage.

2. Payments of Principal and Interest. The Principal Balance, together with interest on the unpaid Principal Balance computed from the date of each advance until paid, shall be calculated and paid as follows:

(a) Interest on the Principal Balance calculated in the manner set forth below shall be due and payable on each Payment Date during the term of this Note commencing on March 10, 2013 and continuing on each Payment Date until the Principal Balance shall be paid in full.

(b) Unless otherwise agreed to, in writing, or otherwise required by applicable law, payments shall be applied first to accrued, unpaid interest, then to principal, and any remaining amount to any unpaid collection costs, late charges and other charges, provided, however, upon an Event of Default, the Holder reserves the right to apply payments among principal, interest, late charges, collection costs and other charges at its sole discretion. Any prepayments shall be applied to the indebtedness owing hereunder in such order and manner as the Holder from time to time determines in its sole discretion. The amount of the Principal Balance of this Note outstanding from time to time as shown on the records of the Holder shall be conclusive absent manifest error as to such amount.

(c) If any payment under this Note is due and payable on a day which is not a Business Day, such payment shall be made on the next succeeding Business Day and any such extension of time shall be included in the computation of the payment of interest on this

Note. All payments of principal and interest under this Note shall be made without deduction of any present or future taxes, levies, imposts, duties, fees, assessments, withholdings or other charges, which amounts shall be paid by the Borrower, and without any other setoff or counterclaim of any kind.

(d) The entire Principal Balance, together with all interest accrued and unpaid thereon and all other sums due under this Note shall be due and payable on the Maturity Date.

3. [Intentionally Deleted].

4. Prepayment.

(a) Upon notice as provided in subsection 4(b) below, the Borrower may prepay, in whole or in part, without premium or penalty but subject to payment of any Break Funding Payment, on any Business Day, the principal amount of this Note then outstanding. This Note is subject to mandatory prepayment, without premium or penalty but subject to payment of any Break Funding Payment, prior to the Maturity Date in accordance with Section 3.1(b) of the Loan Agreement. Any amounts prepaid hereunder may not be reborrowed.

(b) The Borrower shall notify the Holder by telephone (confirmed by telecopier) of any prepayment, not later than 11:00 a.m. prevailing Central time, five (5) Business Days before the date of prepayment. Each such notice shall be irrevocable and shall specify the prepayment date and the principal amount to be prepaid. Any prepayment shall be accompanied by accrued interest on the amount prepaid, plus any other amounts due under Section 8 of this Note, plus, in the case of prepayment on other than the last day of an Interest Period, an administrative fee of Two Hundred Fifty Dollars (\$250.00).

5. Interest.

(a) The Principal Balance shall bear interest at the Interest Rate.

(b) Notwithstanding the foregoing, from and after the occurrence of an Event of Default (as hereinafter defined), all amounts due hereunder shall bear interest, after as well as before judgment, at a rate per annum equal to the Past Due Rate.

(c) Accrued interest on the Principal Balance shall be payable in arrears on each Payment Date and upon maturity of the Loan; provided that interest accrued pursuant to paragraph (b) of this Section 5 shall be payable on demand.

(d) All interest hereunder shall be computed on the basis of a year of 360 days, and in each case shall be payable for the actual number of days elapsed (including the first day but excluding the last day). The Interest Rate (or, if applicable, the Alternate Rate) shall be determined by the Holder and such determination shall be conclusive and binding upon the Borrower absent manifest error.

6. Alternate Rate of Interest. If prior to the commencement of any Interest Period:

(a) the Holder determines (which determination shall be conclusive absent manifest error) that adequate and reasonable means do not exist for ascertaining the Adjusted LIBO Rate for such Interest Period; or

(b) the Adjusted LIBO Rate for such Interest Period will not adequately and fairly reflect the cost to the Holder of making or maintaining the advance of proceeds of this Note for such Interest Period;

then the Holder shall give notice thereof to the Borrower by telephone or facsimile as promptly as practical thereafter and, until the Holder notifies the Borrower that the circumstances giving rise to such notice no longer exist, any advance, or continuation of an advance, shall bear interest at the Alternate Rate.

7. Increased Costs.

(a) If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by, the Holder (except any such reserve requirement reflected in the Adjusted LIBO Rate); or

(ii) impose on the Holder or the London interbank market any other condition affecting this Note or borrowings made by the Holder using the LIBO Rate;

and the result of any of the foregoing shall be to increase the cost to the Holder of making or maintaining any LIBO Rate borrowing (or of maintaining its obligation to make any such borrowing) or to increase the cost or to reduce the amount of any sum received or receivable by the Holder (whether of principal, interest or otherwise), then the Borrower will pay to the Holder such additional amount or amounts as will compensate the Holder for such additional costs incurred or reduction suffered.

(b) If the Holder determines that any Change in Law regarding capital requirements has or would have the effect of reducing the rate of return on the Holder's capital or on the capital of the Holder's holding company, if any, as a consequence of this Note or the Loan made by the Holder to a level below that which the Holder or the Holder's holding company could have achieved but for such Change in Law (taking into consideration the Holder's policies with respect to capital adequacy), then from time to time the Borrower will pay to the Holder, such additional amount or amounts as will compensate the Holder or the Holder's holding company for any such reduction suffered.

(c) A certificate of the Holder setting forth the amount or amounts necessary to compensate the Holder or its holding company, as the case may be, as specified in paragraph (a) or (b) of this Section shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay the Holder, the amount shown as due on any such certificate within ten (10) days after receipt thereof.

(d) Failure or delay on the part of the Holder to demand compensation pursuant to this Section shall not constitute a waiver of the Holder's right to demand such compensation; provided that the Borrower shall not be required to compensate the Holder pursuant to this Section for any increased costs or reductions incurred more than 270 days prior to the date that the Holder notifies the Borrower of the Change in Law giving rise to such increased costs or reductions and of the Holder's intention to claim compensation therefor; provided further that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the 270-day period referred to above shall be extended to include the period of retroactive effect thereof.

8. Break Funding Payments. During such time as the Interest Rate (or the Past Due Rate utilizing the Interest Rate as its base) shall be the governing interest rate under this Note, in the event of (a) the payment of any principal other than on the last day of an Interest Period applicable thereto (including as a result of an Event of Default), (b) a conversion to the Alternate Rate other than on the last day of the Interest Period applicable to the amount so converted, or (c) the failure to borrow, continue or prepay any advance of the proceeds of the Loan on the date specified in any notice delivered pursuant to the Loan Agreement or pursuant to the Bank Loan Agreement, then, in any such event, the Borrower shall compensate the Holder for the loss, cost and expense attributable to such event. Such loss, cost or expense to the Holder shall be deemed to include an amount determined by the Holder to be the excess, if any, of (i) the amount of interest which would have accrued on the applicable principal amount had such event not occurred, at the Adjusted LIBO Rate that would have been applicable to such amount, for the period from the date of such event to the last day of the then current Interest Period for such amount (or, in the case of a failure to borrow, convert or continue, for the period that would have been the Interest Period for such amount), over (ii) the amount of interest which would accrue on such principal amount for such period at the interest rate which the Bondholder would bid were it to bid, at the commencement of such period, for dollar deposits of a comparable amount and period from other banks in the eurodollar market. A certificate of the Holder setting forth any amount or amounts that the Holder is entitled to receive pursuant to this Section shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay the Holder the amount shown as due on any such certificate (any such amount due, a **"Break Funding Payment"**) within ten (10) days after receipt thereof.

9. Electronic Notices. Notices of prepayments under Section 4 may be made by electronic communication (including e-mail and internet or intranet websites) pursuant to procedures approved by the Holder. Such approval may be limited to particular notices or communications.

Unless the Holder otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgment from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgment), provided that if such notice or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next Business Day for the recipient, and (ii) notices or communications posted to an internet or intranet website shall be deemed received upon the "receipt" by the intended recipient at its e-mail address as described in the foregoing clause (i) of notification that such notice or communication is available and identifying the website address therefor.

The Borrower and the Holder may change the address or telecopier number or e-mail address for notices and other communications hereunder by notice to the other.

10. Late Fee. If any payment required under this Note is not paid within ten (10) days after such payment is due, then, at the option of the Holder, the Borrower shall pay a late charge equal to five percent (5.0%) of the amount of such payment to compensate the Holder for administrative expenses and other costs of delinquent payments. This late charge may be assessed without notice, shall be immediately due and payable and shall be in addition to all other rights and remedies available to the Holder.

11. Payments Generally. The Borrower shall make each payment required to be made by it hereunder (whether principal, interest or fees, or otherwise) prior to 11:00 a.m. prevailing Central time, on the date when due, in immediately available funds, without set-off or counterclaim. Any amounts received after such time on any date may, in the discretion of the Holder, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made to the Holder at its offices at 700 North Pearl Street, 13th Floor, TX1-2625, Dallas, Texas, 75201 or such other place as may be designated by written notice to the Borrower from or on behalf of the Holder. If any payment hereunder shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day, and, in the case of any payment accruing interest, interest thereon shall be payable for the period of such extension. All payments made hereunder shall be made in US dollars.

12. Indemnity.

(a) Anything in this Note, the Loan Agreement, the Bank Loan Agreement, the Mortgage or any of the Owner Collateral Documents to the contrary notwithstanding, the Borrower shall indemnify and hold the Holder harmless and defend the Holder at the Borrower's sole cost and expense against any loss or liability, cost or expense (including, without limitation, reasonable attorneys' fees and disbursements of the Holder's counsel, whether in-house staff, retained firms or otherwise), and all claims, actions, procedures and suits arising out of or in connection with:

(i) any ongoing matters arising out of this Note, the Loan Agreement, the Bank Loan Agreement, the Mortgage, any of the Owner Collateral Documents or the transaction contemplated hereby or thereby, including, but not limited to, all costs of appraisal or reappraisal of all or any portion of any collateral for the Liabilities or of the granting by the Holder, in its sole and absolute discretion, of any lease non-disturbance agreements (except for any such matters arising from a default by Holder of any of its obligations under any such documents),

(ii) any amendment to, or restructuring of, the Liabilities, this Note, the Loan Agreement, the Bank Loan Agreement, the Mortgage or any of the Owner Collateral Documents,

(iii) any and all lawful action that may be taken by the Holder in connection with the enforcement of the provisions of this Note, the Loan Agreement, the Bank Loan Agreement, the Mortgage or any of the Owner Collateral Documents, whether or not suit is filed in connection with the same, or in connection with the Borrower, any guarantor of all or any portion of the Liabilities and/or any partner, joint venturer or shareholder thereof becoming a subject of a voluntary or involuntary federal or state bankruptcy, insolvency or similar proceeding, and

(iv) any liability to brokers, finders or similar persons and/or under any applicable securities or blue sky laws.

All sums expended by the Holder on account of any of the foregoing shall be reimbursable on demand, and until reimbursed by the Borrower pursuant hereto, shall be deemed additional principal evidenced hereby and shall bear interest at the default interest rate hereinbelow set forth. The obligations of the Borrower under this Section shall, notwithstanding any exculpatory or other provisions of any nature whatsoever which may be set forth herein, or in the Loan

Agreement, the Bank Loan Agreement, the Mortgage or the Owner Collateral Documents, constitute the personal recourse undertakings, obligations and liabilities of the Borrower and shall be secured by the Mortgage and the Owner Collateral Documents.

(b) The Borrower shall indemnify the Holder against any loss or expense that it may sustain or incur as a consequence of any failure by the Borrower to take down all or any portion of the Loan on the date the Borrower requested that the Loan be advanced or as a consequence of any default by the Borrower in the payment of any portion of the Principal Balance of this Note as and when due and payable, or the occurrence of any default or Event of Default under this Note, the Loan Agreement, the Bank Loan Agreement, the Mortgage or the Owner Collateral Documents, including, but not limited to, any loss or expense sustained or incurred by the Holder in liquidating or reemploying deposits from third parties acquired to effect or maintain the Interest Rate with respect to the Principal Balance hereof. The Holder shall provide to the Borrower a statement explaining the amount of any such loss or expense, which statement shall be conclusive and binding upon the Borrower absent manifest error.

13. Secured Note. This Note is secured by the Mortgage and the Owner Collateral Documents and the collateral mortgaged, pledged, encumbered or assigned pursuant thereto (the "**Collateral**"). The Borrower agrees to perform and comply with each of the terms, covenants and provisions contained in the Mortgage, the Loan Agreement, the Bank Loan Agreement and the Owner Collateral Documents on the part of the Borrower to be observed or performed and which are hereby made part of this Note to the same extent and with the same force and effect as if they were fully set forth herein. All sums which shall or may become due and payable by the Borrower in accordance with the provisions of this Note shall under all circumstances be deemed to constitute additional interest on, and shall be evidenced by this Note, shall be secured by the Mortgage and the Owner Collateral Documents and shall constitute part of the Liabilities.

14. Transfer. Upon the transfer of this Note, the Holder may deliver all the Collateral, or any part thereof, to the transferee who shall thereupon become vested with all the rights herein or under applicable law given to the Holder with respect thereto, and the Holder shall thereafter forever be relieved and fully discharged from any liability or responsibility in the matter; but the Holder shall retain all rights hereby given to it with respect to any Liabilities (hereinbelow defined) and such collateral not so transferred. The Holder will provide the Borrower with notice of any such transfer.

15. Maximum Permissible Rate. This Note is subject to the express condition that at no time shall the Borrower be obligated or be required to pay interest on the Principal Balance at a rate which could subject the Holder to liability as a result of being in excess of the maximum rate which the Borrower is permitted by law to contract or agree to pay. If by the terms of this Note the Borrower is at any time required or obligated to pay interest on the Principal Balance at a rate in excess of such maximum rate, then the rate of interest under this Note shall be deemed to be immediately reduced to such maximum rate, interest payable hereunder shall be computed at such maximum rate and any prior interest payments made in excess of such maximum rate shall be applied and shall be deemed to have been payments made in reduction of the Principal Balance.

16. Set Off. In addition to any right available to the Holder under applicable law or any other agreement, the Borrower hereby gives to the Holder a lien on, security interest in and right of set-off against all moneys, securities and other property of the Borrower and the proceeds thereof, now or hereafter delivered to, remaining with or in transit in any manner to the

Holder, its correspondents or its agents from or for the Borrower, whether for safekeeping, custody, pledge, transmission, collection or otherwise or coming into possession of the Holder in any way, and also, any balance of any deposit account and credits of the Borrower with, and any and all claims of the Borrower against, the Holder at any time existing, as collateral security for the payment of this Note and the Liabilities, hereby authorizing the Holder at any time or times, after an Event of Default without prior notice, to apply such balances, credits or claims, or any part thereof, to such Liabilities in such amounts as it may select, whether contingent, unmatured or otherwise and whether any collateral security therefor is deemed adequate or not. The collateral security described herein shall be in addition to any collateral security described in any separate agreement executed by the Borrower. The Holder, in addition to any right available to it under applicable law or any other agreement, shall have the right, at its option, to immediately set off against this Note and/or any other Liabilities all monies owed by the Holder in any capacity to the Borrower, whether or not due, and the Holder shall, at its option, be deemed to have exercised such right to set off and to have made a charge against any such money immediately upon the occurrence of any default or Event of Default even though such charge is made or entered on the books of the Holder subsequent to those events.

17. Events of Default. The failure of Borrower (a) to pay (i) any installment of principal or interest payable pursuant to this Note within ten (10) days after the date when due, or (ii) any other amount payable to Holder under this Note, the Loan Agreement, the Bank Loan Agreement, the Mortgage or any Other Loan Document within ten (10) days after the date when any such payment is due in accordance with the terms hereof or thereof, or (b) the occurrence of any Event of Default as defined in the Loan Agreement, the Bank Loan Agreement, the Mortgage or any Owner Collateral Document, shall constitute an event of default (an “**Event of Default**”) hereunder. All of the terms, covenants and provisions contained in the Loan Agreement, the Bank Loan Agreement, the Mortgage and the Owner Collateral Documents which are to be kept and performed by the Borrower are hereby made part of this Note to the same extent with the same force and effect as if they were fully set forth herein. Any partner of Borrower may cure a default by Borrower hereunder on the same terms as Borrower.

18. Acceleration. At any time during the existence of any Event of Default, at the option of Holder, the entire unpaid principal balance evidenced by this Note, together with interest accrued thereon and all other sums due from Borrower hereunder, under the Loan Agreement or the Mortgage, or under any Owner Collateral Document, shall become immediately due and payable without notice. Failure to exercise this option with respect to any Event of Default shall not constitute a waiver of the right to exercise same in the event of any subsequent Event of Default.

19. Default Interest. Upon the occurrence of an Event of Default, the Borrower shall, unless and until such date, if any, as the Holder may elect, in its sole and absolute discretion, to waive, in writing, all or any portion of such interest, pay interest on the Principal Balance from the date of such default until the date on which the Principal Balance then outstanding is paid in full (whether before or after judgment), at a rate per annum (calculated for the actual number of days elapsed on the basis of a 360-day year) equal to the Past Due Rate (provided, however, that such Past Due Rate shall relate back to the date of such default). The Past Due Rate shall in no event exceed the maximum interest rate which the Borrower may by law pay. Holder, at its option, also may, if permitted under applicable law, add any unpaid accrued interest to principal and such sum will bear interest from and after such date until paid at the rate provided in this Note (including any increased rate).



20. Authority. The Borrower (and the undersigned representative(s) of the Borrower, if any) represents that the Borrower has full power, authority and legal right to execute and deliver this Note and that this Note constitutes a valid and binding obligation of the Borrower.

21. Joint and Several Obligations. If the Borrower consists of more than one party, the obligations and liabilities of each such party hereunder shall be joint and several.

22. Defined Terms. Whenever used, the singular number shall include the plural, the plural the singular, and the words “**Holder**” and “**Borrower**” shall include their respective successors and assigns, provided, however, that the Borrower shall in no event or under any circumstance have the right, without obtaining the prior written consent of the Holder, to assign or transfer its obligations under this Note, the Loan Agreement, the Bank Loan Agreement, the Mortgage or the Owner Collateral Documents, in whole or in part, to any other person, party or entity.

23. Headings. The headings and captions of the numbered paragraphs of this Note are for convenience of reference only and are not to be construed as defining or limiting, in any way, the scope or intent of the provisions hereof.

24. Enforceability. The Borrower acknowledges that this Note and the Borrower's obligations under this Note are and shall at all times continue to be absolute and unconditional in all respects, and shall at all times be valid and enforceable irrespective of any other agreements or circumstances of any nature whatsoever which might otherwise constitute a defense to this Note and the obligations of the Borrower under this Note or the obligations of any other person or party relating to this Note or otherwise with respect to the Loan. This Note, the Loan Agreement, the Bank Loan Agreement, the Mortgage, the Owner Collateral Documents and the other documents specifically set forth in Section 14.16 of the Loan Agreement set forth the entire agreement and understanding of the Holder and the Borrower with respect to the Loan, and the Borrower absolutely, unconditionally and irrevocably waives any and all right to assert any setoff, counterclaim or crossclaim of any nature whatsoever with respect to this Note, the Loan Agreement, the Bank Loan Agreement, the Mortgage and the Owner Collateral Documents or the obligations of the Borrower hereunder and thereunder, or the obligations of any other person or party relating hereto and thereto or to the obligations of the Borrower hereunder or thereunder or otherwise with respect to the Loan, in any action or proceeding brought by the Holder to collect the Liabilities, or any portion thereof, or to enforce, foreclose and realize upon the liens and security interests of the Holder in any collateral therefor created by the Mortgage or the Owner Collateral Documents (provided, however, that the foregoing shall not be deemed a waiver of the Borrower's right to assert any compulsory counterclaim maintained in a court of the United States, or of the State of Illinois if such counterclaim is compelled under local law or rule of procedure, nor shall the foregoing be deemed a waiver of the Borrower's right to assert any claim which would constitute a defense, setoff, counterclaim or crossclaim of any nature whatsoever against the Holder in any separate action or proceeding). The Borrower acknowledges that no oral or other agreements, conditions, promises, understandings, representations or warranties exist with respect to this Note or with respect to the obligations of the Borrower under this Note, except those specifically set forth in this Note.

25. Waiver. The Borrower waives presentment, demand for payment, notice of dishonor and any or all notices or demands in connection with the delivery, acceptance, performance, default or enforcement of this Note (except as expressly provided herein) and consents to any or all delays, extensions of time, renewals, release of any party to this Note, the

Loan Agreement, the Bank Loan Agreement, the Mortgage or any Other Loan Document, and of any available security therefor, to any party to this Note, the Loan Agreement, the Bank Loan Agreement, the Mortgage or the Owner Collateral Documents or to the actual holder thereof and any and all waivers or modifications that may be granted or consented to by the Holder with regard to the time of payment or with respect to any other provisions of this Note, the Loan Agreement, the Bank Loan Agreement, the Mortgage or the Owner Collateral Documents, and agrees that no such action, delay or failure to act on the part of the Holder shall be construed as a waiver by the Holder of, or otherwise affect, in whole or in part, its right to avail itself of any remedy with respect thereto. No notice to or demand on the Borrower shall be deemed to be a waiver of the obligation of the Borrower or of the right of the Holder to take further action without further notice or demand as provided in this Note, the Loan Agreement, the Bank Loan Agreement, the Mortgage or the Owner Collateral Documents. If the Borrower is a partnership, the agreements herein contained shall remain in force and applicable, notwithstanding any changes in the individuals comprising the partnership, and the term "Borrower", as used herein, shall include any alternate or successor partnerships, but any predecessor partnership and their partners shall not thereby be released from any liability. (Nothing in the foregoing sentence shall be construed as a consent to, or a waiver of, any prohibition or restriction on transfers of interests in such partnership which may be set forth in the Mortgage, the Loan Agreement, the Bank Loan Agreement or any Owner Collateral Document.)

26. Amendments. This Note may not be modified, amended, changed or terminated orally, except by an agreement in writing signed by the Borrower and the Holder. No waiver of any term, covenant or provision of this Note shall be effective unless given in writing by the Holder and, if so given by the Holder, shall only be effective in the specific instance in which given.

27. Governing Law. This Note is and shall be deemed entered into in the State of Illinois and shall be governed by and construed in accordance with the laws of the State of Illinois without regard to principles of conflicts of laws, and no defense given or allowed by the laws of any state or country shall be interposed in any action or proceeding hereon unless such defense is either given or allowed by the laws of the State of Illinois.

28. Business Purpose Loan. The proceeds of the loan evidenced by this Note will be used solely for the purposes specified in 815 ILCS 205/4, as amended, and the principal sum advanced is for a "business loan" which comes within the purview of such section. Borrower acknowledges that the obligation evidenced by this Note is an exempted transaction under the Truth In Lending Act, 15 U.S.C., Section 1601, et seq.

29. Venue and Jurisdiction. THE BORROWER IRREVOCABLY AGREES THAT, SUBJECT TO THE HOLDER'S SOLE AND ABSOLUTE ELECTION, ANY ACTION OR PROCEEDING IN ANY WAY, MANNER OR RESPECT ARISING OUT OF THIS NOTE, THE LOAN AGREEMENT, THE BANK LOAN AGREEMENT OR THE OWNER COLLATERAL DOCUMENTS, OR ANY AMENDMENT, INSTRUMENT, DOCUMENT OR AGREEMENT DELIVERED OR WHICH MAY IN THE FUTURE BE DELIVERED IN CONNECTION HERewith OR THEREWITH, OR ARISING FROM ANY DISPUTE OR CONTROVERSY ARISING IN CONNECTION WITH OR RELATED TO THIS NOTE, THE LOAN AGREEMENT, THE BANK LOAN AGREEMENT OR THE OWNER COLLATERAL DOCUMENTS, OR ANY SUCH AMENDMENT, INSTRUMENT, DOCUMENT OR AGREEMENT, SHALL BE LITIGATED ONLY IN THE COURTS HAVING SITUS WITHIN THE CITY OF CHICAGO, STATE OF ILLINOIS, AND THE OWNER HEREBY CONSENTS AND SUBMITS TO THE JURISDICTION OF ANY LOCAL, STATE OR FEDERAL COURT LOCATED WITHIN SUCH CITY AND STATE.

THE OWNER HEREBY WAIVES ANY RIGHT IT MAY HAVE TO TRANSFER OR CHANGE THE VENUE OF ANY LITIGATION BROUGHT AGAINST IT IN ACCORDANCE WITH THIS SECTION.

30. Waiver of Special Damages. To the extent permitted by applicable law, the Borrower shall not assert, and hereby waives, any claim against the Holder, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Note or any agreement or instrument contemplated hereby, the transactions, the Loan or the use of the proceeds thereof.

31. Waiver of Jury Trial. THE BORROWER HEREBY IRREVOCABLY WAIVES ANY RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING (I) TO ENFORCE OR DEFEND ANY RIGHTS UNDER OR IN CONNECTION WITH THIS NOTE, THE LOAN AGREEMENT, THE BANK LOAN AGREEMENT OR THE OWNER COLLATERAL DOCUMENTS, OR ANY AMENDMENT, INSTRUMENT, DOCUMENT OR AGREEMENT DELIVERED, OR WHICH MAY IN THE FUTURE BE DELIVERED, IN CONNECTION HERewith OR THEREWITH, OR (II) ARISING FROM ANY DISPUTE OR CONTROVERSY IN CONNECTION WITH OR RELATED TO THIS NOTE, THE LOAN AGREEMENT, THE BANK LOAN AGREEMENT OR THE OWNER COLLATERAL DOCUMENTS, OR ANY SUCH AMENDMENT, INSTRUMENT, DOCUMENT OR AGREEMENT, AND AGREES THAT ANY SUCH ACTION OR COUNTERCLAIM SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY.

[Signature Page Follows]

IN WITNESS WHEREOF, the Borrower has duly executed this Note the day and year first above written.

**BORROWER:**

**LOFTS 47 PHASE I LIMITED PARTNERSHIP**, an  
Illinois limited partnership

By:   Lofts 47 Phase I, Inc., an Illinois corporation  
Its:   General Partner

By: \_\_\_\_\_  
Name: Sara Jean Lindholm  
Title: Authorized Agent

**NON RECOURSE ENDORSEMENT**

Pay to the order of JPMorgan Chase Bank, N.A., without recourse against the undersigned.

**CITY OF CHICAGO**

By: \_\_\_\_\_  
Lois A. Scott  
Chief Financial Officer

**EXHIBIT B**  
**COSTS OF PROJECT**

See Tax Agreement and Project Certificate.

## EXHIBIT C

### FORM OF DISBURSEMENT REQUEST

JPMorgan Chase Bank, N.A.,  
as Fiscal Agent  
Community Development Real Estate  
Chase Tower  
10 South Dearborn Street  
Mail Code IL1-0953  
Chicago, Illinois 60603  
Attn: Paul C. Vlamis

Ladies and Gentlemen:

This Disbursement Request is delivered to you pursuant to Section 9.5 of the Loan Agreement, dated as of February 1, 2013 (as amended or modified, the "Loan Agreement"), between Lofts 47 Phase I Limited Partnership, an Illinois limited partnership (the "Owner"), and the City of Chicago (the "Issuer"). Unless otherwise defined herein, capitalized terms used herein have the meanings provided in the Loan Agreement.

The undersigned, on behalf of the Owner, hereby requests that a disbursement be made in the aggregate principal amount of \$\_\_\_\_\_ on \_\_\_\_\_ with respect to the Project.

The undersigned, on behalf of the Owner, hereby certifies and warrants that on the date the disbursement requested hereby is made, after giving effect to the making of such disbursement:

- (a) that each obligation mentioned herein has been properly incurred subsequent to the date 60 days preceding October 31, 2012, and is a proper charge against the Construction Account of the Construction Fund, or is otherwise permitted in accordance with the Project Certificate;
- (b) that other than for costs of issuance, 100% of the amount requested plus all prior disbursements from the Construction Account of the Construction Fund will have been expended on Costs of the Project (consistent with the provisions of the Project Certificate and the Tax Agreement);
- (c) no Default or Event of Default has occurred and is continuing, or will result from the making of such disbursement; and
- (d) the representations and warranties of the Owner contained in Article VI of the Loan Agreement are true and correct with the same effect as though made on the date hereof.

The undersigned, on behalf of the Owner, agrees that if, prior to the time of the funding of the disbursement requested hereby, any matter certified to herein by it will not be true and correct in all material respects at the time of such funding as if then made, it will immediately so notify the Fiscal Agent and the Issuer. Except to the extent, if any, that prior to the time of the funding of the disbursement requested hereby the Fiscal Agent shall receive written notice to

the contrary from the undersigned, on behalf of the Owner, or the Owner, each matter certified to herein shall be deemed once again to be certified as true and correct at the date of such funding as if then made.

Please wire transfer the proceeds of the disbursement as set forth on Annex I attached hereto.

This certificate is given by the undersigned on behalf of the Owner.

The undersigned has caused this Disbursement Request to be executed and delivered, and the certification and warranties contained herein to be made, by an authorized officer this \_\_\_\_\_ day of \_\_\_\_\_, 201\_\_.

**LOFTS 47 PHASE I LIMITED PARTNERSHIP**, an  
Illinois limited partnership

By:   Lofts 47 Phase I, Inc.,  
      an Illinois corporation  
Its:   General Partner

By: \_\_\_\_\_  
      Name: Sara Jean Lindholm  
      Title: Authorized Agent

**APPROVED:**

**JPMORGAN CHASE BANK, N.A.**,  
a national banking association

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

ANNEX I

Amount to be <u>Transferred</u>	<u>Person to be Paid</u>	Name, Address, etc. <u>of Transferee</u>
\$ _____	Name Account No. _____ _____	_____ _____ Attention: _____
\$ _____	Name Account No. _____ _____	_____ _____ Attention: _____



## **EXHIBIT D**

### **WIRE TRANSFER INSTRUCTIONS**

JPMorgan Chase Bank, N.A.  
700 N. Pearl St., 13<sup>th</sup> Floor  
TX1-2625  
ABA#: 021000021  
Account Name: Texas Real Estate Loans  
Accot #9008104606  
Attn: Caroline Reese  
Ref: Lofts 47 Phase I Limited Partnership