



**This recommendation was concurred in by  
of members of the committee with**

Aldermen Burke (14) abstained from voting under the provisions of Rule 14.

**Chairman**

**Document No.**

**REPORT OF THE COMMITTEE ON FINANCE TO THE CITY COUNCIL CITY OF CHICAGO  
OFFICE OF THE MAYOR**

CITY OF CHICAGO

RAHM EMANUEL  
MAYOR

April 13,2016

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

Ladies and Gentlemen:

At the request of the Commissioner of Planning and Development, I transmit herewith ordinance authorizing an issuance of tax-exempt bonds for WHP Village, LLC.

Your favorable consideration of this ordinance will be appreciated.

Mayor

Very truly yours,

**ORDINANCE**

WHEREAS, by virtue of Section 6(a) of Article VII of the 1970 Constitution of the State of Illinois, the City of Chicago (the "City") 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 City is authorized and empowered to issue multi-family housing revenue bonds for the purpose of financing the cost of acquiring, rehabilitating and equipping an affordable multi-family housing facility for low- and moderate-income families located in the City; and

WHEREAS, by this ordinance (this "Ordinance"), the City Council of the City (the "City Council") has determined that it is necessary and in the best interests of the City to provide financing to WHP Village, LLC, an Illinois limited liability company (the "Borrower"), the manager of which is WHP Village Manager, LLC, an Illinois limited liability company, the sole members of which are Brinshore PL, LLC and Michaels Chicago Holding Company, LLC, each an Illinois limited liability company, to pay or reimburse a portion of the costs of acquiring, rehabilitating, and equipping of low- and moderate- income residential facilities consisting of 21 residential buildings and related common facilities and containing approximately 200 residential dwelling units (the "Improvements") which will include 55 market-rate units, 4 non-tax credit public housing Rental Assistance Demonstration ("RAD") units, and 141 tax credit units, 91 of which will be leased to public housing RAD residents and known as the Villages of Westhaven (the "Project"), located generally between West Lake Street, North Seeley Avenue, a 16 foot public alley that runs parallel to West Maypole Avenue and North Leavitt Street, in the City, as described in Exhibit A-1 attached hereto (the "Property"), and to pay a portion of the costs of issuance and other costs incurred in connection therewith; and

WHEREAS, the Chicago Housing Authority ("CHA") currently owns the Property and the Improvements; and

WHEREAS, a current appraisal of the Property and the Improvements indicates that the fair market value of the Property and the Improvements is Fifteen Million One Hundred Ninety Five Thousand Dollars (\$15,195,000); and

WHEREAS, CHA intends to make a donation to Michaels Community Services Corporation, a New Jersey nonprofit corporation, d/b/a Better Tomorrows ("Better Tomorrows"), of a 99-year ground lease of the Property and a conveyance of the fee interest in the Improvements, whereupon Better Tomorrows will immediately assign its leasehold interest in the Property and convey title to the Improvements to the Borrower, who will develop the Project on the Property; and

WHEREAS, by this Ordinance, the City Council has determined that it is necessary and in the best interests of the City to borrow money for the purposes set forth above and in evidence of its limited, special obligation to repay that borrowing, to issue tax-exempt revenue bonds, which are expected to be issued in one series, to be designated as Multi-Family Housing Revenue Bonds (Villages of Westhaven Project), Series 2016 (the "Bonds") as shown on Exhibit A-2 of this Ordinance; and

WHEREAS, the principal and interest on the Bonds may be secured by, among other things, a senior mortgage on the leasehold estate in the Property, the Improvements and certain other related collateral, by certain capital contributions to be made to the Borrower by its investor member(s) in connection with the allocation to the Borrower of federal low-income housing tax credits, by cash and/or securities collateral from the CHA and by pledges and/or assignments of certain funds, personal property, and contractual rights of the Borrower and its affiliates; and

WHEREAS, the Bonds and the obligation to pay interest thereon do not now and shall never constitute an indebtedness of or an obligation of the City, the State of Illinois or any political subdivision thereof, within the purview of any Constitutional limitation or statutory provision, or a charge against the general credit or taxing powers of any of them. No owner of the Bonds shall have the right to compel the taxing power of the City, the State of Illinois or any political subdivision thereof to pay any principal installment of, premium, if any, or interest on the Bonds; and

WHEREAS, in connection with the issuance of the Bonds, the City Council has determined by this Ordinance that it is necessary and in the best interests of the City to enter into (i) one or more financing agreements, which may be in the form of (a) a Bond Issuance Agreement (the "Bond Issuance Agreement") to provide for the issuance of the Bonds to finance a portion of the costs of the Project, to be entered into among the City, the hereinafter defined Purchaser of the Bonds, and the hereinafter defined Fiscal Agent, providing for the security for and terms and conditions of the Bonds to be issued thereunder and (b) a Loan Agreement (the "Loan Agreement") between the City and the Borrower providing for the loan of the proceeds of the Bonds to the Borrower and the use of such proceeds; (ii) one or more arbitrage and/or tax certificates (each, a "Tax Agreement" and collectively, the "Tax Agreements") between the City and the Borrower; and (iii) one or more Land Use Restriction Agreements between the City and the Borrower (the "Land Use Restriction Agreement"); and

WHEREAS, the CHA expects to make certain funds from housing authority sources available to the Borrower, which may include Moving to Work Funds and/or Capital Development Funds as shown on Exhibit A-2 of this Ordinance (the "CHA Loan"), which, when available, may be used to repay a portion of the Bonds; and

WHEREAS, the obligations of the Borrower for repayment of the CHA Loan would be evidenced by a promissory note made by the Borrower to CHA (the "CHA Note") and the obligations of the Borrower under the CHA Note would be secured by a second mortgage covering the leasehold estate in the Property and the Improvements; and

WHEREAS, the Illinois General Assembly pursuant to 20 ILCS 3805/7.28 (as supplemented, amended and restated from time to time) has authorized a program allowing the allocation of certain tax credits for qualified donations made in connection with affordable housing projects (the "Donation Tax Credit Program"); and

WHEREAS, the ground leasing of the Property and the conveyance of the Improvements by the CHA may qualify under the Donation Tax Credit Program as an eligible donation, and may generate certain additional proceeds which CHA would also like to make available to the Borrower ("CHA Donation Tax Credit Loan"), and the obligations of the Borrower under the CHA Donation Tax Credit Loan would be secured by a third mortgage covering the leasehold estate in the Property and the Improvements, as shown on Exhibit A-2 of this Ordinance; and

WHEREAS, Better Tomorrows' assignment of its leasehold estate in the Property and the conveyance of the Improvements to the Borrower (the "Better Tomorrows Loan") in exchange for a note made

by the Borrower to Better Tomorrows will be secured by a fourth mortgage covering the leasehold estate in the Property and the Improvements, as shown on Exhibit A-2 of this Ordinance; now, therefore,

**BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CHICAGO, AS FOLLOWS:**

Section 1. Incorporation of Recitals. The recitals contained in the preambles to this Ordinance are hereby incorporated into this Ordinance by this reference. All capitalized terms used in this Ordinance, unless otherwise defined herein, shall have the meanings ascribed thereto in the Bond Issuance Agreement.

Section 2. Findings and Determinations. The City Council hereby finds and determines that the delegations of authority that are contained in this Ordinance, including the authority to make the specific determinations described herein, are necessary and desirable because the City Council cannot itself as advantageously, expeditiously or conveniently exercise such authority and make such specific determinations. Thus, authority is granted to each hereinafter defined Authorized Officer to determine to sell the Bonds on such terms as and to the extent such officer determines that such sale or sales are desirable and in the best financial interest of the City. Any such designation and determination by an Authorized Officer shall be signed in writing by such Authorized Officer and filed with the City Clerk and shall remain in full force and effect for all purposes of this Ordinance unless and until revoked, such revocation to be signed in writing by an Authorized Officer and filed with the City Clerk,

Section 3. Authorization of Bonds. The issuance of the Bonds in an aggregate principal amount of not to exceed \$37,000,000 is hereby authorized. The aggregate principal amount of the Bonds to be issued, and their division into one or more series of Bonds, shall be as set forth in the Notification of Sale referred to Section 8 below.

The Bonds shall contain a provision that they are issued under authority of this Ordinance. The Bonds shall not mature later than forty (40) years after the date of issuance thereof. The Bonds shall bear interest at a rate or rates not to exceed the lesser of twelve percent (12%) or the maximum rate of interest allowable under state law, payable on the interest payment dates as set forth in the Bond Issuance Agreement and in the Notification of Sale, provided that, subject to such limitation, the Bonds may bear interest at variable interest rates computed from time to time at such rates and on such basis as shall be determined by reference to an established market index as shall be identified in the Bond Issuance Agreement. The Bonds shall be dated, shall be subject to redemption prior to maturity, shall be payable in such places and in such manner and shall have such other details and provisions as are prescribed by the Bond Issuance Agreement, the form (s) of the Bonds therein and the Notification of Sale.

The provisions for execution, signatures, authentication, payment and prepayment, with respect to the Bonds shall be as set forth in the Bond Issuance Agreement and the form(s) of the Bonds therein.

**Each of (i) the Mayor of the City (the "Mayor"), the (ii) Chief Financial Officer of the City (as defined below) or (iii) any other officer designated in writing by the Mayor (the Mayor, the Chief Financial Officer or any such other officer being referred to as an "Authorized**

**3**

Officer") is hereby authorized to execute and deliver the Bond Issuance Agreement on behalf of the City, in substantially the form attached hereto as Exhibit 8, as determined in the Notification of Sale, and made a part hereof and hereby approved with such changes therein as shall be approved by the Authorized Officer executing the same, with such execution to constitute conclusive evidence of such officer's approval and the City Council's approval of any changes or revisions from the form of the Bond Issuance Agreement attached

to this Ordinance.

As used herein, the term "Chief Financial Officer" shall mean the Chief Financial Officer of the City appointed by the Mayor, or, if there is no such officer then holding said office, the City Comptroller.

An Authorized Officer is hereby authorized to execute and deliver the Loan Agreement on behalf of the City, in substantially the form attached hereto as Exhibit C, and made a part hereof and hereby approved with such changes therein as shall be approved by the Authorized Officer executing the same, with such execution to constitute conclusive evidence of such Authorized Officer's approval and the City Council's approval of any changes or revisions from the form of the Loan Agreement attached to this Ordinance.

An Authorized Officer is hereby authorized to execute and deliver on behalf of the City such security or collateral documents securing payment of the Bonds as the Authorized Officer regards as appropriate, in substantially the form of the security documents used in previous issuances of tax-exempt bonds pursuant to programs similar to the Bonds, with appropriate revisions to reflect the terms and provisions of the Bonds and with such other revisions as the Authorized Officer executing the same shall determine are appropriate and consistent with the other provisions of this Ordinance. The execution of security or collateral documents by the Authorized Officer shall be deemed conclusive evidence of the approval of the City Council to the terms provided in such documents. -

An Authorized Officer is hereby authorized to execute and deliver one or more Land Use Restriction Agreements on behalf of the City, in substantially the form attached hereto as Exhibit D and made a part hereof and hereby approved with such changes therein as shall be approved by the Authorized Officer executing the same, with such execution to constitute conclusive evidence of such officer's approval of any changes or revisions from the form of Land Use Restriction Agreement attached to this Ordinance.

An Authorized Officer is hereby authorized to execute and deliver the Tax Agreements on behalf of the City, in substantially the form of tax agreements used in previous issuances of tax-exempt bonds pursuant to programs similar to the Bonds, with appropriate revisions to reflect the terms and provisions of the Bonds and the applicable provisions of the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations promulgated thereunder, and with such other revisions in text as the Authorized Officer executing the same shall determine are necessary or desirable in connection with the exclusion from gross income for federal income tax purposes of interest on the Bonds. The execution of the Tax Agreements by the Authorized Officer shall be deemed conclusive evidence of the approval of the City Council to the terms provided in the Tax Agreements.

Section 4. Security for the Bonds. The Bonds shall be limited obligations of the City, payable from and/or secured by (i) a senior mortgage on and security interest in the leasehold estate in the Property, the Improvements and related collateral, (ii) certain funds pledged under the Bond Issuance Agreement, (iii) certain capital contributions to be made to the Borrower by its investor member(s) in accordance with the terms and conditions of the limited

liability company operating agreement of the Borrower in connection with the allocation to the Borrower of federal- low-income housing tax credits and certain other funds, personal property and contractual rights of the Borrower and its affiliates pledged and/or assigned to the Fiscal Agent (which may include all or a portion of the CHA Loan), (iv) all right, title and interest of the City (other than certain reserved rights of the City, as described in the Loan Agreement) in the Loan Agreement, and (v) the proceeds of the Bonds and income from the temporary investment thereof, as provided in the Bond Issuance Agreement. In order to secure the payment of the principal of, premium, if any, and interest on the Bonds, such rights, proceeds and investment income are hereby pledged to the extent and for the purposes as provided in the Bond Issuance Agreement

and are hereby appropriated for the purposes set forth in the Bond Issuance Agreement. The Bond Issuance Agreement shall set forth such covenants with respect to the application of such rights, proceeds and investment income as shall be deemed necessary by the Authorized Officer in connection with the sale of the Bonds issued thereunder.

Section 5. Limited Obligations. The Bonds, when issued and outstanding, will be limited obligations of the City, payable solely as provided in the Bond Issuance Agreement. The Bonds and the interest thereon shall never constitute a debt or general obligation or a pledge of the faith, the credit or the taxing power of the City within the meaning of any Constitutional or statutory provision of the State of Illinois. The Bonds shall be payable solely from the funds pledged therefor pursuant to the terms of the Bond Issuance Agreement hereinafter described.

Section 6. Assignment of Rights. The right, title and interest of the City (except for certain rights to notice, involvement in certain discussions related to the Bonds, indemnification, and reimbursement) in, to and under the Loan Agreement, and the revenues to be derived by the City thereunder will be assigned to the Fiscal Agent under the Bond Issuance Agreement.

**Section 7. Sale and Delivery of Bonds. Subject to the terms and conditions of the Bond Issuance Agreement and such additional terms as are set forth in the Notification of Sale with the approval of an Authorized Officer, the Bonds shall be sold and delivered to BMO Harris Bank N.A. or one or more of its affiliates ("BMO Harris Bank") as the purchaser of the Bonds, except that an Authorized Officer, following a formal written request by Borrower may select one or more additional or other purchaser(s) in place of BMO Harris Bank (the "Purchaser").**

In connection with the offer and delivery of the Bonds, the Authorized Officer, and such other officers of the City as may be necessary, is authorized to execute and deliver such instruments and documents as may be necessary to implement the transaction and to effect the issuance and delivery of the Bonds. Any limitation on the amount of Bonds issued pursuant to this Ordinance as set forth herein shall be exclusive of any original issue discount or premium.

BMO Harris Bank or one of its affiliates may serve as fiscal agent under the Bond Issuance Agreement, except that an Authorized Officer may select another fiscal agent in place of BMO Harris Bank (the "Fiscal Agent") pursuant to the provisions of the Bond Issuance Agreement.

Section 8. Notification of Sale. Subsequent to the sale of any Bonds, the Authorized Officer shall file in the Office of the City Clerk a Notification of Sale for such Bonds directed to the City Council setting forth (i) the aggregate original principal amount of, maturity schedule, redemption provisions for and nature of each series of the Bonds sold, (ii) the

5

identities of the Purchaser and the Fiscal Agent, (iii) the interest rates on the Bonds and/or a description of the method of determining the interest rate applicable to the Bonds from time to time, and (iv) any other matter authorized by this Ordinance to be determined by an Authorized Officer at the time of the sale of any Bonds. There shall be attached to such notification the final form of the Bond Issuance Agreement and the Loan Agreement.

Section 9. Use of Proceeds. The proceeds from the sale of the Bonds shall be deposited as provided in the Bond Issuance Agreement and used for the purposes set forth in the third paragraph of the recitals of this Ordinance.

Section 10. Proxies. Each Authorized Officer may designate another to act as their respective proxy and to affix their respective signatures to each Bond, whether in temporary or definitive form, and to any

other instrument, certificate or document required to be signed by such Authorized Officer pursuant to this Ordinance or a Bond Issuance Agreement. In each case, each shall send to the City Council written notice of the person so designated by each, such notice stating the name of the person so selected and identifying the instruments, certificates and documents that such person shall be authorized to sign as proxy for the Mayor and the Authorized Officer, respectively. A written signature of the Mayor or the Authorized Officer, respectively, executed by the person so designated underneath, shall be attached to each notice. Each notice, with signatures attached, shall be recorded in the Journal of Proceedings of the City Council of the City of Chicago and filed with the City Clerk. When the signature of the Mayor is placed on an instrument, certificate or document at the direction of the Mayor in the specified manner, the same, in all respects, shall be as binding on the City as if signed by the Mayor in person. When the signature of the Authorized Officer is so affixed to an instrument, certificate or document at the direction of the Authorized Officer in the specified manner, the same, in all respects, shall be as binding on the City as if signed by the Authorized Officer in person.

Section 11. Execution of Bonds. The Bonds shall be executed by manual or facsimile signature of the Mayor of the City or the Authorized Officer, and the seal of the City shall be affixed or imprinted and attested to by the manual or facsimile signature of the City Clerk, as set forth in the Bond Issuance Agreement, and the same shall be delivered to the Fiscal Agent for proper authentication and delivery upon instructions to that effect.

Section 12. Volume Cap. The Bonds are obligations taken into account under Section 146 of the Code in the allocation of the City's volume cap.

Section 13. Additional Authorization. Each Authorized Officer, the City Treasurer, the Commissioner of the Department of Planning and Development (the "Commissioner") and a designee of the Commissioner (collectively with the Commissioner, the "DPD Authorized Officer"), and the City Clerk are each hereby authorized to execute and deliver such other documents and agreements, including, without limitation, any documents necessary to evidence the receipt or assignment of any collateral for the Bonds from the Borrower, any escrow agreements, subordination agreements or intercreditor agreements that may be deemed necessary or desirable, and perform such other acts as may be necessary or desirable in connection with the Bonds, including, but not limited to, the exercise following the delivery date of the Bonds of any power or authority delegated to such official under this Ordinance with respect to the Bonds upon original issuance, but subject to any limitations on or restrictions of such power or authority as herein set forth.

6

Section 14. Public Hearing. This City Council hereby directs that the Bonds shall not be issued unless and until the requirements of Section 147(f) of the Code, including particularly the approval requirement following any required public hearing, have been fully satisfied, and that no contract, agreement or commitment to issue the Bonds shall be executed or undertaken prior to satisfaction of the requirements of said Section 147(f) unless the performance of said contract, agreement or commitment is expressly conditioned upon the prior satisfaction of such requirements. All such actions taken prior to the enactment of this Ordinance are hereby ratified and confirmed.

Section 15. Severability. If any provision of this Ordinance shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such provision shall not affect any of the remaining provisions of this Ordinance.

Section 16. Administrative Fee. The Department of Planning and Development ("DPD") is hereby authorized to charge an administrative fee or fees in connection with the delivery and administration of the Bond Issuance Agreement and the Bonds, which shall be collected under such terms and conditions as determined by the DPD Authorized Officer and which shall be in an amount as determined by the DPD

Authorized Officer but not to exceed the maximum amount permitted under Section 148 of the Code to avoid characterization of the Bond Issuance Agreement and the Bonds as "arbitrage bonds" as defined in Section 148. Such administrative fee or fees shall be used by DPD for administrative expenses and other housing activities. Initially, such administrative fee or fees shall be an amount equal to (i) 1.5% of the original principal amount of the Bonds payable upon issuance of the Bonds, plus (ii) an ongoing bond administrative fee of 15 basis points (0.0015%) of the outstanding principal amount, accruing monthly and payable semi-annually.

Section 17. Reserve for Legal Expenses. The City is authorized to assess and collect at the closing a fee of 10 basis points (0.0010%) of the aggregate principal amount of the Bonds, and to use such fee to pay for legal and other fees incurred by the City in connection with private activity bonds issued by the City.

Section 18. Inconsistent Provisions. All ordinances, resolutions, motions or orders in conflict with this Ordinance are hereby repealed to the extent of such conflict.

Section 19. No Recourse. No recourse shall be had for the payment of the principal of, premium, if any, or interest on any of the Bonds or for any claim based thereon or upon any obligation, covenant or agreement contained in this Ordinance, the Bond Issuance Agreement, the Loan Agreement, the Land Use Restriction Agreement, or the Tax Agreements against any past, present or future officer, member or employee of the City, or any officer, employee, director or trustee of any successor, as such, either directly or through the City, or any such successor, 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 member, officer, employee, direct or trustee as such is hereby expressly waived and released as a condition of and consideration for the execution of the Bond Issuance Agreement, the Loan Agreement, the Land Use Restriction Agreement, and the Tax Agreements and the issuance of the Bonds.

Section 20. No Impairment. To the extent that any ordinance, resolution, rule, order or provision of Chapter 16-18 of the Municipal Code of Chicago (the "Municipal Code"), or part thereof, is in conflict with the provisions of this Ordinance, the provisions of this Ordinance shall be controlling. If any section, paragraph, clause or provision of this Ordinance

## EXHIBIT A-1

### Legal Description of the Property

Parcel 1:

Lots 1 through 28, both included, in Horner Homes Subdivision, being a subdivision of part of the Southwest Quarter of Section 7, Township 39 North, Range 14 East of the Third Principal Meridian, according to the Plat thereof recorded September 8, 2010 as Document Number 1025103068, in Cook County, Illinois.

Common Addresses, all in Chicago, Illinois (Subject to change upon the completion of the Project.)

2150-2158 West Randolph Street	17-07-318-050-0000	(affects
2134-2144 West Randolph Street	17-07-318-051-0000	(affects
2118-2124 West Randolph Street	17-07-318-052-0000	(affects
2100 2110 West Randolph Street	17-07-318-053-0000	(affects
2100 2153-2159 West Randolph Street	17-07-332-001-0000	(affects
2100 2137-2151 West Randolph Street	17-07-332-002-0000	(affects

2100	2107-2121 West Randolph Street	17-07-332-004-0000	(affects
2101	2103 West Randolph Street	17-07-332-005-0000	(affects
2101	129-135 North Leavitt Avenue	17-07-332-010-0000	(affects
2101	2140-2150 West Maypole Avenue	17-07-332-009-0000	(affects
2112-	2120 West Maypole Avenue	17-07-332-007-0000	(affects
128-	136 North Hoyne Avenue	17-07-332-006-0000	(affects
115-	123 North Leavitt Avenue	17-07-322-046-0000	(affects
2137-	2147 West Maypole Avenue	17-07-322-047-0000	(affects
2125-	2135 West Maypole Avenue	17-07-322-048-0000	(affects
2113-	2123 West Maypole Avenue	17-07-322-049-0000	(affects
114-	122 North Hoyne Avenue	17-07-322-050-0000	(affects
2121	(Playground) West Maypole Avenue	17-07-332-008-0000	(affects
2127	(Sidewalk) West Randolph Street	17-07-332-003-0000	(affects
2050-	2066 West Randolph Street	17-07-319-053-0000	(affects
2026-	2048 West Randolph Street	17-07-319-054-0000	(affects
2010-	2022 West Randolph Street	17-07-319-055-0000	(affects
129-	139 North Hoyne Avenue	17-07-333-001-0000	(affects
2029-	2053 West Randolph Street	17-07-333-002-0000	(affects
2013	2021 West Randolph Street	17-07-333-003-0000	(affects
2013	2034-2042 West Maypole Avenue	17-07-333-006-0000	(affects
2013	2022-2032 West Maypole Avenue	17-07-333-005-0000	(affects
2013	128 North Seeley Avenue, and	17-07-333-004-0000	(affects
2014	2020 West Maypole Avenue		

Lot 1 of Parcel 1 Lot 2 of Parcel 1 Lot 3 of Parcel 1 Lot 4 of Parcel 1 Lot 5 of Parcel 1 Lot 6 of Parcel 1 Lot 7 of Parcel 1 Lot 8 of Parcel 1 Lot 9 of Parcel 1 Lot 10 of Parcel Lot 11 of Parcel Lot 12 of Parcel Lot 13 of Parcel Lot 14 of Parcel Lot 15 of Parcel Lot 16 of Parcel Lot 17 of Parcel Lot 18 of Parcel Lot 19 of Parcel Lot 20 of Parcel Lot 21 of Parcel Lot 22 of Parcel Lot 23 of Parcel Lot 24 of Parcel Lot 25 of Parcel Lot 26 of Parcel Lot 27 of Parcel Lot 28 of Parcel

(cont.)

Parcel 2:

Lots 4 and 5 in J.B. William's Subdivision of Lots 79 and 80 of Thomas Stinson's Subdivision of Block 54 in the East Half of the Southwest Quarter of Section 7, Township 39 North, Range 14 East of the Third Principal Meridian, according to the Plat thereof recorded November 10, 1876, as Document Number 110360, in Cook County, Illinois.

Common Addresses, all in Chicago, Illinois PINS: (Subject to change upon the completion of the Project.)

108 North Hoyne Avenue	17-07-322-036-0000	(affects Lot 4 and the of north half of the alley lying south thereof of Parcel 2)
110 North Hoyne Avenue	17-07-322-035-0000	(affects Lot 5 of Parcel 2)

A-1-2

**EXHIBIT A-2**

**Financing Plan**

1. The Bonds, as described in this Ordinance.

Amount: Not to exceed \$37,000,000, as set forth in Section 3 of this Ordinance.

Term: Not to exceed 40 years. Following an Initial Term a portion of the Bonds will be repaid from sources described herein, and remaining Bonds will continue in a Permanent Term.

Interest: As set forth in the in the Bond Issuance Agreement and in the Notification of Sale.

Security: The Bonds will be secured by a pledge of cash and/or securities collateral in an adjusted amount not to exceed the amount of the CHA Loan and by a construction converting to permanent mortgage from the Borrower in favor of the Bondholder with a term of 18 years commencing with conversion (the "Bond Mortgage"), as well as certain capital contributions to be made to

the Borrower by its investor member, pursuant to the terms of the Bond Issuance Agreement. The Bond Mortgage will grant the holder of the Bonds secured thereby a mortgage on the leasehold estate in the Property and the Improvements that is senior in position subject to the terms of the RAD Use Agreement. The Bond Mortgage may be refinanced for a term not to exceed 40 years, as acceptable to the DPD Authorized Officer.

**2. Low-Income Housing Tax Credit ("LIHTC") Proceeds**

Amount: Approximately \$16,464,038, or such amount as may be acceptable to the DPD Authorized Officer, all or a portion of which may be paid in on a delayed basis, and all or a portion of which will be applied to the payment of a portion of the Bonds upon the completion of rehabilitation of the Project.

Source: To be derived from the syndication of the LIHTCs generated by the Property and the Improvements.

**3. CHA Loan**

Amount: Not to exceed amount of approximately \$22,000,000, or such amount as may be acceptable to the DPD Authorized Officer, a portion of which will be applied to the payment of a portion of the Bonds.

Term: Not to exceed 42 years.

Source: CHA or another entity acceptable to the DPD Authorized Officer.

Interest: Zero percent per annum or such interest rate as may be acceptable to the DPD Authorized Officer.

A-2-1

Security: Second Mortgage on the leasehold estate in the Property and the Improvements, junior to the Bond Mortgage.

**CHA Donation Tax Credit Loan**

Amount: Approximately \$6,951,713, or such amount as may be acceptable to the DPD Authorized Officer.

Term: Not to exceed 42 years.

Source: Derived from the sale of the state donation tax credits issued by the City and the Illinois Housing Development Authority, or another source acceptable to the DPD Authorized Officer.

Interest: Zero percent per annum or such interest rate as may be acceptable to the DPD Authorized Officer.

Security: Third Mortgage on the leasehold estate in the Property and the Improvements, junior to the Bond Mortgage.

**Better Tomorrows Loan**

Amount: Not to exceed amount of approximately \$15,205,000, or such amount as may be acceptable to the DPD Authorized Officer.

Term: Not to exceed 42 years.

Source: Better Tomorrows.

Interest: Long Term Applicable Federal Rate as of the closing date, or such interest rate as may be acceptable to the DPD Authorized Officer.

Security: Fourth Mortgage on the leasehold estate in the Property and the Improvements, junior to the Bond Mortgage.

A-2-2

of Bond Issuance Agreeme

(See Attached)

B-1

**BOND ISSUANCE AGREEMENT**

among

**CITY OF CHICAGO**

**BMO HARRIS BANK N.A.,**

as Bondholder

and

**BMO HARRIS BANK N.A.,**

as Fiscal Agent

Dated as of June 1, 2016

§ [Principal] City of Chicago Multi-Family Housing Revenue Bonds (Villages of Westhaven Project), Series  
2016

**ARTICLE I DEFINITIONS AND INTERPRETATIONS**

Section 1.01. Definitions 3  
Section 1.02. Interpretation 3

**ARTICLE II BONDS 4**

Section 2.01. Authorization of Bonds 4  
Section 2.02. Issuance of Bonds; Payments 4  
Section 2.03. Interest Rates on Bonds 5  
Section 2.04. Payment Dates 6  
Section 2.05. Interest on Amounts Past Due 7  
Section 2.06. Transfers of Bonds 7  
Section 2.07. Funding Losses 7  
Section 2.08. Execution; Limited Obligation 7  
Section 2.09. Authentication 8  
Section 2.10. Form of the Bonds and Temporary Bonds 8  
Section 2.11. Delivery of the Bonds 9  
Section 2.12. Mutilated, Lost, Stolen or Destroyed Bonds 9  
Section 2.13. Bond Registrar; Registration Books; Persons Treated as  
Bondholder; Restrictions on Transfer 9  
Section 2.14. Cancellation of Bonds 10  
Section 2.15. Conditions to Bondholder's Purchase of Bonds 10

**ARTICLE III REDEMPTION OF BONDS BEFORE MATURITY 11**

Section 3.01. Optional Redemption 11  
Section 3.02. Mandatory Redemption 11

**ARTICLE IV REVENUES AND FUNDS ... 12**

Section 4.01. Revenues; Payment Notations 12  
Section 4.02. Creation of Construction Fund; Disbursements 13  
Section 4.03. Fiscal Agent's Fees, Charges and Expenses 13  
Section 4.04. Moneys to be Held in Trust 13  
Section 4.05. Repayment of Excess Moneys 14  
Section 4.06. Cash Collateral Agreement 14  
Section 4.07. Security Agreement 14

**ARTICLE V INVESTMENT OF MONEYS 14**

Section 5.01. Investment of Moneys 14

Section 5.02. Investments through Fiscal Agent's Investment Department	14
ARTICLE VI GENERAL COVENANTS OF ISSUER	15
Section 6.01. Payment of Principal and Interest	15
Section 6.02. Performance of Covenants	15
Section 6.03. Assigned Rights; Instruments of Further Assurance	15
Section 6.04. Recordation and Other Instruments	16
Section 6.05. Inspection of Books	16
Section 6.06. Rights Under Loan Agreement	16
Section 6.07. Prohibited Activities	17
1	
Section 6.08. Arbitrage	) 7
Section 6.09. Representations of the Issuer Contained in Loan Agreement	17
ARTICLE VII DEFAULT PROVISIONS AND REMEDIES OF BONDHOLDER	17
Section 7.01. Events of Default	17
Section 7.02. Acceleration	18
Section 7.03. Other Remedies; Rights of Bondholder	18
Section 7.04. Appointment of Receivers	19
Section 7.05. Waiver of Rights	19
Section 7.06. Application of Funds	19
Section 7.07. Termination of Proceedings	19
Section 7.08. Termination of Bond Issuance Agreement	19
Section 7.09. Waivers of Events of Default	20
Section 7.10. Cooperation of the Issuer	20
ARTICLE VIII FISCAL AGENT	20
Section 8.01. Appointment of Fiscal Agent	20
Section 8.02. Successor Fiscal Agents	21
Section 8.03. Indemnification and Reimbursement of Fees of Fiscal Agent and Issuer	21
ARTICLE IX MISCELLANEOUS	21
Section 9.01. Unclaimed Moneys	21
Section 9.02. Consents of Bondholder	22
Section 9.03. Limitation of Rights	22
Section 9.04. Severability	22
Section 9.05. Notices	23
Section 9.06. Payments Due on Saturdays, Sundays and Holidays	23
Section 9.07. Duplicates	23
Section 9.08. Governing Law	23
Section 9.09. Immunity of Issuer's Officers	23
Section 9.10. Continuing Assignment and Security Interest Upon Transfer of Bonds	23
Section 9.11. Amendments, Changes and Modifications	24

Section 9.12. Term of this Bond Issuance Agreement	24
Section 9.13. Binding Effect	24
Section 9.14. Waivers	24
Section 9.15. Participations	24
Section 9.16. Entire Agreement	24

Exhibit A -	Definitions
Exhibit B -	Form of Series 2016 Bond
Exhibit C -	Legal Description
Exhibit D -	Form of Qualified Transferee Letter
Exhibit E -	Form of Initial Investor Letter
Exhibit F -	Amortization Schedule During Permanent Period

ii

## BOND ISSUANCE AGREEMENT

This BOND ISSUANCE AGREEMENT, dated as of June 1, 2016 (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"), BMO HARRIS BANK N.A., a national banking association, as purchaser of the Bonds hereafter described (in such capacity, the "Bondholder"), and BMO HARRIS BANK N.A., a national banking association, as fiscal agent for the Bonds (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 renovating an affordable multi-family housing development for low- and moderate-income families located in the City; and

WHEREAS, the Issuer has determined to issue, sell and deliver the \$[Principal] Multi-Family Housing Revenue Bonds (Villages of Westhaven Project), Series 2016 (the "Bonds"), as provided herein, and to lend the proceeds thereof to WHP Village, LLC, an Illinois limited liability company (the "Borrower"), for the purpose of financing a portion of the cost of acquiring, constructing, and renovating the Project (as hereinafter defined); and

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

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

WHEREAS, pursuant to the terms hereof, the Issuer will pledge and assign the Borrower Note and the Loan Agreement to the Bondholder; and

WHEREAS, the Bonds are secured by and payable from Revenues (as hereinafter defined) and the other security provided herein, including the Borrower Collateral Documents (as hereinafter defined); and

WHEREAS, it has been determined that the Bonds should be issued, sold and delivered, to provide funds in order to make loans to the Borrower to pay a portion of the cost of acquiring, constructing, and renovating the Project and related expenses; and

WHEREAS, all things necessary to make the Bonds, when authenticated by the Fiscal Agent and issued as provided in this Bond Issuance Agreement, the legal, valid and binding limited obligations 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 Bonds, and a valid assignment and pledge of the right, title and interest of the Issuer under the Loan Agreement (except that Issuer shall retain the Issuer Reserved Rights) and the Borrower 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 Bonds, 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 Bonds 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 Bonds 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 Bonds, does hereby grant, bargain, sell, convey, assign and pledge, and grant a security interest in, the following described property (collectively, the "Security for the Bonds"), 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 Borrower 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 Borrower 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;

#### 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

**2**

**GRANTING CLAUSE THIRD**

All right, title and interest of the Issuer in and to the Borrower Collateral Documents, if any, 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 Bonds, 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 Bonds issued, from time to time, pursuant to the Ordinance and secured hereunder are 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:

- i) 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 Bonds or the calling of the Bonds for redemption do not include or connote the payment of the Bonds at their stated maturity or the purchase of the Bonds;

J

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 BONDS

Section 2.01. Authorization of Bonds. The Bonds shall be issued, from time to time, under the provisions of this Bond Issuance Agreement in accordance with this Article.

Section 2.02. Issuance of Bonds; Payments, (a) The Bonds shall be designated "City of Chicago Multi-Family Housing Revenue Bonds (Villages of Westhaven Project), Series 2016," and shall be issued in substantially the form of Exhibit B hereto. The Bonds 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 Bonds shall be lettered and numbered R-1.

Principal of the Bonds shall be advanced in the amount of [\$50,000] on the Closing Date. Principal of the Bonds thereafter shall be disbursed by the Bondholder in multiple advances over time as provided in Articles IX, X and XI of the Loan Agreement. The amount of Bonds actually issued may not exceed the limitation set forth in Section 9.2(b) of the Loan Agreement.

b) The Bonds 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 Bonds shall mature as to principal as provided above.

d) All payments on the Bonds shall be first applied to interest on the unpaid principal balance and then to the unpaid principal balance. No repayment of principal of or interest on the Bonds may be re-advanced by the Bondholder. The Bondholder shall make all notations upon the Bonds or in the Bondholder's books and

records as provided in Section 2.3(c) of the Loan Agreement.

e) The principal of and interest on the Bonds 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.

f) The Conversion Date shall be such date specified by the Borrower in writing to the Bondholder stating that the following conditions have been satisfied: (i) the Project is Complete as provided in Section 7.11 (b) of the Loan Agreement and the partial redemption of

4

the Bonds pursuant to Section 3.02(c) hereof shall have been funded in full, (ii) the Debt Service Coverage Ratio for each of the three calendar months preceding the Conversion Date has been at least 1.20 to 1.00; (hi) at least 93% of the units in the Project have been occupied in each of the three calendar months preceding the Conversion Date; (iv) all disbursements of funds from the subordinate debt financings for the Project (the CHA Loan and the CHA Donation Tax Credit Loan) have been funded in full in accordance with the Funding Schedule set forth in Exhibit F to the Loan Agreement; and (v) all capital contributions required to have been paid to date by the

Investor Member under the Operating Agreement, including the \$ capital contribution from which the Bonds will be redeemed in part pursuant to Section 3.02(c) hereof, shall have been paid in full. Notwithstanding the foregoing, the Conversion Date shall in no event be later than 1, 2019 [34 months from closing], subject to extension as provided below.

Notwithstanding any other provision herein to the contrary, Bonds may be redeemed in part pursuant to Section 3.01 hereof at the direction of the Borrower so that the outstanding principal amount of the Bonds immediately following the Conversion Date is less than \$ , in order to permit the conditions to conversion set forth herein to be met.

(g) The Conversion Date may be extended on a one time basis for six months until

1, 2019 [40 months from closing] upon the occurrence of the following:

(i) the Borrower shall have made a written request to the Bondholder at least 30 days and not more than 90 days prior to 1, 2019 to extend the Conversion Date for six months to the date specified above;

ii) there shall not exist any Default or Event of Default at the time of the extension request or at the time of the extension;

iii) the Project is Complete within the meaning of Section 7.11 (b) of the Loan Agreement;

iv) the Borrower and the Guarantors are in compliance with all financial covenants set forth in the Loan Agreement or the Borrower Collateral Documents, as applicable, as reflected in the most recent financial statements of the Borrower and the Guarantors provided pursuant to the Loan Agreement or Borrower Collateral Documents and there shall have been no material adverse change in the business or financial condition of the Borrower or the Guarantors;

v) the Borrower pays to the Bondholder all out-of-pocket expenses associated with the

extension;

vi) all applicable regulatory requirements, including appraisal requirements, shall have been satisfied with respect to the extension; and

vii) (1) the extension shall have been documented to the satisfaction of the Bondholder; and (2) the Bondholder shall have received updated title coverage (if requested) and endorsements and UCC, judgment and lien searches satisfactory to it.

Section 2.03. Interest Rates on Bonds, (a) During the Initial Period, the unpaid portion of the principal amount of the Bonds that has been advanced shall bear interest at the Initial

## 5

Period Interest Rate [may be adjustment if Permanent Interest Rate begins earlier). During the Permanent Period, the unpaid portion of the principal amount of the Bonds shall bear interest at the Permanent Interest Rate [may be adjustment for earlier start to Permanent Interest Rate]. Interest on the outstanding principal balance of the Bonds shall be calculated by multiplying (a) the actual number of days elapsed in the period for which the calculation is being made by (b) a daily rate based on a 360-day year (that is, the Initial Period Interest Rate, the Permanent Interest Rate or the Past Due Rate, as then applicable, expressed as an annual rate divided by 360) by (c) the outstanding principal balance. The parties acknowledge this will result in a higher rate of interest than if interest were calculated based on a 365-366 day year and waives any right to object to said basis of calculation. The accrual period for calculating interest due on each Interest Payment Date shall be the calendar month immediately prior to such Interest Payment Date.

b) Alternate Rate. If the Bondholder determines that no adequate basis exists for determining the LIBOR Monthly Rate or that the LIBOR Monthly Rate will not adequately and fairly reflect the cost to the Bondholder of purchasing the Bonds for the purpose of funding the Loan, or that any applicable law or regulation or compliance therewith by the Bondholder prohibits, restricts or makes impossible the charging of interest based on the LIBOR Monthly Rate and the Bondholder so notifies the Borrower, then until the Bondholder notifies the Borrower that the circumstances no longer exist which rendered the LIBOR Monthly Rate unavailable (or under which the Bondholder determined that the LIBOR Monthly Rate did not adequately and fairly reflect the cost to the Bondholder of purchasing the Bonds for the purpose of funding the Loan), interest shall accrue and be payable on the unpaid principal balance of the Bonds from the date the Bondholder so notifies the Borrower until the Maturity Date of the Bond (whether by acceleration, declaration, extension or otherwise) at a fluctuating rate of interest equal to the Alternate Rate.

c) Past Due Rate. If any amount payable by the Borrower under the Loan Agreement or the Borrower Note is not paid when due (without regard to any applicable grace periods), such amount shall thereafter bear interest at the Past Due Rate to the fullest extent permitted by applicable law. Accrued and unpaid interest on past due amounts (including interest on past due interest) shall be due and payable on demand, at the Past Due Rate.

## Section 2.04. Payment Dates.

a) Interest Payment Dates. Interest on disbursed amounts under the Bonds and the Borrower Note shall be payable monthly commencing on the first day of each calendar month following the Closing Date on any date of redemption and on the Maturity Date.

b) Principal Payment Dates. During the Initial Period, principal of the Bonds and the Borrower Note shall not amortize and shall not be paid on a scheduled basis; provided that the Bonds and the Borrower Note shall be subject to redemption and acceleration as provided herein. During the Permanent Period, principal under the Bonds and the Borrower Note, calculated based on a 30-year amortization from the Conversion Date, shall be payable monthly commencing on the first day of the calendar month following the Conversion Date and continuing on the first day of each month thereafter, on any date of redemption and on the Maturity Date (in an amount equal to the unpaid principal amount outstanding).

6

Attached hereto as Exhibit F is a principal amortization schedule to be in effect during the Permanent Period, which schedule assumes an outstanding principal balance of the Bonds of \$ \_\_\_\_\_ immediately following the Conversion Date. In the event that the principal amount of the Bonds outstanding immediately following the Conversion Date is less than, such amount, then the Bondholder shall prepare a revised amortization schedule reflecting the actual outstanding principal amount and adjusting each principal payment on a pro rata basis to reflect such reduced principal amount.

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 Bonds, 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 Bonds 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 Bonds have been repaid in full, whichever is earlier.

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

Section 2.07. Funding Losses. As provided in the Loan Agreement, the Borrower 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 Bonds) as a consequence of any failure of Borrower to make any payment when due of any amount due hereunder. 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.

Section 2.08. Execution; Limited Obligation, (a) The Bonds 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 Bonds shall cease to be such officer before the delivery of the Bonds, such signature shall nevertheless be valid and sufficient for all purposes, the same as if he had remained in office until delivery. The Bonds may be signed on behalf of the Issuer by such persons who, at the time of the execution of the Bonds, are duly authorized or hold the appropriate offices of the Issuer,

although on the date of the Bonds such persons were not so authorized or did not hold such offices.

7

(b) THE BONDS AND THE INTEREST THEREON CONSTITUTE SPECIAL, LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE SOLELY FROM THE PAYMENTS TO BE MADE BY THE BORROWER 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 BONDS 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 BONDS OR OTHER OBLIGATIONS BE PAYABLE OUT OF ANY FUNDS OR PROPERTIES OTHER THAN THOSE PLEDGED UNDER THIS BOND ISSUANCE AGREEMENT. THE BONDS 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. No Bond shall 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 such 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 a Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this Bond Issuance Agreement. The Fiscal Agent's certificate of authentication on a 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 Bonds and Temporary Bonds, (a) The Bonds, and the Fiscal Agent's certificates of authentication to be endorsed thereon, shall be in substantially the form herein set forth, with such variations, omissions and insertions as are permitted or required by this Bond Issuance Agreement. The Bonds shall provide that the principal thereof and interest thereon shall be payable only out of Revenues.

(b) A Bond may be initially issued in temporary form exchangeable for a definitive Bond when ready for delivery. Each temporary Bond shall be in the same denomination as the Bond it is issued in lieu of, and such temporary Bond may contain such reference to any of the provisions of this Bond Issuance Agreement as the Issuer may deem appropriate. Every 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 it is issued in lieu of. If the Issuer issues a temporary Bond in lieu of a 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 it is issued in lieu of, but only to the extent that such temporary Bond is authenticated and delivered hereunder.

8

Section 2.11. Delivery of the Bonds, (a) Upon (i) receipt by the Issuer of a duly executed Initial Investor Letter from the Bondholder, (ii) the execution and delivery of this Bond Issuance Agreement, the Loan Agreement, the Bonds, the Borrower Note, the Borrower Collateral Documents and the Tax Certificate and the delivery of the Security for the Bonds, (iii) the execution, delivery and recording of the Land Use Restriction Agreements, and the receipt by the Issuer of evidence of the priority of the Land Use Restriction Agreements over the Borrower 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 Bonds have 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 Bonds and deliver the Bonds to the Bondholder as directed by the Issuer.

(b) Advances of proceeds under the Bonds shall be paid by the Bondholder over to the Fiscal Agent as received 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 of Bond proceeds in accordance with the provisions of the Loan Agreement, the Bondholder shall advance to the Fiscal Agent 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).

Section 2.12. Mutilated, Lost, Stolen or Destroyed Bonds. In the event any 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 any 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 Fiscal Agent, which is hereby constituted and appointed the Bond Registrar of the Issuer, shall keep books for the registration and transfer of the Bonds, as provided in this Bond Issuance Agreement. Upon surrender for transfer of the Bonds 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 Bonds are to be transferred, the Issuer shall execute, and the Fiscal Agent shall authenticate and deliver in the name of the transferee, new

Bonds of the same series, interest rates and maturities for like principal amounts. No Bond may be transferred in part, and all Bonds shall be transferred as a whole, so at all times there is but one registered owner of all of the Bonds issued and outstanding hereunder; provided that the Bondholder may, subject to applicable law, transfer participations in the Bonds. Upon the making of any such transfer, the transferor may assign to the transferee its interests in, to and under the Borrower Note and the Borrower Collateral Documents, and in the event of any such assignment, the transferor shall notify the Issuer and the Borrower of such assignment.

b) 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 new Bonds 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. All Bonds 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.

c) The Person in whose name the Bonds 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 Bonds to the extent of the sum or sums so paid.

Section 2.14. Cancellation of Bonds. Whenever any 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 Borrower.

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

a) No Event of Default or 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 Bonds is excludable from the Federal gross income of the Bondholder;

d) the Bondholder shall have received all of the Borrower Collateral Documents 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 Bonds equal to one-half of one percent (0.5%) of the authorized principal amount of the Bonds.

(g) ' the conditions precedent to the Bondholder's purchase of the Bonds set forth in the Summary of Terms and Conditions dated \_\_\_\_\_, 2016 between the Bondholder and the Borrower, as amended, shall have been met to the satisfaction of the Bondholder (or been waived by the Bondholder). The Bondholder's purchase of the Bonds shall establish conclusively that these conditions have been met.

### ARTICLE III

#### REDEMPTION OF BONDS BEFORE MATURITY

Section 3.01. Optional Redemption. The Bonds are subject to optional redemption prior to maturity on any Business Day by the Issuer pursuant to the request of the Borrower in accordance with Section 3.1(a) of the Loan Agreement, in whole or in part (and, if in part, at the direction of the Borrower as to the principal amount to be redeemed), at a redemption price of 100% of the principal amount thereof being redeemed, without premium, plus accrued interest to the date fixed for redemption. To effect such redemption, the Borrower shall give written notice to the Bondholder and the Issuer not less than 2 Business Days prior to the applicable redemption date. The Borrower 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. Any partial redemption of the Bonds shall be applied pro rata amongst all principal amortization payments, except as otherwise agreed by the Borrower and the Bondholder.

Section 3.02. Mandatory Redemption. The Bonds are subject to mandatory redemption prior to maturity on any Business Day by the Issuer 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, and without premium, upon the occurrence of any of the events set forth below:

a) Within 15 days following the Completion Date, to the extent of any excess amounts on deposit in the Construction Fund or the Construction Escrow on the Completion Date which are not set aside for the payment of Costs of the Project not then due and payable (as provided in Section 9.4 of the Loan Agreement);

b) 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 Borrower Note and the redemption of Bonds;

(c) \_\_\_\_\_ on the Conversion Date, in the principal amount of \_\_\_\_\_, from proceeds of (i) the \_\_\_\_\_ equity contributions made by the Investor Member under the Operating Agreement in the amount of \$ \_\_\_\_\_, (ii) CHA funds on deposit in the Cash Collateral Fund established

under the Cash Collateral Agreement in the amount of \$ \_\_\_\_\_, and (iii) to the extent proceeds of (i) and (ii) are insufficient for such purpose, from other funds provided by the Borrower;

(d) in whole, within 30 days following the occurrence of a Determination of Taxability.

If for any reason the redemption under (c) above does not occur because the Conversion Date conditions have not been met, all proceeds of the \_\_\_\_\_ equity contributions made by the Investor Member under the Operating Agreement and CHA funds on deposit under the Cash Collateral Agreement shall nevertheless be applied to a partial redemption of the Bonds in the amount of such contribution.

## 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 Bonds as and when received, including, without limitation, (i) any amount in the Construction Fund, the Construction Escrow 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 (a) of the Loan Agreement, including, without limitation, payments on the Borrower Note and amounts applied to payment of the Borrower Note under the Borrower Collateral Documents; (iii) all prepayments specified in Article III of the Loan Agreement, including, without limitation, prepayments made on the Borrower 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 Bonds. Except as otherwise directed in Article III hereof, all Revenues shall be applied (i) first, to the payment of interest on the Bonds, and (ii) second to the payment of principal of the Bonds.

b) Subject to Section 2.08 hereof, the Issuer hereby covenants and agrees that as long as the Bonds are 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 Bonds 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 on the payment record attached as Schedule A to the Bonds, or in the Fiscal Agent's books and records relating to the Bonds, the date and amount of (i) each draw increasing the principal amount of the Bonds, and (ii) each payment of principal (whether at maturity or upon acceleration or prior redemption) and/or interest on the Bonds. 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 Bonds 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 (Villages of Westhaven Project)" (the "Construction Fund"). Advances of Bond proceeds by the Bondholder shall be deposited in the Construction Fund; provided that advances of Bond proceeds used to pay interest on the Bonds shall be paid or credited directly to the Bondholder as payment of such interest.

b) The Issuer hereby authorizes and directs the Fiscal Agent to use the moneys in the Construction Fund, pursuant to written requests therefor submitted by the Borrower (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 Bonds in accordance with Sections 3.02 and 4.01 hereof and Articles IX, X and XI of the Loan Agreement. The Fiscal Agent shall keep and maintain adequate records pertaining to the Construction Fund and all disbursements therefrom, and shall promptly, following a written request therefor, submit to the Issuer, the Borrower or the Bondholder copies of all reports, statements of receipts and disbursements and the like relating to the Construction Fund and any other funds held by the Fiscal Agent under this Bond Issuance Agreement. Moneys remaining in the Construction Fund when the Project is Complete shall be applied to redeem Bonds pursuant to Section 3.02(a) of this Bond Issuance Agreement. Disbursements may be made monthly on the first day of each month.

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

d) Future advances of Bond proceeds may be made to fund interest on the Bonds on each Interest Payment Date prior to the Completion Date, but only upon receipt by the Issuer and the Fiscal Agent of a certification from the Borrower that the amount so advanced represents interest chargeable to the Borrower's capital account for federal tax law purposes. Any amounts so advanced shall be applied to pay interest on the Bonds as it next comes due. Advances of Bond proceeds to pay interest on the Bonds shall not be subject to any other disbursement requirements or conditions set forth in the Loan Agreement, except for the overall condition on the amount of total disbursements set forth in Section 9.2(b) of the Loan Agreement.

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 Borrower 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 Bonds, 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 Borrower to the Issuer, and (b) second, to the Borrower.

Section 4.06. Cash Collateral Agreement. Reference is hereby made to the Cash Collateral Agreement. Moneys held under the Cash Collateral Agreement shall be applied to pay the principal of and interest on the Bonds as provided in the Cash Collateral Agreement.

Section 4.07. Security Agreement. Reference is hereby made to the Security Agreement. Moneys held under the Security Agreement shall be available to pay the principal of and interest on the Bonds as provided in the Security Agreement.

## **ARTICLE V INVESTMENT OF MONEYS**

Section 5.01. Investment of Moneys. Any moneys held as part of any Account of the Construction Fund, to the extent not disbursed on the date of deposit therein, 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. The Fiscal Agent shall be entitled to rely conclusively on all written investment instructions provided by the Borrower pursuant to Section 9.6 of the Loan Agreement, and the Fiscal Agent shall have no responsibility or liability for any depreciation in the value of any investment or for any loss, direct or indirect, resulting from any investment made in accordance with such direction and written confirmation from the Borrower specified in Section 9.6 of the Loan Agreement.

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 Borrower or the Issuer, the Fiscal Agent shall confirm in writing any investment made with the moneys in the Construction Fund. The Fiscal Agent shall answer all reasonable inquiries from the Borrower or the Issuer as to the status of moneys in each of such Fund or account. The Fiscal Agent shall file with the Issuer a copy of its statements that it delivers to the Borrower 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 Bonds, 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 Bonds at the place, on the dates and in the manner provided herein and in the Bonds according to the true intent and meaning hereof and thereof; provided, however, that the Bonds 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 of and provisions applicable to the Issuer contained in this Bond Issuance Agreement and in the Bonds; 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 Borrower or the Bondholder, and, at the option of the Issuer, until it shall have received from the Borrower 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 Bonds, to execute this Bond Issuance Agreement, to pledge and assign the Loan Agreement, the Borrower Note and the Security for the Bonds, and the amounts payable under the Loan Agreement, the Borrower Note and the Security for the Bonds, in the manner and to the extent set forth herein; that all action on its part required for the issuance of the Bonds and the execution and delivery of this Bond Issuance Agreement has been duly and effectively taken; and that each of the Bonds 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 Bonds.

Section 6.03. Assigned Rights; Instruments of Further Assurance. The Issuer represents that the pledge and assignment of the Security for the Bonds 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 Borrower Note, the Security for the Bonds 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 Borrower. 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 Borrower Note, the Security for the Bonds and the Revenues, the rights pledged

and assigned hereby, and the amounts pledged to the payment of the principal of and interest on the Bonds; 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 Borrower. The Issuer covenants and agrees that, except as herein and in the Loan Agreement provided, it will not sell, convey, mortgage, encumber or otherwise dispose of any part of its interest in and to the Loan Agreement, the Borrower Note, the Security for the Bonds 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 Bonds, 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 Bonds assigned and pledged under this Bond Issuance Agreement for the payment of the principal of and interest on the Bonds and as otherwise provided herein, as the Bondholder shall reasonably request in writing, and the Borrower 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 Bonds 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 Borrower, 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 refilled such instruments as shall be necessary to preserve and perfect the lien of this Bond Issuance Agreement upon the Security for the Bonds until the principal of and interest on the Bonds 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 Borrower, including provisions to the effect that subsequent to the issuance of the Bonds 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 Borrower 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 Borrower 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 Bonds becoming includible in the gross income of the owner of the Bonds 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 Bonds, including, without limitation, moneys on deposit in any Fund or Account in connection with the Bonds, whether or not such moneys were derived from the proceeds of the sale of the Bonds or from any other sources, or with respect to

the payments derived from the Borrower Note which may result in constituting the Bonds an "arbitrage bond" within the meaning of such term as used in Section 148 of the Code and the Regulations. The Issuer further covenants to create a rebate fund upon direction by the Borrower to facilitate the payment of any rebatable arbitrage that may arise.

Section 6.09. Representations of the Issuer Contained in Loan Agreement. Article V of the Loan Agreement is hereby incorporated by reference into this Bond Issuance Agreement 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 in the due and punctual payment of any amount required to be paid under the Bonds 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 five days after written notice thereof to the Issuer and the Borrower from the Bondholder; 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 Bonds (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 Borrower from the Bondholder as long as during such period the Issuer and/or the Borrower is using its best efforts to cure such default and such default can be cured in such period; or

fc) any Event of Default shall occur under the Loan Agreement or any Borrower Collateral Document (following the expiration of applicable notice and cure periods); or

17

d) any material 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 Bonds or any of the Borrower Collateral Documents, or any lien granted by the Borrower 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 Borrower's members be deemed to be a cure by the Borrower and shall be accepted or rejected on the same basis as if made or tendered by the Borrower.

Section 7.02. Acceleration. Upon the occurrence of an Event of Default hereunder and as long as such Event of Default is continuing, the Bondholder may, by notice in writing delivered to the Issuer and the Borrower, declare the entire principal amount of the Bonds 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 Borrower, 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 Borrower 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 Bonds, 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 Bonds 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 Bonds 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 Borrower Note, or, if all such payments and other amounts, if any, have been paid, may be applied as directed by the Borrower, and (b) if an Event of Default has occurred and is continuing, to satisfy amounts due the Bondholder 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 Borrower, 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 Bonds have 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 Bonds (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 Borrower. 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 Bonds (whether received

from the Issuer, the Borrower 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 Borrower), 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 Bonds.

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 Borrower 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 Bonds, 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 Borrower, 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 Bonds, the Security for the Bonds and the Revenues.

## ARTICLE VIII FISCAL

### AGENT

Section 8.01. Appointment of Fiscal Agent, (a) BMO Harris 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 Borrower, 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 Borrower 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 Borrower. 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 Borrower and signed by

## 20

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 Bonds 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 Bonds as hereinabove provided. The Fiscal Agent and the Issuer shall look solely to the Borrower 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 Bonds, 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 Bonds 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 Borrower, 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 Borrower under the Borrower Note, the unclaimed amount will be paid to the Borrower, and the Borrower shall be the Designee (unless the Issuer has fully released the Borrower under the Borrower 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 Bonds, 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 Bonds 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 Bonds is intended or shall be construed to give to any Person other than the parties hereto and the Borrower 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 Borrower.

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.

22

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 Borrower shall also be given to the others. The Issuer, the Borrower, 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 Bonds or the date fixed for prepayment of all or a portion of the Bonds 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 Bonds 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 Bonds 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 Bonds 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 Bonds.

Section 9.10. Continuing Assignment and Security Interest Upon Transfer of Bonds. This Bond Issuance Agreement shall create a continuing assignment of, and security interest in, the Security for the Bonds, and shall (i) remain in full force and effect until payment in full of the Bonds, (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, all of the Bonds held by it to any other Persons as provided in this Bond Issuance Agreement, and such other Persons 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 Persons 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 Bonds 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 Borrower.

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 Bonds and all other obligations due hereunder. All matters affecting the tax-exempt status of the Bonds 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. Participations, (a) The Bondholder shall have the right to grant participations in or to the Bonds hereunder and to the Borrower 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 Bonds, and provided that there shall at all times be but one registered owner of all of the Bonds. No holder of a participation in all or any part of the Bonds and the Borrower Note shall have any rights under this Bond Issuance Agreement.

(b) The Issuer hereby consents to the disclosure of any information about the Issuer provided by the Issuer 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 Borrower Note, the Loan Agreement, the Borrower Collateral Documents and the Bonds, constitutes the entire agreement among the parties with respect to the subject matter hereof, and supersedes all written or oral understandings with respect thereto.

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24

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

(SEAL)

CITY OF CHICAGO

ATTEST:

By:

BMO HARRIS BANK N.A., as  
Bondholder

By: ..  
Name: Its:

BMO HARRIS BANK N.A., as Fiscal Agent

By: \_ Name: Its:

Acknowledged and agreed to:

**WHP VILLAGE, LLC,**  
an Illinois limited liability company

By: WHP Village Manager, LLC,  
an Illinois limited liability company, its manager

By: Brinshore PL, LLC,  
an Illinois limited liability company, a member

By: Brinshore Development, L.L.C.,  
an Illinois limited liability company, its managing member

By: RJS Real Estate Services, Inc.,  
an Illinois corporation, a member

By:  
Name: Richard J. Sciortino Title: President

By: Michaels Chicago Holding Company, LLC, an Illinois limited liability company, a member

By:  
Name: John J. O'Donnell Title: Vice President

## **EXHIBIT A**

### **DEFINITIONS**

"Additional Funding Sources" means (a) the CHA Loan, (b) the CHA Donation Tax Credit Loan, (c) the Seller Note, and (d) the proceeds from the sale of the Low Income Housing Tax Credits.

"Affiliate" means, with respect to any Person, any Person that directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such first Person. A Person shall be deemed to control another Person for the purposes of this definition if such first Person possesses, directly or indirectly, the power to direct, or cause the direction of, the management and policies of the second Person, whether through the ownership of voting securities, common directors, trustees or officers, by contract or otherwise.

"Alternate Rate" means the lesser of (i) \_\_\_\_\_ and (ii) the Maximum Rate.

"Assignment of Contracts" means that certain Collateral Assignment of Contracts, Permits and Licenses, of even date herewith, from the Borrower to the Bondholder, as the same may be amended, modified or supplemented from time to time.

"Assignment of Leases" means that certain Assignment of Leases, Rents and Profits, of even date herewith, from the Borrower 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.

"Bondholder" means BMO Harris Bank N.A., a national banking association, and its successors and assigns as the registered owner of the Bonds. There shall only be one Bondholder at a time hereunder, provided that the Bondholder may sell, subject to applicable law, participations in the Bonds. ■

"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.

"Bond Registrar" means BMO Harris Bank N.A., a national banking association, as registrar of the Bonds 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.

"Bonds" means the Issuer's \$[Principal] Multi-Family Housing Revenue Bonds (Villages of Westhaven Project), Series 2016, issued under the Ordinance and secured by this Bond Issuance Agreement and by the other Security for the Bonds, 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.

A-1

"Borrower" means WHP Village, LLC, an Illinois limited liability company, and its successors and assigns.

"Borrower Collateral Documents" means, collectively, (a) the Mortgage, (b) the Cash Collateral Agreement, (c) the Security Agreement, (d) the Assignment of Contracts, (e) the Assignment of Leases, (f) the Environmental Indemnity Agreement; (g) the Developer Fee Agreement, (h) the Completion Guaranty, (i) the Payment Guaranty, (j) the Subordination Agreement, and (k) such other collateral security documents as the Bondholder may require.

"Borrower Documents" means, collectively, the Bond Issuance Agreement, the Loan Agreement, the Cash Collateral Agreement, the Land Use Restriction Agreements, the Tax Certificate, the Borrower Note and the Borrower Collateral Documents.

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

"Buildings" means the buildings in which the Project is located.

"Business Day" means other than (a) a Saturday or Sunday, or (b) a day on which banks located in the City of Chicago are authorized or required to remain closed.

"Cash Collateral Agreement" means the Cash Collateral Assignment and Security Agreement, of even date herewith, among the Borrower, the Chicago Housing Authority, BMO Harris Bank N.A., as Bondholder, and BMO Harris Bank N.A., as escrow agent thereunder.

"Cash Collateral Fund" has the meaning assigned to such term in the Cash Collateral Agreement.

"CHA" means the Chicago Housing Authority.

^ "CHA Collateral Portion" means the \$ \_\_\_\_\_ principal amount of the Bonds to be repaid with proceeds of CHA funds on deposit in the Cash Collateral Fund established pursuant to the Cash Collateral Agreement.

"CHA Donation Tax Credit Loan" means "the loan in the amount of \$6,951,713 to the Borrower from the CHA, derived from proceeds of the sale of the Donation Tax Credits, which CHA Donation Tax Credit Loan will be secured by a third mortgage on the Premises.

"CHA Donation Tax Credit Loan Agreement" means the Chicago Housing Authority Loan Agreement dated as of June 1, 2016 between the CHA and the Borrower relating to the CHA Donation Tax Credit Loan.

"CHA Loan" means the loan to be made by the CHA to the Borrower in the principal amount of \$ \_\_\_\_\_, derived from "Moving to Work" funds and/or "Capital Funds" and secured by a second mortgage on the Premises.

A-2

"CHA Loan Agreement" means the Chicago Housing Authority Loan Agreement dated as of June 1, 2016 between the CHA and the Borrower, relating to the CHA Loan.

"Closing Date" means June \_\_\_\_\_, 2016.

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

"Complete" or "Completed" has the meaning assigned to such term in Section 7.11 of the Loan Agreement.

"Completion Date" means the date the Project is "Complete."

"Completion Guaranty" means the Guaranty of Completion of even date herewith from the Borrower and the Guarantors to the Bondholder, as the same may be amended, modified or supplemented from time to time.

"Construction Escrow" means the escrow established pursuant to the Construction Escrow Agreement.

"Construction Escrow Agreement" means the Escrow Agreement by and among Borrower, the Issuer, the Chicago Housing Authority, the Bondholder and the title company, as escrow agent, and acknowledged and consented to by the General Contractor.

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

"Conversion Date" means the date specified in Section 2.02(f) hereof, as the same may be extended as provided therein.

"Costs of the Project" means any reasonable or necessary costs incidental to the acquisition, construction, and renovation of the Project which are in compliance with the provisions of the Tax Certificate, and as set forth in the Development Cost Budget.

"Debt Service Coverage Ratio" [means the ratio of (i) the actual operating revenues of the Project (annualized) less the projected operating expenses of the Project, including interest, amortization and depreciation, as shown in the Borrower's unaudited monthly financial statements (annualized) to (ii) debt service on all Indebtedness of the Borrower requiring payment not contingent on cash flow.] [To be updated]

"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 with respect to the Bonds (a) the receipt by the Borrower of a written notice from the Bondholder or any former registered owner of the Bonds

A-3

of the issuance of a statutory notice of deficiency by the Internal Revenue Service which holds, in effect, that the interest payable on the Bonds 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 Bonds or a "related person" thereto within the meaning of Section 147 of the Code); (b) the receipt by the Borrower and the Bondholder of an opinion of Bond Counsel to the effect that the interest payable on the Bonds is includable in the Federal gross income of the taxpayer named therein; (c) the filing by the Borrower 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 Bonds, or any installment thereof, is includable in the Federal gross income of the Bondholder or any former owner of the Bonds (other than a taxpayer who is a "substantial user" of the facilities financed with the proceeds of the Bonds 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 Bonds shall have notified the Borrower 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 Bonds on or after a date specified in said notice is excludable from the Federal gross income of the taxpayer named therein.

"Developer" means BMH-I, LLC an Illinois limited liability company, together with its successors and assigns.

"Developer Fee Agreement" means the Inter-Creditor Agreement (Deferred Developer Fee) of even date herewith among the Borrower, the Developer and the Bondholder, as the same may be amended, modified or supplemented from time to time.

"Development Cost Budget" means the initial breakdown of the Costs of the Project prepared by the Borrower and approved in writing by the Bondholder, of the total cost required to acquire, construct and renovate 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.

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

"Eligible Investment" means, to the extent permitted by the applicable laws and regulations of the Issuer and the State of Illinois, and with the approval of the Bondholder, any one or more of the following: (1) Government Obligations; (2) interest-bearing accounts at BMO Harris 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

A-4

agreements fully collateralized by such obligations; and (4) such other investments approved in writing by the Borrower, the Issuer and the Bondholder.

"Environmental Indemnity Agreement" means the Environmental Indemnity Agreement of even date herewith from the Borrower in favor of the Bondholder, as amended from time to time.

"Event of Default" means (a) with respect to the Loan Agreement, those events of default specified in Section 12.1 of the Loan Agreement, and (b) with respect to this Bond Issuance Agreement, those events of default specified in Section 7.01 of this Bond Issuance Agreement.

"Fiscal Agent" means BMO Harris 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.

"Funding Order" has the meaning assigned to such term in Section 10.15 of the Loan Agreement.

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

"General Contractor" means McShane Construction Company, an Illinois corporation, and its successors and assigns.

"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 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.

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

"Guarantors" means, collectively, Brinshore Development, L.L.C., an Illinois limited liability company, and The Michaels Development Company I, L.P., a New Jersey limited partnership, and their successors and assigns.

"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

A-5

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.

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

means the period from the Closing Date to but excluding the Conversion Date.

"Initial Period Interest Rate" means a per annum floating rate equal to the lesser of (i) 74% times the sum of (a) the LIBOR Monthly Rate, plus (b) 2.10%, increasing or decreasing with each increase or decrease of the LIBOR Monthly Rate, and (ii) the Maximum Rate.

"Insurance Requirements" means those requirements with respect to the maintenance of insurance with respect to the Project and the Borrower's obligations under the Loan Agreement and under the other Borrower Documents.

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

"Investor Member" means [Riverside Fund], a New Jersey limited liability company and member of the Borrower (holding an approximately 99.99 percent equity interest in the Borrower), together with its permitted

successors and assigns.

"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 Documents" means, collectively, the Bond Issuance Agreement, the Loan Agreement, the Land Use Restriction Agreements and the Tax Certificate.

A-6

"Issuer Reserved Rights" means (1) rights under Sections 7.4, 7.5, 7.8(a), 12.4, 12.5, 12.6, 13.1, 14.1 (second paragraph thereof), 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 Borrower 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 Agreements" means the Land Use Restriction Agreement dated as of June 1, 2016, between the Issuer and the Borrower, as the same may be amended, modified or supplemented from time to time.

"Liabilities" means any and all of the Borrower'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 Borrower Note, the Bond Issuance Agreement, the Bonds, the Security for the Bonds, the Borrower 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 Bonds and the Borrower Note, all fees, charges, expenses, disbursements, costs and indemnities of the Borrower thereunder.

"LIBOR Monthly Rate" shall mean the one-month London Interbank Offered Rate (LIBOR) as reported on Bloomberg Financial Market's terminal screen entitled "Official ICE LIBOR Fixings" as reported two London Business Days prior to the effective date, unless such rate is no longer available or published, in which case such rate shall be at a comparable index rate selected by the Bondholder with notice to the Borrower. "London Business Day" means any date on which dealings in U.S. dollar deposits are transacted in the London interbank market. The Bondholder shall determine the LIBOR Monthly Rate based on the foregoing, and its determination thereof shall be conclusive and binding except in the case of manifest error. [Notwithstanding the foregoing, in no event shall the LIBOR Monthly Rate be less than zero.]

"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 Bonds to the Borrower under the Loan Agreement

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

"Low Income Housing Tax Credits" means the tax credits described in Section 42 of the Code with

respect to the Project.

"Manager Member" means WHP Village Manager, LLC, an Illinois limited liability company and manager and member of the Borrower (holding an approximately 0.01 percent equity interest in the Borrower), together with its permitted successors and assigns.

A-7

"Maturity Date" means the earlier of the first day of the month which is 18 years following the Conversion Date, or [ 1, 2037].

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

"Mortgage" means the Mortgage, Security Agreement, Assignment of Leases and Rents and Fixture Filing, dated as of June 1, 2016, from the Borrower to the Bondholder, securing the Loan and which shall be subject to the terms of the RAD Use Agreement.

"Operating Agreement" means the Operating Agreement dated , 2016 among the Manager Member, the Investor Member and , as supplemented and amended.

"Ordinance" means the ordinance duly adopted by the City Council of the Issuer on , 2016, authorizing, among other things, the execution and delivery of this Bond Issuance Agreement, the Loan Agreement and the Land Use Restriction Agreements and the issuance of the Bonds.

"Outstanding" means that portion of the Bonds that has not been finally and fully paid hereunder.

"Past Due Rate" means a fluctuating rate per annum equal to the LIBOR Monthly Rate or the Alternate Rate, as applicable, plus five hundred (500) basis points, but in no event greater than the Maximum Rate.

"Payment Guaranty" means the Payment Guaranty of even date herewith from the Guarantors to the Bondholder, as the same may be amended, modified or supplemented from time to time.

"Permanent Interest Rate" means (a) a variable rate per annum to be effective during the Permanent Period equal to the lesser of (i) 74% times the sum of (1) the LIBOR Monthly Rate, plus (2) 2.15%, increasing or decreasing with each increase or decrease in the LIBOR Monthly Rate, and (ii) the Maximum Rate.

"Permanent Period" means the period from the Conversion Date to the Maturity Date.

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

"Plans and Specifications" means the plans and specifications for the Project most recently prior to the Closing Date provided to the Issuer and the Bondholder.

"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. The Premises are located at multiple addresses on parcels bounded by W. Lake Street on the north, N. Seeley Avenue on

A-8

the east, a 16 ft. public alley on the south (which runs parallel to W. Maypole Avenue), and N. Leavitt Street on the west.

"Project" means a 200-unit mixed income, multi-family residential rental development known as the Villages of Westhaven and located on the Premises, which includes 55 market-rate rental units, 4 non-tax credit public housing (RAD) units, and 141 tax credit units, 91 of which will be leased to public housing (RAD) residents.

"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 pledged receivables.

"Qualified Transferee" means a Person who is either (i) a "qualified institutional buyer" as defined in Rule 144A promulgated under the United States Securities Act of 1933, as amended, or (ii) any transferee of the Bonds to the extent the Bonds are transferred pursuant to another exemption from registration under the 1933 Act, executing and delivering to the Issuer a Qualified Transferee Letter.

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

"RAD Use Agreement" means the Rental Assistance Demonstration Use Agreement between the United States of America, Secretary of Housing and Urban Development, and the Borrower.

"Rate Management Agreement" means any agreement, device or arrangement providing for payments which are related to fluctuations of interest rates, exchange rates, forward rates, or equity prices, including, but not limited to, dollar-denominated or cross-currency interest rate exchange agreements, forward currency exchange agreements, interest rate cap or collar protection agreements, forward rate currency or interest rate options, puts and warrants, and any agreement pertaining to equity derivative transactions (e.g., equity or equity index swaps, options, caps, floors, collars and forwards), including, without limitation, any such agreement between Borrower and Bondholder, any Affiliate of Bondholder or any other party, and any schedules, confirmations and documents and other, confirming evidence between the parties confirming transactions thereunder, all whether now existing or hereafter arising and in each case, as amended, modified or supplemented from time to time.

"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 Borrower Note (other than those relating to the obligation of the Borrower 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, and (c) all moneys received by the Bondholder pursuant to the provisions of the Loan Agreement.

A-9

"Security Agreement" means the Security Agreement (Assignment of Capital Contributions and Membership Interests), of even date herewith, between the Borrower and the Bondholder, for the benefit of the Bondholder.

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

"Seller" means Michaels Community Services Corporation, d/b/a Better Tomorrows, a New Jersey nonprofit corporation exempt from federal income tax pursuant to Section 501(c)(3) of the Internal Revenue Code of 1986, as amended.

"Subordination Agreement" means the Subordination of Mortgages and Intercreditor Agreement, dated as of June 1, 2016, among the Borrower, the Bondholder, and the holders of all subordinated indebtedness contemplated in this Bond Issuance Agreement or in the Loan Agreement.

"Tax Certificate" means the Arbitrage and Tax Certificate, dated as of the date of issuance of the Bonds, between the Issuer and the Borrower, as amended from time to time.

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

A-10

**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 (VILLAGES OF  
WESTHAVEN PROJECT), SERIES 2016**

**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 BORROWER 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: June \_\_, 2016 \$[Principal]

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 BMO HARRIS BANK N.A., a national banking association, or registered assigns (the "Bondholder"), the unrepaid portion of the principal amount specified above that has been advanced by the Bondholder (as described herein, the "Advanced Principal") pursuant to the Bond Issuance Agreement (the "Bond Issuance Agreement"), dated as of June 1, 2016, among the Issuer, the Bondholder and BMO Harris Bank

N.A., as fiscal agent (the "Fiscal Agent") on [ 1, 2037] or such earlier Maturity Date as defined in the Bond Issuance Agreement, except to the extent that the provisions hereinafter set

B-1

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 the interest rate or rates as provided in the Bond Issuance Agreement payable on the first day of each month, at redemption and on the Maturity Date, commencing on the first day of the month following the date hereof. Principal on this Bond, calculated based on a 30-year amortization from the Conversion Date (as defined in the Bond Issuance Agreement), shall be payable monthly commencing on the first day of the calendar month following the Conversion Date and continuing on the first day of each month thereafter, on any date of redemption and on the Maturity Date (in an amount equal to the unpaid principal amount outstanding).

■ This Bond is the "Bond" described in, and is subject to the terms and provisions of the Bond Issuance Agreement, 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 Bonds as provided in the Bond Issuance Agreement. <sup>1</sup>

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 Borrower (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.

B-2

This Bond is issued for the purpose of funding a loan by the Issuer to WHP Village, LLC, an Illinois

limited liability company (the "Borrower") pursuant to the Loan Agreement dated as of June 1, 2016 (the "Loan Agreement") between the Issuer and the Borrower for the purpose of financing a portion of the costs of acquiring, constructing, and renovation the Project (as defined in the Bond Issuance Agreement). The terms and conditions of the acquisition, construction, and renovation of the Project, the loan of the proceeds of this Bond to the Borrower for such purpose, the issuance of this Bond, and the terms upon which the Bonds are 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. The Bonds 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 Bonds be payable out of any funds or properties other than those of the Issuer as provided under the Bond Issuance Agreement. The Bonds shall not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction.

The Bonds have been issued by the Issuer to aid in financing a housing project to provide dwelling accommodations for persons of low and moderate income.<sup>N</sup>

As provided in the Bond Issuance Agreement, this Bond is subject to redemption, in whole or in part, and with or without premium, as specified and subject to the limitations set forth in 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 on the payment record attached as Schedule A hereto 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. 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.

B-3

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 Note.

(SEAL)

CITY OF CHICAGO

ATTEST:

By:

Mayor

Susana A. Mendoza, City Clerk

(Form of Fiscal Agent's Certificate of Authentication)

**CERTIFICATE OF AUTHENTICATION**

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

BMO HARRIS BANK N.A., as Fiscal Agent

By:

Authorized Signatory

Date of Authentication: June ,2016

B-4

SCHEDULE A

Principal Payment

(End of Bond Form)

**EXHIBIT C LEGAL DESCRIPTION**

C-1

**EXHIBIT D**  
**FORM OF QUALIFIED TRANSFEREE LETTER**

[Letterhead of Investor] [Date]

City of Chicago  
Department of Finance  
121 N. LaSalle Street, 7<sup>th</sup> Floor  
Chicago, Illinois 60602  
Attention: Chief Financial Officer

Re: \$[Principal]

City of Chicago Multi-Family Housing Revenue Bonds (Villages  
of Westhaven Project), Series 2016

Ladies and Gentlemen:

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

1. The Investor proposes to purchase the above-referenced Bonds (the "Bonds") issued pursuant to that certain Bond Issuance Agreement, dated as of June 1, 2016 (the "Bond Issuance Agreement"), among the City of Chicago (the "Issuer"), BMO Harris Bank N.A., as Bondholder, and BMO Harris Bank N.A., as Fiscal Agent. The Investor understands that the Bonds have 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 Bonds in particular, and is capable of evaluating the merits and risks involved in an investment in the Bonds. The Investor is able to bear the economic risk of, and an entire loss of, an investment in the Bonds.

3. The Investor is purchasing the Bonds solely for its own account for investment purposes and has no intention to resell or distribute the Bonds; provided that the Investor reserves the right to transfer or dispose of the Bonds, 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 Bonds (or any legal or beneficial interest therein) (i) in accordance with an available exemption from the registration requirements of the 1933 Act, (ii) in

D-1

accordance with any applicable state securities laws, and (iii) in accordance with the provisions of the Bonds

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 Bonds to it is made in reliance on Rule 144A, and understands that the Bonds 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 Bonds, the Bond Issuance Agreement and applicable state securities laws.

6. If the Investor sells the Bonds (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 costs to the Issuer resulting from any failure by the Investor to transfer the Bonds in accordance with the restrictions relating thereto set forth in the Bond Issuance Agreement and the Bonds.

Very truly yours, [Name of Investor]

Dated:

By: \_

Name: . Title: ~

D-2

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

June ,2016

City of Chicago  
Department of Finance  
121 N. LaSalle Street, 7<sup>th</sup> Floor  
Chicago, Illinois 60602  
Attention: Chief Financial Officer

Re: \$[Principal]

City of Chicago Multi-Family Housing Revenue Bonds  
(Villages of Westhaven Project), Series 2016

Ladies and Gentlemen:

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

1. The Investor proposes to purchase the above-referenced Bonds (the "Bonds") issued pursuant to that certain Bond Issuance Agreement, dated as of June 1, 2016 (the "Bond Issuance Agreement"), among the City of Chicago (the "Issuer"), BMO Harris Bank N.A., as Bondholder, and BMO Harris Bank N.A., as Fiscal Agent. The Investor understands that the Bonds have 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 Bonds in particular, and is capable of evaluating the merits and risks involved in an investment in the Bonds. The Investor is able to bear the economic risk of, and an entire loss of, an investment in the Bonds. 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 Bonds.

3. The Investor is purchasing the Bonds solely for its own account for investment purposes and has no intention to resell or distribute the Bonds; provided that the Investor reserves the right to transfer or dispose of the Bonds 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 Bonds (or any legal or beneficial interest therein) (i) in accordance with an available exemption from the registration requirements of the 1933 Act, (ii) in accordance with any applicable state securities laws, and (iii) in accordance with the provisions of the Bonds and the Bond Issuance Agreement.

5. The Investor understands that the Bonds 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 Bonds, 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 Borrower (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 Bonds.

7. If the Investor sells the Bonds (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 costs to the Issuer resulting from any failure by the Investor to transfer the Bonds in accordance with the restrictions relating thereto set forth in the Bond Issuance Agreement and the Bonds.

Very truly yours,

**BMO HARRIS BANK N.A.**

By: \_ Name: Title:

E-2

**EXHIBIT F**

**AMORTIZATION SCHEDULE DURING PERMANENT PERIOD**

**F-I**

**EXHIBIT C Form of Loan Agreement**

(See Attached)

**C-1**

**LOAN AGREEMENT**

between

CITY OF CHICAGO

and

WHP VILLAGE, LLC, an Illinois limited liability company

Dated as of June 1, 2016

## TABLE OF CONTENTS

	<b>Page</b>
ARTICLE I DEFINITIONS, INTERPRETATION AND EXHIBITS	2
Section 1.1. Definitions	2
Section 1.2. Interpretation	2
ARTICLE II LOAN TO BORROWER; REPAYMENT PROVISIONS	2
Section 2.1. Loan to Borrower	2
Section 2.1. Repayment of Loan and Payment of Other Amounts	2
Section 2.2. Payment	3
Section 2.3. Interest Rates	4
Section 2.4. Interest on Amounts Past Due	5
Section 2.5. Application of Payments	5
Section 2.6. Event of Default under the Bond Issuance Agreement	5
Section 2.7. No Defense or Set-off; Unconditional Obligation	5
ARTICLE III PREPAYMENT OF THE BORROWER NOTE	6
Section 3.1. Prepayment of the Borrower Note	6
Section 3.2. Surrender of Borrower Note on Prepayment	6
Section 3.3. Funding Losses	7
Section 3.4. Rate Management Agreements	7
ARTICLE IV LIMITED OBLIGATION; ASSIGNMENT BY ISSUER	7
Section 4.1. Limited Obligation of Issuer	7
Section 4.2. Assignment of Issuer's Rights	7
ARTICLE V REPRESENTATIONS AND WARRANTIES OF ISSUER	8
Section 5.1. Organization and Authority	8

Section 5.2. Amount of Bonds; Proceeds	8
Section 5.3. Issuance	8
Section 5.4. Non-Assignment	8
Section 5.5. Purposes	8
Section 5.6. No Conflict	9
Section 5.7. No Litigation	9
Section 5.8. Location of the Project	9
<b>ARTICLE VI REPRESENTATIONS AND WARRANTIES OF BORROWER</b>	<b>9</b>
Section 6.1. Organization and Authority	9
Section 6.2. Private Placement	10
Section 6.3. Borrowing Legal and Authorized	10
Section 6.4. Validity; Binding Nature; Approvals	10
Section 6.5. Bond Counsel May Rely on Representations and Warranties	10
Section 6.6. Pending Litigation	10
Section 6.7. Filing and Payment of Tax Reports and Returns	11
Section 6.8. Full Disclosure	11

-i-

**TABLE OF CONTENTS**  
(continued)

	<b>Page</b>
Section 6.9. No Defaults	11
Section 6.10. Governmental Consent	11
Section 6.11. Compliance with Law	12
Section 6.12. Restrictions on the Borrower	12
Section 6.13. No Conflict of Interest	12
Section 6.14. Project Compliance	12
Section 6.15. Eminent Domain; Damage; Code Violations	12
Section 6.16. Permits and Licenses	12
Section 6.17. Financial Statements	13
Section 6.18. Broker's Fees	13
Section 6.19. Anti-Terrorism Laws	13
Section 6.20. Patriot Act	13
Section 6.21. Project Contracts: Development Cost Budget	13
Section 6.22. Business Loan	14
Section 6.23. Survival	14
Section 6.24. Remaking of Representations and Warranties	14
<b>ARTICLE VII COVENANTS OF BORROWER</b>	<b>14</b>
Section 7.1. Tax-Exempt Status of the Bonds	14
Section 7.2. Taxes, Charges and Assessments	14
Section 7.3. Compliance with Orders, Ordinances, Etc	15
Section 7.4. Books, Records and Inspections	15
Section 7.5. Change in Nature of Operations	15

Section 7.6. Borrower to Maintain Existence; Consolidation or Merger	15
Section 7.7. Transfer of Project	16
Section 7.8. Environmental Requirements; Indemnity	16
Section 7.9. Insurance	20
Section 7.10. Project Budget	20
Section 7.11. Completion of Construction	21
Section 7.12. Balancing	21
Section 7.13. Change Orders	21
Section 7.14. Covenant Against Liens	21
Section 7.15. Financial Statements	22
Section 7.16. Notices	22
Section 7.17. Zoning Amendments, Subdivisions, etc	22
Section 7.18. Signage	22
ARTICLE VIII COVENANTS OF THE ISSUER	22
Section 8.1. Payment of Principal and Interest	22
Section 8.2. Borrower Note	23
Section 8.3. Further Assurances	23
Section 8.4. Arbitrage	23
Section 8.5. Recordation and Other Instruments	23

-ii-

TABLE OF CONTENTS  
(continued)

	<b>Page</b>
Section 8.6. Assignment of Issuer's Rights	24
ARTICLE IX CONSTRUCTION OF PROJECT; ISSUANCE OF BONDS	24
Section 9.1. Agreement to Complete Project; Application of Bond Proceeds	24
Section 9.2. Agreement to Issue the Bonds	24
Section 9.3. Disbursements from the Construction Fund	24
Section 9.4. Completion of the Project	26
Section 9.5. Disbursements	27
Section 9.6. Investment of Moneys	27
Section 9.7. Arbitrage Covenant	28
ARTICLE X CONDITIONS TO APPROVAL OF INITIAL DISBURSEMENTS	28
Section 10.1. Documents	28
Section 10.2. Title Policy	29
Section 10.3. Survey	29
Section 10.4. Documents of Organization/Authority	29
Section 10.5. Opinions of Counsel	29
Section 10.6. Bondholder's Fees	29
Section 10.7. Searches	29

Section 10.8. Development Cost Budget	30
Section 10.9. Architect's Contract	30
Section 10.10. Plans and Specifications	30
Section 10.11. Operating Documents	30
Section 10.12. Construction Contract	30
Section 10.13. Sworn Statements	: 30
Section 10.14. Appraisal; Loan to Value	30
Section 10.15. Additional Funding Sources	31
Section 10.16. Environmental Review	31
Section 10.17. Bonds	31
Section 10.18. Equity Requirements	31
Section 10.19. Insurance	31
Section 10.20. Financial Statements	31
Section 10.21. Swap Agreement	31
Section 10.22. Market Study	32
Section 10.23. Reserved	32
Section 10.24. Report of Bondholder's Inspecting Architect	32
Section 10.25. Approval of Members/Material Adverse Financial Change	32
Section 10.26. No Material Litigation	32
<b>ARTICLE XI CONDITIONS PRECEDENT TO ALL DISBURSEMENTS</b>	<b>32</b>
Section 11.1. No Default	32
Section 11.2. Draw Request Documents	32
Section 11.3. Title Endorsements	33

-in-

TABLE OF CONTENTS  
(continued)

	<b>Page</b>
Section 11.4. Retainage	34
Section 11.5. Mechanics' Liens and Litigation	34
Section 11.6. No Default under Construction Contract or Agreements with Additional Funding Sources	34
Section 11.7. No Default under Operating Agreement	34
Section 11.8. CHA Loan Funds and LIHTC Deposits to Pay Bonds	34
Section 11.9. Funding Priorities	34
Section 11.10. Disbursement Immediately Following Initial Disbursement on Closing Date	
Section 11.10. Final Construction Disbursement	35
<b>ARTICLE XII EVENTS OF DEFAULT AND REMEDIES</b>	<b>35</b>
Section 12.1. Events of Default	35
Section 12.2. Remedies on Default	37
Section 12.3. Right to Perform Covenants; Advances	38

Section 12.4. Costs and Expenses	39
Section 12.5. Exercise of Remedies	40
Section 12.6. Default by Issuer; Limited Liability	40
Section 12.7. Application of Funds	40
ARTICLE XIII INDEMNIFICATION	41
Section 13.1. Indemnification of Issuer and Fiscal Agent	41
ARTICLE XIV MISCELLANEOUS	42
Section 14.1. Non-recourse Liability; Exceptions	42
Section 14.2. Severability	43
Section 14.3. Notices	43
Section 14.4. Assignments	46
Section 14.5. Counterparts	46
Section 14.6. Amounts Remaining in the Bond Issuance Agreement Funds	46
Section 14.7. Amendments, Changes and Modifications	47
Section 14.8. Governing Law; Jury Trial	47
Section 14.9. Term of Loan Agreement	48
Section 14.10. Bond Issuance Agreement Provisions	48
Section 14.11. Binding Effect	48
Section 14.12. Immunity of Issuer's Officers	48
Section 14.13. Participations	48
Section 14.14. Waivers	49
Section 14.15. Patriot Act Notification	49
Section 14.16. Entire Agreement	49
Exhibit A - Form of Borrower Note	
Exhibit B - Costs of Project	

-iv-

**TABLE OF CONTENTS**  
(continued)

**Page**

Exhibit C - Form of Disbursement Request	
Exhibit D - Wire Transfer Instructions	
Exhibit E - Environmental Disclosures	
Exhibit F - Funding Schedule	

-v-

### **LOAN AGREEMENT**

This LOAN AGREEMENT, dated as of June 1, 2016 (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") and WHP VILLAGE, LLC, an Illinois limited liability company (the "Borrower"),

### **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 \$[Principal] Multi-Family Housing Revenue Bonds (Villages of Westhaven Project), Series 2016 (the "Bonds") pursuant to a Bond Issuance Agreement dated as of June 1, 2016 (the "Bond Issuance Agreement") among the Issuer, BMO Harris Bank N.A., as Bondholder and BMO Harris Bank N.A., as Fiscal Agent, and to lend the proceeds thereof to the Borrower for the purpose of financing a portion of the cost of acquisition, construction and renovation of the Project (as defined in the Bond Issuance Agreement); and

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

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

WHEREAS, the Issuer will pledge and assign the Borrower Note and this Loan Agreement to the Bondholder under the Bond Issuance Agreement; and

WHEREAS, additional security for the repayment of the Borrower Note is provided by the Borrower pursuant to the Cash Collateral Agreement and certain Borrower 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.

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 generally accepted accounting principles ("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 BORROWER; REPAYMENT PROVISIONS

Section 2.1. Loan to Borrower. The Issuer covenants and agrees to finance a portion of the Costs of the Project through the issuance of the Bonds pursuant to the Bond Issuance Agreement and the loan of the proceeds of the Bonds to the Borrower, 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 2.1. Repayment of Loan and Payment of Other Amounts.

(a) Borrower Note. In order to evidence its obligation to repay the Loan made hereunder by the Issuer, the Borrower shall authorize, execute and deliver the Borrower Note, which Borrower Note shall be in substantially the form attached hereto as Exhibit A. The terms and conditions of the Borrower Note are hereby incorporated into this Section with the same

## 2

effect as if fully set forth herein. The Borrower agrees to pay all of its obligations in full under this Loan Agreement and the Borrower Note, subject to Section 14.1 hereof.

b) Mandatory Payments under the Bonds. It is the intent of the Borrower and the Issuer that, notwithstanding any schedule of payments contained in the Borrower Note, the payments to be made by the Borrower on the Borrower Note shall at all times be sufficient to enable the Issuer to pay when due the principal of and interest on the Bonds; 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 Bonds when due (whether at maturity or upon redemption or acceleration), the Borrower 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 Bonds shall be made by the Borrower on behalf of the Issuer, shall be deemed a credit against the Liabilities, and shall be applied against the Issuer's payment obligations under Bonds.

c) Payments to Fiscal Agent. The Borrower shall pay to the Fiscal Agent until the principal

of and interest on the Borrower 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 Borrower 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.

d) Payments to Issuer. The Borrower shall pay to the Issuer (i) an Issuer fee equal to 1.5% of the authorized stated principal amount of the Bonds plus a fee of 0.0010% (10 basis points) of the authorized stated principal amount of the Bonds, payable on the Closing Date, and (ii) an annual administrative fee equal to 0.0015% (15 basis points) of the then outstanding principal amount of the Bonds, which shall accrue monthly and be payable semiannually on each June 1 and December 1, commencing December 1, 2016, while the Bonds are outstanding.

Section 2.2. Payment, (a) Payments under the Borrower Note. The Borrower will promptly and punctually pay all amounts payable with respect to the Borrower Note, without any presentment of the Borrower Note, notice of nonpayment (except as otherwise expressly set forth therein), 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 wire transfer originated by the Borrower not later than 12:00 noon, Chicago, Illinois time, on each payment date, such payment to be marked for attention as indicated, or by charging an account of the Borrower established with the Bondholder, which charge is hereby authorized by the Borrower. The Borrower Note is subject to assignment as set forth in Section 4.2 hereof. Payments with respect to the Borrower Note shall be made by wire transfer pursuant to the wire transfer instructions attached hereto as Exhibit D, or such other replacement wire transfer instructions as shall be provided in writing by Bondholder to Borrower.

b) Payments Due on Saturdays, Sundays and Holidays. In any case where the date of payment of principal of or interest on the Borrower Note or the Bonds, or the date fixed for prepayment of all or a portion of the Borrower Note or the Bonds, 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 Borrower Note and the Bonds shall continue to bear interest until such date of actual payment.

c) Payment Notations. The Bondholder shall make a notation on the Borrower Note on the payment record thereon, or in the Bondholder's books and records, of each principal and interest payment made pursuant to this Section 2.2 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 the obligations of the Borrower hereunder or under the Borrower Note to repay the principal balance thereof together with all interest accruing thereon.

d) Manner of Payment. The principal of and interest on the Borrower Note 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.

e) Return of Collateral. Upon payment in full of the Borrower Note and termination of this

Loan Agreement, the Issuer shall or shall cause the Fiscal Agent to, on a timely basis, reassign and redeliver (or cause to be reassigned and redelivered) to the Borrower, or to such Person or Persons as the Borrower shall designate, against receipt, such of the collateral (if any) assigned by the Borrower to the Issuer as shall not have been sold or otherwise applied by the Issuer pursuant to the terms hereof and as shall still be held by it 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 Borrower to provide all such instruments of reassignment and release. 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 Borrower. 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 Borrower Note, whether received from the Borrower 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 Borrower), this Loan Agreement, the Borrower Collateral Documents and the Security for the Bonds 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 Borrower Collateral Documents or any of the Security for the Bonds to the Borrower (or any designee of the Borrower), or the cancellation of the Borrower Note.

Section 2.3. Interest Rates'. The interest rate per annum payable on the Borrower Note shall be equal to the interest rate payable from time to time on the Bonds as provided in Article II

4

of the Bond Issuance Agreement. Interest on the Borrower Note shall be payable at such times as interest is payable on the Bonds under the provisions of the Bond Issuance Agreement.

Section 2.4. Interest on Amounts Past Due. Notwithstanding anything in this Article II to the contrary, if the Borrower shall fail to make any of the payments required to be made by it under this Agreement or under the Borrower Note, including, without limitation, any mandatory prepayments required by Section 3.1(b) of this Agreement, such payments shall continue as an obligation of the Borrower until the unpaid amount so overdue shall have been fully paid, and interest on the Borrower Note shall continue to accrue from the date such payment was due until the date such payment is made or the date the Borrower Note has been repaid in full, whichever is earlier, at the applicable Past Due Rate described in Section 2.03(1) of the Bond Issuance Agreement with respect to interest on overdue payments under the Bonds.

Section 2.5. Application of Payments. All payments on account of indebtedness outstanding under the Borrower Note shall be first applied to interest on the unpaid principal balance, and the remainder to the unpaid principal balance, of the Borrower Note.

Section 2.6. 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 outstanding principal of the Borrower 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 issue further Bonds or make further Loans (or disbursement of Loans) of the proceeds thereof.

Section 2.7. No Defense or Set-off; Unconditional Obligation, (a) The obligation of the Borrower to

make the payments required to be made by it herein, the obligation of the Borrower to make the payments pursuant to the Borrower Note, and the obligation of the Borrower 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) Subject to Section 14.1 hereof, the Borrower covenants and agrees with and for the express benefit of the Issuer and the Bondholder that all payments pursuant hereto and the Borrower Note shall be made by the Borrower on or before the dates the same become due, and the Borrower 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 Borrower 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

5

Project, legal curtailment of the use thereof, any assignment, novation, merger, consolidation, transfer of assets, leasing or other similar transaction of or affecting the Borrower, 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 Borrower 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 Borrower Note, or which releases or purports to release the Borrower herefrom or therefrom. Nothing in this Loan Agreement shall be construed as a waiver by the Borrower of any rights or claims the Borrower 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, except as provided in Section 14.1 hereof, the Borrower 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 Borrower Note for the benefit of the Issuer and the Bondholder.

### **ARTICLE III PREPAYMENT OF THE BORROWER**

#### **NOTE**

Section 3.1. Prepayment of the Borrower Note.

a) Optional Prepayment. The Borrower may prepay, in whole or in part, on any Business Day, the principal amount of any Borrower Note then outstanding, at a prepayment price of 100% of the principal amount thereof being prepaid (such optional prepayments to be applied to the redemption of the Bonds as provided in Section 3.01 of the Bond Issuance Agreement).

b) Mandatory Prepayment. The Borrower Note is subject to mandatory prepayment, without premium or penalty, prior to the Maturity Date on each date that the Bonds are subject to mandatory redemption pursuant to Section 3.02 of the Bond Issuance Agreement in the principal amounts specified therein.

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

Section 3.2. Surrender of Borrower Note on Prepayment. Upon any partial prepayment of the Borrower Note, the Borrower Note may, at the option of the Issuer and the Bondholder (subject to assignment as set forth in Section 4.2 hereof), be surrendered to the Borrower in exchange for a new Borrower Note, of the same series, maturity date and interest rate, and in principal amount equal to the unpaid principal balance thereof; provided that the Borrower executes such documents, instruments, certificates and agreements that the Bondholder may deem necessary or appropriate, and reimburses the Issuer and the Bondholder for any reasonable

6

cost or expense, including, without limitation, reasonable attorneys' fees and expenses. If the entire unpaid principal balance of the Borrower Note is prepaid, the Borrower Note shall be cancelled by the Bondholder and surrendered to the Borrower, and shall not be so exchanged.

Section 3.3. Funding Losses. Subject to Section 14.1 hereof, the Borrower hereby agrees to indemnify the Bondholder upon demand against any loss or expense that the Bondholder may sustain or incur, including, without limitation, reasonable attorneys' fees and expenses, in obtaining, liquidating or employing deposits or other funds acquired to effect, fund or maintain the Loan and/or the Bonds as a consequence of (a) any failure of the Borrower to make any payment when due of any amount due under the Borrower Note, or (b) any payment or prepayment of the Loan and/or the Bonds on a date other than the scheduled payment dates therefor. Determinations by the Bondholder, for purposes of this subsection, of the amount required to indemnify the Bondholder shall be conclusive in the absence of manifest error.

Section 3.4. Rate Management Agreements. Nothing contained in this Article III shall be construed to alter or obviate any payment obligations of the Borrower arising pursuant to any Rate Management Agreement.

## 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 Bonds, the Issuer will, pursuant to the Bond Issuance Agreement, assign and pledge to the Bondholder all of the Issuer's right, title and

interest in and to this Loan Agreement and the Borrower 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 Bond Issuance Agreement, the Borrower Note, the Bonds and the Security for the Bonds. Notwithstanding anything herein to the contrary, the Issuer hereby directs the Borrower to make all payments under this Loan Agreement (except with respect to the Issuer Reserved Rights) and the Borrower Note directly to the Bondholder. The Borrower 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 Borrower 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 Bonds, the Borrower Note or the Security for the Bonds, all rights, interest and benefits accruing to the Issuer under this Loan Agreement or the Borrower 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 Bonds or the Borrower

7

Note shall remain the obligations of the Issuer to the extent provided herein and therein alter 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 Borrower 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 Borrower 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 Bonds 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 Borrower 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 Bonds, the Bond Issuance Agreement and the Issuer Documents.

Section 5.2. Amount of Bonds; Proceeds. The Bonds are being issued in the principal amount of up to \$[Principal], 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 Bonds will be lent to the Borrower for the purpose of paying Costs of the Project.

Section 5.3. Issuance. The Bonds are 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 Borrower Note, the Borrower Collateral Documents and the Security for the Bonds (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 Bonds 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 Borrower Note, the Borrower Collateral Documents (if any) and the Security for the Bonds other than to secure the Bonds.

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.

## 8

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 Bonds 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 BORROWER TO MAKE THE PAYMENTS DUE UNDER THIS LOAN AGREEMENT OR THE BORROWER 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 BORROWER IN CONNECTION WITH THE ISSUANCE, SALE, EXECUTION AND DELIVERY OF THE BONDS, 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 that seeks to restrain or enjoin the issuance or delivery of the Bonds, or the execution and delivery of the Bond Issuance Agreement, this Loan Agreement or the Issuer Documents, or that in any way contests or affects any authority for the issuance or delivery of the Bonds, or the execution and delivery of the Bond Issuance Agreement, this Loan Agreement or the Issuer Documents, or the validity of the Bonds, 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 Bonds.

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 BORROWER

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

Section 6.1. Organization and Authority, (a) The Borrower is a limited liability company, duly

organized, validly existing and in good standing under the laws of the State of Illinois. The Manager Member is a limited liability company, duly organized and is validly existing and in good standing under the laws of the State of Illinois.

(b) The Borrower (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

9

Borrower Note and the Borrower Documents; and (iii) is in compliance with all laws, regulations, ordinances and orders of public authorities applicable to it.

(c) The Manager Member (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 Borrower 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 Borrower nor any agent or representative thereof has offered the Borrower Note to any Person other than the Issuer and the Bondholder.

Section 6.3. Borrowing Legal and Authorized. The Borrower's execution and delivery of, performance by, compliance with this Loan Agreement, the Borrower Note and the Borrower Documents, and the consummation of the transactions provided for herein and therein: (a) are within the Borrower's powers as an Illinois limited liability company; (b) have been duly authorized; (c) require no approval of any Governmental Body or other Person (other than approval of the Borrower's members, which has already been obtained); (d) do not and will not contravene or conflict with (i) the Operating Agreements of the Borrower or the Manager Member, (ii) any Government Regulation to which it is subject, (iii) any judgment, decree, order or contractual restriction binding on or affecting the Borrower or the Manager Member, or the Project, or (iv) any material agreement, indenture, instrument or other document that is binding upon Borrower or any of Borrower's Property; and (e) do not and will not contravene or conflict with, or cause any Lien upon or with respect to any of the Borrower'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 Borrower Documents are the legal, valid and binding obligations of the Borrower, enforceable against the Borrower 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 Borrower of the Borrower Documents (except for those which are not yet required to have been obtained in connection with the acquisition, construction, and renovation of the Project).

Section 6.5. Bond Counsel May Rely on Representations and Warranties. The Borrower agrees that Bond Counsel shall be entitled to rely upon the factual representations and warranties of the Borrower set forth

in this Article VI in connection with the delivery of legal opinions on the respective dates of the issuance of the Bonds.

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 Borrower or the Manager Member, and, to the best of the Borrower's knowledge, there is no threatened action or proceeding, or inquiry that might give rise thereto, materially affecting the Borrower or any of its

10

Properties, or the Manager Member, before any court, Governmental Body or arbitrator. The Borrower 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 Borrower or the Manager Member; (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 Borrower Documents.

Section 6.7. Filing and Payment of Tax Reports and Returns. The Borrower 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. To the best of the Borrower's knowledge after due diligence and reasonable investigation, neither this Loan Agreement nor any written statement furnished by the Borrower to the Issuer or the Bondholder in connection with the negotiation of the sale of the Bonds 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. To the best of the Borrower's knowledge, the Borrower 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 Borrower, or that might materially and adversely affect any material portion of the Borrower's Properties (including, but not limited to, the Project), or the Borrower's ability to perform its obligations under the Borrower Documents.

Section 6.9. No Defaults. To the best of the Borrower's knowledge, the Borrower 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 Borrower. To the best of the Borrower's knowledge, no event, act or condition exists that would constitute a Default or an Event of Default hereunder. To the best of the Borrower's knowledge, the Borrower 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 adverse effect on the business, operations, Property or condition, financial or otherwise, of the Borrower, and no such order, award or decree adversely affects the ability of the Borrower to carry on its business as currently conducted or the ability of it to perform its obligations under this Loan Agreement, the Borrower Note, the Borrower Collateral Documents, the Security for the Bonds and the Borrower Documents.

Section 6.10. Governmental Consent. Neither the nature of the Borrower nor of any of its activities or Properties, nor any relationship between the Borrower and any other Person, or any circumstances in connection with the execution and delivery by the Borrower of the Borrower Documents, or the performance or

observance of any covenants or agreements required to be observed or performed by such Borrower under the Borrower Documents, requires the consent, approval or authorization of, or filing, registration or qualification with, any Governmental Body on the part of the Borrower as a condition to the execution and delivery of

11

the Borrower Documents (except for those which are not yet required to have been obtained in connection with the acquisition, construction and renovation of the Project).

Section 6.11. Compliance with Law. To the best of the Borrower's knowledge, the Borrower 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 Borrower to conduct its activities as currently conducted or the financial condition of the Borrower.

Section 6.12. Restrictions on the Borrower. The Borrower 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 Agreement. The Borrower 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 Operating Agreement) that restricts or otherwise limits the incurring of the Indebtedness to be represented by the Borrower Documents. The Borrower 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 Borrower, the Project or the transactions contemplated by the Borrower Documents.

Section 6.14. Project Compliance. To the best of the Borrower'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 Borrower has not received notice of, and has no 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 renovation 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 acquisition, construction, and renovation of the Project, and which will be obtained at or prior to the time required by law in connection with the acquisition, construction, and renovation 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 Borrower 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 Borrower in connection with the purchase of the Bonds by the Bondholder, the Borrower has no obligation to any Person in respect of any finder's, broker's or similar fee in connection with the Borrower Documents.

Section 6.19. Anti-Terrorism Laws, (a) The Borrower and each Affiliate of the Borrower are not in violation in any material respects of any United States requirements of law relating to terrorism, sanctions or money laundering (the "Anti-Terrorism Laws"), including the United States Executive Order No. 13224 on Terrorist Financing (the "Anti-Terrorism Order") and the Patriot Act.

b) The Borrower and each Affiliate of the Borrower (i) are not listed in the annex to, or is otherwise subject to the provisions of, the Anti-Terrorism Order, (ii) are not owned or controlled by, or acting for or on behalf of, any person listed in the annex to, or is otherwise subject to the provisions of, the Anti-Terrorism Order, (iii) do not commit, threaten or conspire to commit or supports "terrorism" as defined in the Anti-Terrorism Order or (iv) are not named as a "specially designated national and blocked person" in the most current list published by Office of Foreign Assets Control ("OFAC").

c) The Borrower and each Affiliate of the Borrower (i) do not conduct any business or engage in making or receiving any contribution of funds, goods or services to or for the benefit of any person described in clauses (b)(i) through (b)(iv) above, (ii) do not deal in, or otherwise engage in any transactions relating to, any property or interests in property blocked pursuant to the Anti-Terrorism Order and (iii) do not engage in or conspire to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in any Anti-Terrorism Law.

Section 6.20. Patriot Act. The Borrower and each Affiliate of the Borrower are in compliance with (a) the Trading with the Enemy Act, and each of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B Chapter V, as amended) and any other enabling legislation or executive order relating thereto, (b) the Patriot Act and (c) other federal or state laws relating to "know your customer" and anti-money laundering rules and regulations. No part of the proceeds of the Bonds will be used directly or indirectly for any payments to any government official or employee, political party, official of a political party, candidate for political office, or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage, in violation of the United States Foreign Corrupt Practices Act of 1977.

Section 6.21. Project Contracts: Development Cost Budget. To Borrower's knowledge, the construction contract with the General Contractor, architect's agreement and other material agreements, consents, waivers, documents and writings of every kind or character to which

Borrower is a party relating to the Project (collectively, the "Project Contracts") or which at any time have been delivered to Bondholder pursuant to any of the provisions of this Agreement are valid and enforceable against the Borrower and are enforceable against all other parties thereto, and in all material respects are what they purport to be, and to the extent that any such writing shall impose any obligation or duty on the Borrower or constitute a waiver of any rights which the Borrower might otherwise have, said writing shall be valid and enforceable against the Borrower in accordance with its terms. True and correct copies of all of Project Contracts executed by the Borrower on or prior to the date hereof have been delivered to Bondholder by the Borrower prior to the date hereof. The Development Cost Budget for the Project is true and complete in all material respects and sufficient finally and fully to pay for the acquisition and the construction of the Project and the payment of all costs and expenses incurred or estimated to be incurred in connection with the Project in accordance with the terms and conditions hereof.

Section 6.22. Business Loan. The Borrower Note and the Bonds, including the interest rates thereon, (i) are each a business loan within the purview of 815 ILCS 205/4(1 )(c), as amended from time to time, (ii) are each an exempted transaction under the Truth In Lending Act, 12 U.S.C. 1601 et seq., as amended from time to time, and (iii) do not, and when disbursed shall not, violate the provisions of the Illinois usury laws, any consumer credit laws or the usury laws of any state which may have jurisdiction over this transaction or the Borrower.

Section 6.23. Survival. The representations and warranties set forth in this Article VI shall survive until all Liabilities have been indefeasibly paid in full.

Section 6.24. Remaking of Representations and Warranties. At the time of making of each disbursement pursuant to Section 9.3, the Borrower 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 BORROWER**

Section 7.1. Tax-Exempt Status of the Bonds. The proceeds of the Bonds will be used in a manner consistent with the representations of the Borrower contained herein and the Tax Certificate. The Borrower 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 Bonds, 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 Bonds.

Section 7.2. Taxes, Charges and Assessments. The Borrower 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 Borrower Note. The Borrower shall promptly pay when due all amounts except such as the Borrower is diligently contesting in good faith and by appropriate proceedings; provided that the Borrower 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 Borrower 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 Borrower 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 Borrower 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 Borrower, and shall permit the Issuer and the Bondholder to visit, audit, examine, copy and inspect, as applicable, the Borrower's books and records, offices, Premises and operations, at the sole cost and expense of the Borrower. 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 Borrower or be a representation that the Borrower 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 Borrower, 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 Borrower or any other party against, or to inform the Borrower 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 Borrower shall not make any material change in the nature of its operations carried on as of the date of issuance of the Bonds unless consented to in writing by the Issuer and the Bondholder.

Section 7.6. Borrower to Maintain Existence; Consolidation or Merger. Absent the prior written consent of the Bondholder, the Borrower shall, as long as the Bonds are outstanding, maintain its existence, not dissolve, liquidate, transfer any membership except as provided herein or other equity interest in the Borrower 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 Investor Member shall be permitted to remove the Manager Member and replace the Manager Member with an affiliate of the Investor Member in accordance with the Operating Agreement without the consent of the Bondholder, provided that (a) the membership interests of any such substitute Manager Member shall be subject to the

Bondholder's security interests pursuant to the terms of the Security Agreement, and (b) any such substitute Manager Member 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 Manager Member shall assume all the rights and obligations of the Manager Member under all of the Loan Documents.

After all equity contributions have been made pursuant to the terms and conditions of the Operating Agreement, such Investor Member interests shall be transferable without the consent of either the Bondholder or the Issuer. Notwithstanding the foregoing, the Investor Member interests shall be transferable at any time without the consent of the Issuer or the Bondholder, so long as such interest is transferred to an affiliate of the Investor Member; provided, however, that any other Investor Member transfers prior to the payment of the equity contribution shall require Bondholder and Issuer consent.

The Borrower shall be permitted to amend the Operating Agreement to reflect such removal and substitution of the Manager Member or permitted transfer of the Investor Member's interests without the consent of the Issuer or the Bondholder to the extent such transfer is permitted without consent as provided above.

Section 7.7. Transfer of Project. Absent the prior written consent of the Bondholder and the Issuer, the Borrower 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 Bonds are Outstanding.

Section 7.8. Environmental Requirements; Indemnity.

a) As between the Issuer and the Borrower, the Issuer and the Borrower agree and understand that the terms and provisions of the Environmental Indemnity Agreement shall govern all indemnifications from the Borrower to the Issuer 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. As such, the balance of the provisions of this Section govern only the relationship between the Borrower and the Bondholder with respect to indemnifications from the Borrower to the Bondholder with regard to environmental matters affecting the Project.

b) For purposes of this Section 7.8, the term "Hazardous Substance" means and includes any substance, material or waste, including asbestos, petroleum and petroleum products (including crude oil), that is or becomes designated, classified or regulated as "toxic," "hazardous" or a "pollutant," or that is or becomes similarly designated, classified or regulated, under any federal, state or local law, regulation or ordinance, but does not include any such substance that is a customary and ordinary household, cleaning or office product used on the Premises by Borrower or any tenant or agent of Borrower, or customary construction materials used during the course of construction of the Project by the Borrower and its general contractor, provided such use is in accordance with applicable hazardous materials laws.

c) Before signing this Agreement, the Borrower researched and inquired into the previous uses and owners of the Premises and obtained a Phase I environmental site assessment and other reports with respect to the environmental conditions of the Premises, copies of which have been delivered to the Bondholder. Based on that due diligence, the Borrower represents and warrants to the Bondholder that, except as the Borrower has disclosed to the Bondholder in writing and as described in the Phase I environmental site assessment, to the best of the Borrower's knowledge, (i) no Hazardous Substance has been disposed of, or released to or from, or otherwise now exists in, on, under or around, the Premises, and (ii) no aboveground or underground storage tanks are now or have ever been located on or under the Premises.

d) The Borrower has complied, and will comply and cause all tenants and any other persons who may come upon the Premises to comply in all material respects with all federal, state and local laws, regulations and ordinances governing or applicable to Hazardous Substances ("Environmental Laws"), including those requiring disclosures to prospective and actual buyers or tenants of all or any portion of the Premises. The Borrower will not install or allow to be installed any aboveground or underground storage tanks on the Premises. The Borrower must comply with the recommendations of any qualified environmental engineer or other expert engaged by the Borrower with respect to the Premises. The Borrower must promptly notify the Bondholder in writing (i) if it knows, suspects or believes there may be any Hazardous Substance in or around any part of the Premises, any improvements constructed on the Premises, or the soil, groundwater or soil vapor on or under the Premises, or that the Borrower or the Premises may be subject to any threatened or pending investigation by any governmental agency under any law, regulation or ordinance pertaining to any Hazardous Substance, and (ii) of any claim made or threatened by any person, other than a governmental agency, against the Borrower arising out of or resulting from any Hazardous Substance being present or released in, on or around any part of the Premises, any Improvements constructed on the Premises or the soil, groundwater or soil vapor on or under the Premises (any of the matters described in clauses (i) and (ii) above a "Hazardous Substances Claim").

e) The Bondholder, and its respective officers, employees, directors, agents, parent, subsidiary, affiliates, assignees, and any purchasers of the Premises at any foreclosure sale with respect to the Mortgage (each individually, an "Indemnified Party," and all collectively, the "Indemnified Parties"), have the right at any reasonable time and upon notice to the Borrower to enter and visit the Premises for the purposes of observing the Premises, taking and removing soil or groundwater samples and conducting tests on any part of the Premises. The Indemnified Parties have no duty, however, to visit or observe the Premises or to conduct tests, and no site visit, observation or testing by any Indemnified Party imposes any liability on any Indemnified Party. In no event will any site visit, observation or testing by any Indemnified Party be a representation that Hazardous Substances are or are not present in, on or under the Premises, or that there has been or will be compliance with any law, regulation or ordinance pertaining to Hazardous Substances or any other applicable governmental law. Neither the Borrower nor any other party is entitled to rely on any site visit, observation or testing by any Indemnified Party. The Borrower waives to the fullest extent permitted by law any such duty of care on the part of the Indemnified Parties or any other party to protect the Borrower or inform the Borrower or any other party of any Hazardous Substances or any other adverse condition affecting the Premises. Any Indemnified Party will give the Borrower reasonable notice before entering the Premises. The Indemnified Party will make reasonable efforts to avoid interfering with the Borrower's use

of the Premises in exercising any rights provided in this Section. The Borrower must pay all reasonable costs and expenses incurred by an Indemnified Party in connection with any inspection or testing conducted in accordance with this subsection if the same are performed as a result of any violation or potential violation, as

determined in Bondholder's reasonable discretion, of Environmental Laws. The results of all investigations conducted and/or reports prepared by or for any Indemnified Party must at all times remain the property of the Indemnified Party, and under no circumstances will any Indemnified Party have any obligation whatsoever to disclose or otherwise make available to the Borrower or any other party the results or any other information obtained by any of them in connection with the investigations and reports. Notwithstanding the foregoing, the Indemnified Parties hereby reserve the right, and the Borrower hereby expressly authorizes any Indemnified Party, to make available to any party (including any governmental agency or authority and any prospective bidder at any foreclosure sale of the Premises with respect to the Mortgage) any and all reports, whether prepared by any Indemnified Party or prepared by the Borrower and provided to any Indemnified Party (collectively, "Environmental Reports") that any Indemnified Party may have with respect to the Premises. The Borrower consents to the Indemnified Parties' notifying any party (either as part of a notice of sale or otherwise) of the availability of any or all of the Environmental Reports and the information contained therein. The Borrower acknowledges that the Indemnified Parties cannot control or otherwise assure the truthfulness or accuracy of the Environmental Reports and that the release of the Environmental Reports, or any information contained therein, to prospective bidders at any foreclosure sale of the Premises with respect to the Mortgage may have a material and adverse effect upon the amount that a party may bid at such sale. The Borrower agrees that the Indemnified Parties have no liability whatsoever as a result of delivering any or all of the Environmental Reports or any information contained therein to any third party, and the Borrower hereby releases and forever discharges the Indemnified Parties from any and all claims, damages, or causes of action, arising out of, connected with or incidental to the Environmental Reports or the delivery thereof.

f) The Borrower must promptly undertake any and all remedial work ("Remedial Work") in response to Hazardous Substances Claims to the extent required by governmental agency or agencies involved or as recommended by prudent business practices, if such standard requires a higher degree of remediation, and in all events to minimize any impairment to the Bondholder's security under the Borrower Collateral Documents. All Remedial Work must be conducted (i) in a diligent and timely fashion by licensed contractors acting under the supervision of a consulting environmental engineer, (ii) pursuant to a detailed written plan for the Remedial Work approved by all public or private agencies or persons with a legal or contractual right to such approval, (iii) with insurance coverage pertaining to liabilities arising out of the Remedial Work as is then customarily maintained with respect to such activities, and (iv) only following receipt of any required permits, licenses or approvals. The selection of the Remedial Work contractors and consulting environmental engineer, the contracts entered into with such parties, any disclosures to or agreements with any public or private agencies or parties relating to Remedial Work and the written plan for the Remedial Work (and any changes thereto) at the Bondholder's option, is subject to the Bondholder's prior written approval, which may not be unreasonably withheld or delayed.

g) The obligations and rights of the parties under this Section 7.8 are secured by the Mortgage until the first to occur of full, final and indefeasible repayment of the Liabilities

or the transfer of title to all or any part of the Premises at a foreclosure sale under the Mortgage or by deed in lieu of such foreclosure (any of the foregoing transfers being referred to as a "Foreclosure Transfer"). The parties' obligations and rights under this Section 7.8 continue in full force and effect after the full and final payment of the Liabilities or a Foreclosure Transfer, as the case may be, but (i) in the case of a full and final payment of the Liabilities, the Borrower's obligations under this Section 7.8 are thereafter limited to the indemnification obligations of subsections (h) and (i) below as to Indemnified Costs (as defined below) arising out of or as a result of events prior to the full and final payment of the Liabilities, and (ii) in the case of a

Foreclosure Transfer, the obligations do not include the obligation to reimburse any Indemnified Party for diminution in value of the Premises resulting from the presence of Hazardous Substances on the Premises before the date of the Foreclosure Transfer if, and to the extent that, the Indemnified Party recovers on a deficiency judgment including compensation for such diminution in value; provided, however, that nothing in this sentence impairs or limits an Indemnified Party's right to obtain a judgment in accordance with applicable law for any deficiency in recovery of all obligations that are secured by the Mortgage, subject to the provisions of Section 14.1 hereof. As used in this Section 7.8, the term "Indemnified Costs" means all actual or threatened liabilities, claims, actions, causes of action, judgments, orders, damages (including foreseeable and unforeseeable consequential damages), costs, expenses, fines, penalties and losses incurred in connection with Hazardous Substances on the Property (including sums paid in settlement of claims and all consultant, expert and reasonable legal fees and expenses of the Bondholder's counsel), including those incurred in connection with any investigation of site conditions or any clean-up, remedial, removal or restoration work (whether of the Premises or any other property), or any resulting damages, harm or injuries to the person or property of any third parties or to any natural resources.

(h) Unless due to the gross negligence or intentional misconduct of the Indemnified Parties, the Borrower shall indemnify, defend and hold the Indemnified Parties harmless for, from and against any and all Indemnified Costs directly or indirectly arising out of or resulting from any Hazardous Substance being present or released in, on or around any part of the Premises, or in the soil, groundwater or soil vapor on or under the Premises, including: (i) any claim for such Indemnified Costs asserted against any Indemnified Party by any federal, state or local governmental agency, including the United States Environmental Protection Agency and the Illinois Environmental Protection Agency, and including any claim that any Indemnified Party is liable for any such Indemnified Costs as an "owner" or "operator" of the Premises under any law relating to Hazardous Substances; (ii) any claim for such Indemnified Costs asserted against any Indemnified Party by any person other than a governmental agency, including (1) any person who may purchase or lease all or any portion of the Premises from the Borrower, from any Indemnified Party or from any other purchaser or lessee, (2) any person who may at any time have any interest in all or any portion of the Premises, (3) any person who may at any time be responsible for any clean-up costs or other Indemnified Costs relating to the Premises, and (4) any person claiming to have been injured in any way as a result of exposure to any Hazardous Substance; (iii) any Indemnified Costs incurred by any Indemnified Party in the exercise by the Indemnified Party of its rights and remedies under this Section 7.8; and (iv) any Indemnified Costs incurred by any Indemnified Party as a result of currently existing conditions in, on or around the Premises, whether known or unknown by the Borrower or the Indemnified Parties at the time this Agreement is executed, or attributable to the acts or omissions of the

Borrower, any of the Borrower's tenants, or any other person in, on or around the Premises with the consent or under the direction of the Borrower.

(i) Unless due to the gross negligence or intentional misconduct of the Indemnified Parties, upon demand by any Indemnified Party, the Borrower must defend any investigation, action or proceeding involving any Indemnified Costs that is brought or commenced against any Indemnified Party, whether alone or together with the Borrower or any other person, all at the Borrower's own cost and by counsel approved by the Indemnified Party. In the alternative, any Indemnified Party may elect to conduct its own defense at the Borrower's expense.

, (j) In addition to any other rights or remedies the Bondholder may have under this Agreement, at

law or in equity, upon the occurrence of an Event of Default under this Agreement, the Bondholder may do or cause to be done whatever is necessary to cause the Premises to comply with any and all laws, regulations and ordinances governing or applicable to Hazardous Substances, and any other applicable law, rule, regulation, order or agreement, and the cost thereof will become immediately due and payable upon demand by the Bondholder, and if not paid when due will accrue interest at the default rate set forth in the Bonds, until paid. The Borrower hereby acknowledges and agrees that any amounts realized by the Bondholder by reason of the following may be applied to pay the Liabilities prior to being applied to pay the Borrower's obligations to reimburse the Bondholder for costs and expenses, including those incurred by the Bondholder in enforcing its rights and remedies under the provisions of this Section 7.8: (i) any payments made pursuant to the Bonds or any of the Borrower Collateral Documents (other than payments made to the Bondholder for reimbursement of costs and expenses or for enforcement of its rights and remedies, under the provisions of this Section 7.8); (ii) any foreclosure of the Mortgage or the other documents evidencing or securing the Liabilities (including any amounts realized by reason of any credit bid in connection with any such foreclosure); (iii) any conveyance in lieu of foreclosure; (iv) any other realization upon any security for the Liabilities; (v) any recoveries against the Borrower personally (except for recoveries against the Borrower for reimbursement of costs and expenses or enforcement of the Bondholder's rights and remedies under this Section 7.8); and (vi) any recoveries against any person or entity other than the Borrower (including any guarantor) to the maximum extent permitted by applicable law.

(k) To the extent any provision of this Section 7.8 conflicts with or provides lesser protection to the Bondholder than that provided by the Environmental Indemnity Agreement, the provisions of the Environmental Indemnity Agreement shall control.

Section 7.9. Insurance. The Borrower shall at all times maintain insurance with respect to the Project as is set forth in the Mortgage.

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 Bondholder's purchase of the Bond to constitute evidence that the Bondholder has approved the initial Development Cost Budget. The initial Development Cost Budget shall have a hard cost contingency line item in the minimum amount of ten percent (10%) of the hard cost amount (exclusive of profit and overhead) of the approved contract for construction of the Project

## 20

between the Borrower 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; provided, that individual line item changes in an amount not individually in excess of \$25,000 and in the aggregate not in excess of \$100,000 may be made without Bondholder approval, provided that the entire budget is "in balance" as provided in Section 7.12.

Section 7.11. Completion of Construction.

a) The Borrower shall commence construction of the Project during or before the Closing Date, and Complete all improvements comprising the Project during or before [25 months after Closing].

b) For purposes of this Section, the Project shall be deemed "Complete" when (a) the Project has been substantially completed in accordance with the approved Plans and Specifications therefor and

all applicable laws and ordinances, as evidenced by a certification of the Borrower's design architect; (b) final lien waivers from the Borrower's General Contractor and any other contractors providing materials and labor in connection with the Project have been obtained, or the Borrower shall have deposited with the Bondholder such surety bond, cash or other security satisfactory to the Bondholder in its sole discretion to secure the payment of any unpaid claims; (c) a final certificate of occupancy (or its functional equivalent) has been issued by the City of Chicago Department of Buildings with respect to the Project; and (d) all buildings in the Project have been "placed in service" pursuant to the requirements of Section 42 of the Internal Revenue Code.

Section 7.12. Balancing. The Borrower shall maintain the sources and uses of funds for the Project "in balance." The Project is "in balance" whenever the amount of the undisbursed funds (the "Undisbursed Funds") considering all financing sources that are, in the Bondholder's reasonable judgment, available for disbursement to pay Costs of the Project are sufficient, in the Bondholder's reasonable judgment, to pay all budgeted and unpaid Costs of the Project through completion of the Project, except for developer fees. The Project is "out of balance" if and when the Bondholder in its reasonable judgment determines that the Undisbursed Funds for the Project are insufficient to pay for all Costs of the Project.

Section 7.13. Change Orders. The Borrower must obtain the Bondholder's prior written approval of any change in any work or materials for the Project (whether positive or negative) exceeding \$25,000 in amount. Also, the Borrower must obtain the Bondholder's prior written approval for any change in any work or materials if the aggregate amount of all changes (whether positive or negative) with respect to the Project will then exceed \$100,000.

Section 7.14. Covenant Against Liens. The Borrower 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 Borrower has the right to contest in good faith any claim or lien, provided that it does so diligently and without prejudice to the Bondholder or delay in completing the Project by the Completion Date. Promptly upon the Bondholder's request, the Borrower must provide a bond, cash deposit or other security satisfactory to the Bondholder in the exercise of its reasonable judgment.

21

Section 7.15. Financial Statements. Within 120 days after the end of its fiscal year, the Borrower must deliver annual audited balance sheets and income statements to the Bondholder for itself and, until construction of the Project is Complete, of the Guarantors, together with a statement showing all changes in the financial condition of any such parties or of the Project occurring during the preceding fiscal year. Also, the Borrower must deliver promptly to the Bondholder (a) monthly certified rent rolls for the Project commencing the first month after the date that construction of the Project is Complete through the Conversion Date, and (b) from and after the Conversion Date, quarterly balance sheets, operating statements and certified rent rolls for the Project within thirty (30) days after each fiscal quarter. The Borrower must also deliver copies of all federal income tax returns (including all Schedule K-1s and any information returns) filed by the Borrower and, until construction of the Project is Complete, the Guarantors within thirty (30) days after the filing of each such income tax or information return.

Section 7.16. Notices. The Borrower must notify the Bondholder promptly in writing of:

- a) any litigation affecting the Borrower, the Manager Member, the Guarantors or the Developer, the defense of which has not been tendered to and accepted by the Borrower's insurance carrier;
- b) any written or oral communication the Borrower 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 financial condition or operations of the Borrower, the Manager Member or the Developer; (e) any change in the ownership or control of the Borrower or any of its members; or (f) any default by the Borrower's General Contractor or any subcontractor or material supplier for the Project.

Section 7.17. Zoning Amendments, Subdivisions, etc. The Borrower 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 7.18. Signage. Until the Project is Complete, the Borrower shall permit the Bondholder to display signage in cooperation with other Project funders in a highly visible location on the Project site.

## **ARTICLE VIII COVENANTS OF THE ISSUER**

Until the payment in full of the Bonds and the Borrower 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 Bonds at the place, on the dates and in the manner provided in the Bond Issuance Agreement and the Bonds according to the true intent and meaning thereof;

### **22**

provided, however, that the Bonds 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 the Bond Issuance Agreement.

Section 8.2. Borrower Note. The Issuer shall not thwart the efforts of the Borrower 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 Borrower Note against all claims and demands of all Persons whomsoever, and hereby authorizes the Borrower 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 Borrower Note and the Security for the Bonds. The Borrower 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 Bonds, including, without limitation, moneys on deposit in any Fund or Account in connection with the Bonds, whether or not such

moneys were derived from the proceeds of the sale of the Bonds or from any other source, or with respect to the payments derived from the Borrower Note, which may result in constituting the Bonds "arbitrage bonds" 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 Borrower to facilitate the payment of any rebatable arbitrage that may arise.

Section 8.5. Recordation and Other Instruments. As provided in Section 6.04 of the Bond Issuance Agreement, in order to perfect the security interest of the Bondholder in the Security for the Bonds, 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 Bonds assigned and pledged under the Bond Issuance Agreement for the payment of the principal of and interest on the Bonds and as otherwise provided herein, as the Bondholder shall reasonably request in writing, and the Borrower 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. The Issuer, to the extent permitted by law, at the expense of the Borrower, 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 the Bond Issuance Agreement upon the Security for the Bonds until the principal of and interest on the Bonds issued hereunder shall have been paid or provision for payment shall be made as herein provided.

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

## ARTICLE IX

### CONSTRUCTION OF PROJECT; ISSUANCE OF BONDS

Section 9.1. Agreement to Complete Project; Application of Bond Proceeds. The Borrower shall apply the proceeds of the Bonds to the acquisition, construction and renovation of the Project as described in Exhibit B attached hereto. The Borrower acknowledges and agrees that the disbursement of proceeds of the Bonds shall be made in the order and pursuant to the terms of the Construction Escrow Agreement. The Borrower agrees that the acquisition, construction and renovation of the Project will at all times proceed with due diligence to completion.

Section 9.2. Agreement to Issue the Bonds, (a) In order to provide funds to make the Loan to the Borrower 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 Bonds in the principal amount of up to \$[Principal], bearing interest and maturing as set forth in the Bond Issuance Agreement. The Issuer will deposit, or cause to be deposited, the proceeds of the Bonds advanced by the Bondholder pursuant to the Bond Issuance Agreement with the Fiscal Agent for deposit in the Construction Fund in accordance with Article IV of the Bond Issuance Agreement

(except for that portion of each advance of Bond proceeds, if any, deposited in the Capitalized Interest Account, as provided therein).

(b) Notwithstanding any other provision herein to the contrary, the maximum principal amount of Bond proceeds which are advanced (and thus the maximum principal amount of Loan proceeds which are disbursed) shall not exceed the sum of (i) 85% of the equity contributions scheduled to be contributed by the Investor Member of the Borrower under the Operating Agreement, (ii) 80% of the appraised value of the Project as completed (as set forth in the appraisal prepared for the Bondholder prior to the Closing Date), and (iii) the amount on deposit from time to time in the Cash Collateral Fund.

Section 9.3. Disbursements from the Construction Fund. Upon receipt by the Fiscal Agent of the proceeds from the sale of the Bonds as advanced by the Bondholder, the Fiscal Agent will, subject to the prior written approval of the Bondholder, disburse moneys in the Construction Fund to or on behalf of the Borrower for the following purposes, to the extent included in the related 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

24

Borrower Note and the Security for the Bonds are assigned and pledged as security for the related Bonds, and the fees and expenses for recording or filing any financing statements and any other documents or instruments that either the Borrower or counsel to the Issuer may deem desirable to file or record.

b) Payment to the Borrower of such amounts as shall be necessary to reimburse the Borrower (or for the Borrower to reimburse the Developer, if applicable) 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 Bonds 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 renovation 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 Borrower of all financial, legal and accounting fees and expenses (including all expenses incurred in connection with the placement of the Bonds) incurred in connection with the authorization, sale and issuance of the Bonds, the preparation of the Bond Issuance Agreement, this Loan Agreement, the Security for the Bonds, the Borrower 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 improvements and in the acquisition, construction and renovation 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 costs incurred to obtain the

General Contractor's payment and performance bond, and of any fees payable to the Issuer or the Bondholder, or the Issuer's or the Bondholder's counsel, or to the Investor Member in connection with the financing of the Project.

f) To the extent not paid pursuant to a contract for acquisition, construction, or renovation 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 Initial Period.

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

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.

25

Each of the payments referred to in this Section 9.3, other than those payments referred to in subsection (h) above, shall be made upon receipt by the Fiscal Agent of the documents and showings specified in Section 9.5 hereof.

Notwithstanding any other provision hereof or of the Bond Issuance Agreement, in the event the moneys in the Construction Fund and the Construction Escrow, 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 Borrower agrees within ten (10) days after receipt of written notice thereof from the Bondholder to pay directly, or to deposit in the Construction Fund (or in the Construction Escrow) 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 the Construction Escrow and from the Additional Funding Sources. NEITHER THE ISSUER NOR THE BONDHOLDER MAKES ANY WARRANTY, EITHER EXPRESS OR IMPLIED, THAT THE MONEYS THAT WILL BE PAID INTO THE CONSTRUCTION FUND, AND THAT, UNDER THE PROVISIONS OF THIS LOAN AGREEMENT, WILL BE AVAILABLE FOR PAYMENT OF THE COSTS OF THE PROJECT RELATING TO THE PROJECT, WILL BE SUFFICIENT TO PAY ALL THE COSTS THAT WILL BE INCURRED IN THAT CONNECTION. The Borrower agrees that if it should pay or should deposit moneys in the Construction Fund or Construction Escrow 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 Borrower Note or hereunder. The Borrower 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.

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

Section 9.4. Completion of the Project, (a) Any proceeds of the Bonds (including investment proceeds) remaining in the Construction Fund or in the Construction Escrow 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 transferred to, if

applicable, and placed by the Fiscal Agent in a separate escrow account and used to pay the outstanding principal balance of the Borrower Note and the corresponding redemption of the Bonds 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 date the Project was completed and taking into account any investment of moneys during the period from the date the Project was Completed until such moneys were deposited in such escrow account) greater than the yield on the Bonds, all as such terms are used in and determined in accordance with Section 148(a) of the Code and the Regulations. On or after the Conversion Date, if a payment in excess of \$10,000 is made by the Fiscal Agent in accordance with this Section 9.4, the Bondholder shall recalculate the amortizing payments under the Loan based on the reduced outstanding principal, and the

26

monthly payments of principal plus interest owed by Borrower through the term of the Loan shall be reduced accordingly.

(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. Except for Bond proceeds used to pay interest on the Bonds (for which no disbursement request shall be required), Bond proceeds shall be disbursed by the Bondholder to the Fiscal Agent for deposit in the Construction Fund upon written request, substantially in the form of Exhibit C hereto, signed by the Borrower and the Bondholder. Except to the extent that the disbursement pertains to costs of issuance of the Bonds, amounts disbursed from the Construction Fund shall be disbursed to the escrow agent under the Construction Escrow Agreement for further disbursement as provided therein. To the extent the disbursement pertains to the CHA Collateral Portion of the Bonds, the consent of the CHA to such disbursement shall be required as provided in the CHA Loan Agreement and the Construction Escrow Agreement. The Bondholder's disbursement of funds to the Fiscal Agent for deposit in the Construction Fund, shall be subject to the satisfaction of the conditions set forth in Articles X and XI hereof.

Immediately following a disbursement, the Borrower 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 Borrower.

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 that at any time shall constitute "gross proceeds" of the Bonds 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 Borrower (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 Borrower, 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 no-load, open-end money market mutual funds (including those of the Fiscal Agent and its affiliates) registered under the Investment Company Act of 1940, provided that the portfolios of such funds are limited to Government Obligations and each such fund has been assigned a rating by each Rating Agency of "AAA" or "Aaa," as applicable.

27

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, Account or Subaccount for which the investment was made, and the interest accruing thereon and any profit realized therefrom shall be credited to such Fund, Account or Subaccount, as the case may be, and any net losses resulting from such investment shall be charged to such Fund, Account or Subaccount, as the case may be. The Fiscal Agent shall be entitled to rely conclusively on all written investment instructions provided by the Borrower pursuant to this Section 9.6, and the Fiscal Agent shall have no responsibility or liability for any depreciation in the value of any investment or for any loss, direct or indirect, resulting from any investment made in accordance with such direction and written confirmation from the Borrower specified in this Section 9.6.

d) Notwithstanding the foregoing, moneys advanced by the Bondholder and deposited in the Construction Fund shall be immediately disbursed to the title company under the Construction Escrow Agreement for deposit in the Construction Escrow thereunder, and shall not be invested by the Fiscal Agent.

Section 9.7. Arbitrage Covenant. The Borrower 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, Account or Subaccount in connection with the Bonds, whether or not such moneys were derived from the proceeds of the sale of the Bonds or from any other source, will not be used or invested at the Borrower's direction in a manner that will cause the Bonds 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 of Bond proceeds made by the Bondholder to the Fiscal Agent for deposit 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.

All references herein to disbursements of the Loan shall also mean advances of Bond proceeds, and vice versa; i.e., an advance of Bond proceeds is a disbursement of the Loan made hereunder.

Bond proceeds will be disbursed by the Bondholder to the Fiscal Agent for deposit in the Construction Fund 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 Agreement and the Bond Issuance Agreement

28

shall have been duly authorized, executed and delivered to the Bondholder and the Fiscal Agent, respectively, including, without limitation, the Borrower Note, the Bonds, the Borrower Collateral Documents and such other agreements or documents as may be required by the Bondholder in its discretion, including, without limitation, such intercreditor, subordination or other agreements between and among the Bondholder and third parties making loans to the Borrower secured by mortgages of the Borrower's estate in the related Premises.

Section 10.2. Title Policy. An ALTA standard form or equivalent construction loan policy of title insurance (the "Title Policy") issued by Greater Illinois Title Company (the "Title Company"), insuring the lien of the Mortgage with respect to the Premises to be a first priority lien against the Borrower's estate in the Premises, subject only to those exceptions as are set forth in the Title Policy and any other exceptions as the Bondholder shall consent to in writing ("Permitted Exceptions"), containing extended coverage over the standard exceptions, including, without limitation, the exceptions for mechanics' lien claims and for matters of survey, and containing a lender's comprehensive endorsement, modified 3.1 zoning endorsement (with parking), mezzanine financing endorsement, location endorsement, survey endorsement, usury endorsement, access, environmental lien endorsement, pending disbursement endorsement and such other special endorsements as the Bondholder may reasonably require, together with copies of recorded documents affecting title to the related Premises.

Section 10.3. Survey. A current survey of the Premises prepared by a surveyor licensed in the State of Illinois in accordance with the current minimum detail requirements of the American Land Title Association and showing the boundaries of the Premises, the location of all improvements thereon, the area of the Premises in square feet, set-back lines, encroachments, easements, rights of way and any other matters of interest to the Bondholder. The survey shall be in such form as is acceptable to the Bondholder and the Title Company, be certified to the Bondholder and the Title Company, and contain a legal description of the Premises. The survey shall also certify that the Premises are situated in an area designated Zone C ("area of minimal flooding") according to the applicable Federal Emergency Management Agency Flood Insurance Rate Maps.

Section 10.4. Documents of Organization/Authority. A true, correct and complete copy of the fully executed Operating Agreements (including all amendments) of the Borrower and the Manager Member, and the organizational documents of the Guarantors, together with such additional documentation as the Bondholder deems necessary to evidence the due organization, good standing and authority of the Borrower, the Manager Member and the Guarantors, the form and content of which shall be satisfactory to the Bondholder in its discretion.

Section 10.5. Opinions of Counsel. Opinions of Bond Counsel, Issuer's counsel and Borrower's counsel, addressing such matters as the Bondholder may request.

Section 10.6. Bondholder's Fees. All fees and expenses of the Bondholder and the Fiscal Agent (if any) in connection with the purchase of the Bonds and the assignment of this Agreement and the Borrower Note shall have been paid.

Section 10.7. 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

29

financing statements, tax liens or judgments entered or filed against Borrower, the Manager Member, the Guarantors or the Premises, and dated no later than thirty (30) days prior to the date of issuance of the Bonds.

Section 10.8. Development Cost Budget. The Development Cost Budget setting forth all costs associated with the acquisition of the Premises, the completion of the Project and the Project construction schedule shall be approved by the Bondholder in writing, as and to the extent provided in Section 7.10 hereof. Once approved by the Bondholder, any subsequent amendments to the approved Development Cost Budget shall require the further prior written approval of the Bondholder, as and to the extent provided in Section 7.10 hereof.

Section 10.9. Architect's Contract. A copy of the fully executed contract with the Borrower's architect for the Project, in form and content acceptable to the Bondholder, and the collateral assignment of the architect's contract to the Bondholder with such assignment acknowledged and consented to by the architect. In addition, Borrower shall deliver a certification of the Borrower's architect that (a) the Plans and Specifications comply with all applicable laws and ordinances; (b) that the Plans and Specifications are complete in all respects and contain all details requisite for construction of the Project, which, when built in accordance therewith, shall be ready for use and occupancy for its intended purpose in compliance with all applicable laws; and (c) that the Plans and Specifications were prepared in a manner consistent with accepted architectural practice.

Section 10.10. Plans and Specifications. Plans and Specifications, as approved by the Bondholder, and with evidence of appropriate governmental approvals thereof.

Section 10.11. Operating Documents. Certified copies of all permits, licenses, consents, authorizations, agreements and governmental approvals necessary for the construction of the Project.

Section 10.12. Construction Contract. A general lump sum, firm price or maximum price construction contract between the Borrower and the General Contractor for construction of the Project in accordance with the Plans and Specifications, and the collateral assignment of the construction contract to the Bondholder with such assignment acknowledged and consented to by the General Contractor, and the most recent annual audited financial statements and interim unaudited financial statements of the General Contractor.

Section 10.13. Sworn Statements. True, correct and complete copies of the sworn statements of the Borrower and the Borrower's general contractor, executed and acknowledged and in form and content acceptable to the Bondholder.

Section 10.14. Appraisal; Loan to Value. An appraisal of the Project prepared by a licensed appraiser retained by the Bondholder indicating a fair market value of the Project upon stabilization acceptable to the Bondholder in its discretion. The Appraisal shall support an as-built loan-to-value ratio (principal amount of the portion of the Bonds expected to be outstanding immediately following the Conversion Date to the as-is appraised value of the Project) of at least 80%.

Section 10.15. 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. The Bondholder and the Additional Funding Sources shall also have agreed in the related Construction Escrow Agreement or otherwise in writing regarding the priority and, to the extent contemporaneously funded, the ratio in which the proceeds of the Loan and the Additional Funding Sources are to be disbursed to finance Costs of the Project (such agreed to priority or ratio being referred to herein as the "Funding Order").

Section 10.16. Environmental Review. The Bondholder shall have received and approved copies of the Phase I environmental site assessment and other reports with respect to the environmental conditions of the Premises. If requested by the Bondholder, the Borrower shall deliver a letter from the environmental consultant indicating that the Bondholder is entitled to rely on the Phase I environmental site assessments to the same extent as if the environmental site assessments were addressed to the Bondholder.

Section 10.17. Bonds. Performance and payment bonds with respect to the Project from the Borrower's general contractor and/or its subcontractors with an aggregate penal sum equal to the full amount of the construction contract written on applicable AIA or HUD forms, or other forms satisfactory to the Bondholder, and underwritten by a surety satisfactory to the Bondholder, naming the Bondholder as co-obligee.

Section 10.18. Equity Requirements. The Bondholder shall have determined, in the exercise of its reasonable discretion, that the aggregate of (a) the principal amount of the Loan, plus (b) the amount of all equity contributed by the Borrower, plus (c) all funds unconditionally 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. The amount of equity to be deposited prior to the initial disbursement of the Loan on the Closing Date shall be not less than \$ .

Section 10.19. Insurance. Evidence of builder's risk insurance coverage related to the Project satisfactory to the Bondholder.

Section 10.20. Financial Statements. The most recent annual audited financial statements and interim unaudited financial statements of the Guarantors.

Section 10.21. Swap Agreement. The forward swap agreement with respect to the Bonds between the

Borrower and an acceptable swap counterparty for the period when the Bonds bear interest at the Permanent Interest Rate during the Permanent Period.

31

Section 10.22. Market Study. The market study for the Project.

Section 10.23. Reserved.

Section 10.24. Report of Bondholder's Inspecting Architect. The Bondholder shall have received a written report of its inspecting architect subsequent to review by the inspecting architect, including, without limitation, of the Plans and Specifications, the construction contract between the Borrower and general contractor, and the construction schedule for the Project.

Section 10.25. Approval of Members/Material Adverse Financial Change. Each member of the Borrower shall be acceptable to the Bondholder and there shall not have occurred any material adverse change in the financial condition of the Borrower, the Manager Member, the Investor Member or the Guarantors.

Section 10.26. No Material Litigation. No material litigation shall be pending or threatened against the Borrower, the Manager Member or the Guarantors.

## ARTICLE XI

### CONDITIONS PRECEDENT TO ALL DISBURSEMENTS

Unless otherwise approved by the Bondholder, advances of Bond proceeds (i.e., disbursements of the Loan) by the Bondholder to the Fiscal Agent for deposit in the Construction Fund in the Construction Fund shall be immediately transferred to the Title Company for deposit into the Construction Escrow established pursuant to the Construction Escrow Agreement. Subject to the introductory language of Article X hereof, the Bondholder's approval of each request of the Borrower for disbursement of Bond proceeds by the Bondholder to the Fiscal Agent for deposit 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. Draw Request Documents. The Bondholder or, at the Bondholder's direction, the Title Company shall have received and approved the following documents in form acceptable to the Bondholder with each request for a disbursement of a Loan:

(a) a Disbursement Request from the Borrower requesting the disbursement, containing any special funding instructions and requesting any necessary changes in the Plans and Specifications, Development Cost Budget or construction schedule;

32

b) a current Borrower's sworn statement completed and certified showing items of the budgeted Costs of the Project, with amounts previously paid and amounts requested for disbursement;

c) an "Application for Payment and General Contractor's Sworn Statement" form completed and certified and sworn to by the General Contractor;

d) partial lien waivers or releases of lien from the Borrower's general contractor for the full amount of the requested disbursement, and partial lien waivers or releases of lien from all material suppliers and subcontractors showing, in the case of all draw requests other than the final draw request, full payment through the preceding draw request, and, in the case of the final draw request, for the full amount of the requested disbursement, or copies of such waivers or releases if the originals are delivered to the Title Company in order to obtain the endorsement hereinafter required;

e) copies of invoices and canceled checks for all reimbursable soft costs;

f) a Title Company date down and pending disbursement endorsements updating the Bondholder's Title Policy through the date of the immediately preceding disbursement;

.(g) copies of invoices and other documents to support the full amount of non-construction cost items contained in the requested disbursement;

(h) Copies of any proposed or executed change orders on standard AIA G701 form, which have not been previously furnished to Issuer and Bondholder;

(i) A report from the Bondholder's inspecting architect that contains an analysis reasonably satisfactory to Bondholder demonstrating the adequacy of the Budget to complete the Project, an analysis as to whether the work is proceeding in accordance with the construction schedule and the Plans and Specifications, and a certification as to amounts of construction costs for the applicable requested funding;

(j) If requested by Bondholder, an updated construction schedule;

(k) Copies of all construction contracts (including subcontracts) which have been executed since the last disbursement, together with any payment and performance bonds obtained or required to be obtained with respect thereto;

(l) All permits then needed in connection with the Project and not previously delivered to Bondholder.

(m) such other documentation as may be reasonably requested by the Bondholder.

Section 11.3. Title Endorsements. The Bondholder shall have received a telephonic commitment from the Title Company to issue an endorsement to the Title Policy extending coverage to include the date and the amount of the requested disbursement, without exception for

**33**

mechanics' liens or claims of liens, or any other matter not previously approved by the Bondholder in writing, and the Bondholder shall have received and approved a written endorsement to its Title Policy covering the immediately previous disbursement.

Section 11.4. Retainage. Each disbursement (other than for materials-only subcontracts) relating to the Project shall be subject to a holdback (the "Retainage") equal to ten percent (10%) of all amounts due the Borrower's general contractor and each subcontractor until the Project is 50% Complete, and five percent (5.0% thereafter), which will be released upon completion of the Project, and upon satisfaction of the conditions for the final disbursement as set forth in Section 11.10 below.

Section 11.5. Mechanics' Liens and Litigation. There shall be no mechanic's lien claim, litigation or proceeding pending or, to the best of Borrower's knowledge, threatened against or affecting the Premises, unless the same are being contested in accordance with Section 7.14 hereof, or any pending litigation which would in any manner materially adversely affect the Premises or the priority or enforceability of the Bonds, the related Borrower Note, the Mortgage or the other Borrower Collateral Documents or the ability of the Borrower to complete the acquisition, construction, and renovation of the Project.

Section 11.6. No Default under Construction Contract or Agreements with Additional Funding Sources. There shall exist no material default, and there shall exist no event or circumstance that with notice or the passage of time or both would constitute a material default, under (a) the Borrower's construction contract with the general contractor, or (b) any note, agreement or other document executed in connection with any Additional Funding Source.

Section 11.7. No Default under Operating Agreement. There shall exist no material default under the Operating Agreement, and no event or circumstance shall exist that with notice or the passage of time, or both, would give rise to a material default under the Operating Agreement.

Section 11.8. CHA Funds and LIHTC Deposits to Pay Bonds. Any deposit of (i) CHA funds, and (ii) capital contributions to be made by the Investor Member, in each case, to the extent the same are to be used to pay principal of and interest on the Bonds in accordance with CHA Loan Agreement and the Operating Agreement, respectively, shall have been made as provided in the Funding Schedule attached as Exhibit F hereto.

Section 11.9. Funding Priorities. The related Additional Funding Sources shall have agreed to fund proceeds of their respective loans in accordance with the construction funding priorities established pursuant to Exhibit F hereto.

Section 11.10. Disbursement Immediately Following Initial Disbursement on Closing Date. With

respect to the disbursement immediately following the initial advance of Bond proceeds made on the Closing Date, no such disbursement shall be made unless (a) all of the proceeds of the CHA Donation Tax Credit Loan have been deposited into the Construction Escrow, and (b) at least 15% of the aggregate equity contributions to be made by the Investor Member under the Operating Agreement shall have been funded.

34

Section 11.11. Final Construction Disbursement. The final disbursement and release of Retainage shall be subject to the Bondholder's receipt and approval of the following:

- a) certifications that the acquisition, construction, and renovation of the Project has been completed lien free in substantial compliance with the Plans and Specifications, as well as all applicable laws and ordinances, from the Borrower, the Borrower's architect and the Bondholder's inspecting architect;
- b) final lien waivers and affidavits from the Borrower's general contractor and any other contractors required by the Title Company to issue its final endorsement to the Bondholder's Title Policy insuring over mechanics' and materialmen's liens;
- c) approval of any surety company issuing performance and payment bonds with respect to the Project;
- d) a final and comprehensive endorsement to the Title Policy for the Project with extended coverage;
- e) a certificate of occupancy, or its equivalent, issued by the City of Chicago;
- f) an as-built survey of the Premises and the Project, satisfying the survey standards and requirements set forth in Section 10.3; and
- g) a full size set of as-built plans for the completed Project, or an electronic copy of the as-built plans for the completed Project may be accepted in the Bondholder's sole discretion.

Notwithstanding the foregoing, in no event shall the Bondholder be obligated to approve disbursement requests made subsequent to the Maturity Date.

**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 Borrower in the due and punctual payment of any amount required to be paid under the Borrower Note, this Loan Agreement, the Bond Issuance Agreement, the Borrower Collateral Documents or the Bonds, 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 five days after written notice thereof to the Borrower from the Issuer or the Bondholder;

b) default in the performance or observance of any of the covenants contained in Sections 7.1, 7.6, 7.7 or 7.14.

35

c) default in the performance or observance of any other covenant, agreement or condition (and not constituting an Event of Default under any of the other provisions of this Section 12.1), provided that such default shall not constitute an Event of Default hereunder if it is cured within 30 days after written notice thereof to the Borrower from the Issuer or the Bondholder as long as during such period the Borrower is using its best efforts to cure such default and such default can be cured within such period;

d) any Event of Default (which Event of Default continues beyond all applicable notice and cure periods) under the Bond Issuance Agreement or any of the Borrower Documents shall occur;

e) any representation or warranty made by the Borrower herein or in any of the Borrower Documents is false or misleading in any material respect when made, or any schedule, certificate, financial statement, report, notice or other writing furnished by the Borrower 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);

f) the dissolution or liquidation of the Borrower, the Manager Member, the Developer or, prior to the date that the Project is Complete, either Guarantor (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 90 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 90 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; the entry by a Principal Party into an agreement of composition with its creditors;

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 Borrower, 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

36

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;

(h) default in the payment when due, or in the performance or observance, of any material obligation of, or condition agreed to by, the Borrower with respect to any material purchase or lease of goods or services (except only to the extent that the Borrower 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 Borrower one or more judgments or decrees in excess of \$100,000 in the aggregate at any one time outstanding for the Borrower, excluding those judgments or decrees (i) that shall have been stayed, vacated or bonded, (ii) for and to the extent to which the Borrower 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 Borrower is otherwise indemnified if the terms of such indemnification are satisfactory to the Issuer and the Bondholder; or

(j) a material default or material 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

(k) a default or event of default shall occur under the Operating Agreement, the effect of which is to materially delay payment of an Investor Member capital contribution, which delay will have a material adverse effect on the Project, which default is not cured before the lapse of any applicable cure period.

Notwithstanding anything to the contrary herein, the Bondholder hereby agrees that any cure of any default by the Borrower made or tendered by one or more of the Borrower's members (including, without limitation, the Investor Member) shall be deemed a cure by the Borrower and shall be accepted or rejected on the same basis as if made or tendered by the Borrower. Additionally, Bondholder agrees to standstill on its remedies discussed in Section 12.2 if and to the extent the Bondholder has not given at least fifteen (15) days' written notice to the Investor Member of the occurrence of an Event of Default.

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 Bond Issuance Agreement) 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 Borrower Note, including the right to declare the entire principal of and all unpaid interest accrued on the Borrower Note to be, and upon written notice to the Borrower (with a copy to the Issuer) of such declaration such Borrower Note and the unpaid accrued

**37**

interest thereon shall become, due and payable, without presentment, demand or protest, all of which are hereby expressly waived. The Borrower shall forthwith pay to the Bondholder the entire principal of and interest accrued on the Borrower Note. There shall be automatically waived, rescinded and annulled such declaration of acceleration of the Borrower Note and the consequences thereof when any declaration of acceleration of the Bonds 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 Borrower under this Loan Agreement or the other Borrower Collateral Documents.

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

If the Bondholder shall have proceeded to enforce its rights under this Loan Agreement, the Borrower Note, the Borrower Collateral Documents or the Security for the Bonds, 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 Borrower, 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 Borrower, the Issuer and the Bondholder shall continue as though no such proceeding had been taken.

If there shall be pending proceedings for the bankruptcy or for the reorganization of the Borrower 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 Borrower, or in the case of any other similar judicial proceedings relative to the Borrower, or to the creditors or Property of the Borrower, 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 Borrower 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 Borrower, 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. Notwithstanding anything to the contrary contained herein, if the Borrower 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 Borrower, may (but shall not be obligated to) remedy such failure for the account of the Borrower, and make advances for that purpose. If such failure involves, has caused or threatens to cause a condition that must, in the

38

opinion of the Issuer or the Bondholder, be cured immediately, the Issuer or the Bondholder may remedy such failure without prior notice to the Borrower. No such performance or advance shall operate to release the Borrower from any such default and any sums so advanced shall be repayable by the Borrower 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 Borrower 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.

#### Section 12.4. Costs and Expenses.

a) The Borrower 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 Borrower Note, the Borrower Collateral Documents or the Security for the Bonds 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 Borrower further agrees that the Issuer, in its sole discretion, may deduct all such unpaid amounts from the aggregate proceeds of the Borrower 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 Borrower 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 Borrower Note, the Borrower Collateral Documents or the Security for the Bonds, (B) to represent the Issuer in any work-out or any type of restructuring of the Borrower Note or the Bonds, 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 Borrower or any other Person) in any way or respect relating to this Loan Agreement, the Borrower Note, the Borrower Collateral Documents, the Security for the Bonds or the Borrower's affairs, or any collateral securing the Liabilities hereunder, or (C) to enforce any of the rights of the Issuer with respect to the Borrower; and/or (ii) seeks to enforce or enforces any of the rights and remedies of the Issuer with respect to the Borrower. Without limiting the generality of the foregoing, such

expenses, costs, charges, disbursements and fees include: 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 Borrower 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 Borrower Note, the Borrower Collateral Documents, the Security for the Bonds, the Bonds or of any other agreements.

39

certificates, instruments or documents provided for herein or delivered or to be delivered hereunder or in connection herewith.

(d) All of the Borrower's obligations provided for in this Section 12.4 shall be Liabilities and shall survive repayment of the Bonds and the Borrower Note, cancellation of the Bonds and the Borrower 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 Borrower Note, the Borrower Collateral Documents, if any, or the Security for the Bonds, 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 Borrower Note, the Borrower Collateral Documents, if any, and the Security for the Bonds, 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 Bonds 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 Borrower 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 Borrower Note or, if all such payments and other amounts, if any, have been paid, the same may be applied as directed by the Borrower (subject to the

restrictions of the Land Use Restriction Agreements and the Tax Certificate), and (b) if an Event of Default has occurred and is continuing, as directed and in such order as determined by the Bondholder.

40

ARTICLE XIII

INDEMNIFICATION

Section 13.1. Indemnification of Issuer and Fiscal Agent, (a) Except as otherwise provided below and subject to Section 14.1 hereof, 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 Borrower for any reason. Unless caused by the gross negligence or intentional misconduct of an Indemnified Party, the Borrower 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 Borrower 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 financing, installation, operation, use or maintenance of the Project; (ii) any act, failure to act, or misrepresentation by the Borrower or any member of the Borrower, or any Person acting on behalf of, or at the direction of, the Borrower or any member of the Borrower, in connection with the issuance, sale or delivery of the Bonds; (iii) any false or misleading representation made by the Borrower in the Borrower Documents; (iv) the breach by the Borrower of any covenant contained in the Borrower Documents, or the failure of the Borrower to fulfill any such covenant which is not cured within all applicable notice and cure periods; (v) enforcing any obligation or liability of the Borrower under this Loan Agreement, the Borrower Note, the Borrower Collateral Documents, the Security for the Bonds or the Borrower Documents, or any related agreement; (vi) taking any action requested by the Borrower; (vii) taking any action reasonably required by the Borrower Documents; or (viii) taking any action considered necessary by the Issuer or the Fiscal Agent, and which is authorized by the Borrower 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 Borrower, as the Indemnified Person shall determine. If such defense is by counsel to the Indemnified Person, the Borrower 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 Borrower shall defend the Indemnified Persons, the Borrower shall immediately assume the defense at its own cost. Neither the Indemnified Persons nor the Borrower shall be liable for any settlement of any proceeding made without each of their consent. In no event shall the Borrower 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 Borrower to take any action under this Loan Agreement or any other instrument executed in connection herewith for

the benefit of the Borrower, 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 Borrower, 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 Borrower prior to the taking of any such action by the Indemnified Persons.

d) The obligations of the Borrower 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.

e) Indemnification of the Issuer by the Borrower with respect to environmental matters shall be governed exclusively by the terms and provisions of the Environmental Indemnity Agreement.

#### ARTICLE XIV

#### MISCELLANEOUS

Section 14.1. Non-recourse Liability; Exceptions. Subject to the terms contained in the next succeeding paragraph, following the Conversion Date, the covenants and agreements contained in this Loan Agreement and the Borrower Note shall be non-recourse to the Borrower and all members thereof, and in the event of a default hereunder or under any related document, the sole source of satisfaction of repayment of the amounts due to the Issuer and the Bondholder hereunder and under the Borrower Note shall be limited to the rights of the Issuer and Bondholder hereunder and under the Borrower Documents, as well as under any guarantees.

Notwithstanding the immediately preceding paragraph, nothing in this Loan Agreement, in the Borrower Note, in the Borrower Collateral Documents or in the Security for the Bonds shall limit the rights of the Issuer or the Bondholder, following any of the events hereinafter described, to take any action as may be necessary or desirable to pursue the Borrower, the Manager Member, (prior to the date the Project is Complete, the Guarantors) or the Developer for any and all losses incurred by the Issuer or the Bondholder arising from (i) a material misrepresentation, fraud made in writing or misappropriation of funds by the Borrower, the Manager Member, the Guarantors or the Developer; (ii) intentional or material waste to the Premises; (iii) use of proceeds of the Loan for costs other than Costs of the Project, (iv) except as may be permitted herein, any transfer of title to all or any portion of the Project without the Issuer's and the Bondholder's prior written consent; (v) the misappropriation or misapplication of insurance proceeds or condemnation awards relating to the Project by the Borrower, the Manager Member or the Developer; (vi) the recovery of rents more than one-month in advance in violation of the Borrower Collateral Documents; (vii) any indemnity by the Borrower or any other party, any guaranties, completion agreements and any similar rights to payment and performance that have been or may be executed, or that have been or may be granted, by the Borrower or any other party in connection with the Loan;-or (viii) the default (after expiration of any notice and cure period) by Borrower or the Manager Member in the performance of their respective obligations under this Loan Agreement or the Borrower Note relating to preserving



WHP Village, LLC c/o The Michaels Organizations 3 East Stow Road, Suite 100 Marlton, New Jersey 08053  
Attention: John J. O'Donnell

And

WHP Village, LLC c/o The Michaels Organizations 542 S. Dearborn Street, Suite 560  
Chicago, Illinois 60605 Attention: Mikki Anderson

**44**

Applegate & Thorne-Thomsen, P.C. 626 W. Jackson Blvd., Suite 400 Chicago, Illinois 60661 Attention:  
Bennett P. Applegate

And

Levine, Staller, Sklar, Chan, & Brown, PA. 3030 Atlantic Avenue Atlantic City, New Jersey 08401 Attention:  
Arthur Brown

And

Riverside Capital  
3 East Stow Road, Suite 100

P.O. Box 994  
Marlton, New Jersey 08053 Attn: Rick Slagle

And

Nixon Peabody LLP 100 Summer Street Boston, MA 02110 Attn: Roger W. Holmes And

Better Tomorrows 3 East Stow Road, Suite 225 Marlton, New Jersey 08053 Attn: Kelleigh Parker

And

Laura Solomon & Associates 121 Sibley Avenue Ardmore, PA 19003 610-645-0992

BMO Harris Bank NA.  
Community Development Lending Group  
115 S. LaSalle St., 20W  
Chicago, Illinois 60603  
Attention: Tania Kadakia  
At the address shown in the books of the Bond Registrar

BMO Harris Bank N.A.  
Community Development Lending Group  
115 S. LaSalle St., 20W Chicago, Illinois 60603  
Attention: Tania Kadakia

Albert, Whitehead, P.C. ION. Dearborn St., Suite 600 Chicago, IL 60602 Attention: Greg Whitehead

Chicago Housing Authority  
60 E. Van Buren, 12<sup>th</sup> Floor  
Chicago, IL 60605  
Attention: Chief Executive Officer

Chicago Housing Authority 60 E. Van Buren, 12<sup>th</sup> Floor Chicago, IL 60605 Attention: Chief Legal Officer

A duplicate copy of each notice required to be given hereunder by the Bondholder or the Fiscal Agent to the Issuer or the Borrower shall also be given to the others. The Issuer, the Borrower, 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 Bonds.

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 Bonds (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 Borrower 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 Borrower to the Issuer pursuant to the Bond Documents, and (ii) second, to the Borrower.

Section 14.7. Amendments, Changes and Modifications. Subsequent to the initial issuance of the Bonds and prior to their 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 Borrower 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 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 LOAN AGREEMENT OR THE BORROWER 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 BORROWER 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 BORROWER 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 BORROWER NOTE, THE BORROWER COLLATERAL DOCUMENTS AND THE SECURITY FOR THE BONDS, 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 BORROWER NOTE, THE BORROWER COLLATERAL DOCUMENTS AND THE SECURITY FOR THE BONDS, 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 BORROWER HEREBY CONSENTS AND SUBMITS TO THE JURISDICTION OF ANY LOCAL, STATE OR FEDERAL COURT LOCATED WITHIN SUCH CITY AND STATE. THE BORROWER HEREBY WAIVES ANY RIGHT IT MAY HAVE TO TRANSFER OR CHANGE THE VENUE OF ANY**

**LITIGATION BROUGHT AGAINST IT IN ACCORDANCE WITH THIS SECTION.**

**47**

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 Borrower 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 Bonds shall survive the termination of this Loan Agreement and the payment in full of the Borrower Note and the Bonds.

Section 14.10. Bond Issuance Agreement Provisions. The Bond Issuance Agreement provisions concerning the Bonds and the other matters therein are an integral part of the terms and conditions of the Loan made by the Issuer to the Borrower 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 Borrower to the extent it relates to the Borrower and the Project. Additionally, the Borrower agrees that, whenever the Bond Issuance Agreement by its terms imposes a duty or obligation upon the Borrower, such duty or obligation shall be binding upon the Borrower to the same extent as if the Borrower were an express party to the Bond Issuance Agreement, and the Borrower hereby agrees to carry out and perform all of its obligations under the Bond Issuance Agreement as fully as if the Borrower 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 Borrower, 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 Bonds, 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 Borrower acknowledges that the Bondholder shall have the right to grant participations in the Bonds and the Borrower Note, pursuant to the Bond Issuance Agreement, all without notice to or consent from the Borrower. No holder of a participation in the Bonds or the Borrower Note shall have any rights under this Loan Agreement.

(b) The Borrower hereby consents to the disclosure of any information obtained in connection herewith by the Issuer to any Person that 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 Borrower of each Person that 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 Borrower 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 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 Borrower is, and during the term of this Loan Agreement the Borrower 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 Borrower represents and warrants that: (a) neither it, nor any of its members, 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 Borrower 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 Borrower Note, the Borrower Collateral Documents, the Security for the Bonds, the Bonds 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]

By:

ATTEST:

**WHP VILLAGE, LLC,**  
an Illinois limited liability company

By: WHP Village Manager, LLC, an Illinois limited liability company, its manager

By: Brinshore PL, LLC,  
an Illinois limited liability company, a member

By: Brinshore Development, L.L.C.,  
an Illinois limited liability company, its managing member

By: RJS Real Estate Services, Inc.,  
an Illinois corporation, a member

By:  
Name: Richard J. Sciortino Title: President

By: Michaels Chicago Holding Company, LLC, an Illinois limited liability company, a member

By:  
Name: John J. O'Donnell Title: Vice President

S-2

Acknowledged and agreed to:

BMO HARRIS BANK N.A.,  
as Bondholder

By: Its:

**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 BMO HARRIS BANK N.A., the registered owner of the Bonds. 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: Its:

**EXHIBIT A-1 FORM OF BORROWER**

**NOTE**

**CHICAGO, ILLINOIS**  
Illinois,

The undersigned, FOR VALUE RECEIVED, promise to pay to the order of the CITY OF CHICAGO (the "Issuer"), at the principal office of BMO HARRIS BANK N.A. in Chicago, DOLLARS (\$[Principal]) or, if less, the aggregate unpaid principal balance of the Loan (as defined in the hereinafter defined Loan Agreement) made by the Issuer to the undersigned pursuant to the Loan Agreement, due and payable on the Maturity Date (as defined in the Loan Agreement) or at such earlier time as provided in the Loan Agreement.

The undersigned also promises to pay interest on the unpaid principal amount hereof from time to time outstanding from the date hereof until maturity (whether by acceleration or otherwise) and, after maturity, until paid, at the rates per annum and on the dates specified in the Loan Agreement. Principal of and interest on this Bond shall be payable at such times and in such amounts as shall be sufficient to- pay the Issuer's Bonds issued under the Bond Issuance Agreement dated as of June 1, 2016 among the Issuer, BMO Harris Bank N.A., and BMO Harris Bank N.A., as Fiscal Agent.

Payments of principal and interest are to be made in lawful money of the United States of America in

same day or immediately available funds.

This Borrower Note is the "Borrower Note" described in, and is subject to the terms and provisions of, a Loan Agreement, dated as of June 1, 2016 (as the same may at any time be amended or modified and in effect, the "Loan Agreement"), between the undersigned and the Issuer, and payment of this Borrower Note is secured as described in the Loan Agreement. Reference is hereby made to the Loan Agreement for a statement of the prepayment rights and obligations of the undersigned, a description of the nature and extent of the security, and the rights of the parties to the related documents in respect of such security, and for a statement of the terms and conditions under which the due date of this Borrower Note may be accelerated. Upon the occurrence of any Event of Default as specified in the Loan Agreement, the unpaid principal balance hereof, and interest accrued hereon, may be declared to be forthwith due and payable.

In addition to, and not in limitation of, the foregoing and the provisions of the Loan Agreement, the undersigned further agrees, subject only to any limitation imposed by applicable law, to pay all reasonable expenses, including, but not limited to, attorneys' fees and legal expenses, incurred by the registered owner of this Borrower Note in endeavoring to collect any amounts payable hereunder which are not paid when due, whether by acceleration or otherwise.

A-1

Subject to certain limitations set forth in Section 14.1 of the Loan Agreement, this BoiTower Note shall be non-recourse with respect to the undersigned and its members.

All parties hereto, whether as makers, endorsers or otherwise severally waive presentment for payment, demand, protest and notice of dishonor.

THIS BORROWER NOTE HAS BEEN DELIVERED IN CHICAGO, ILLINOIS, AND SHALL BE DEEMED TO BE A CONTRACT MADE UNDER AND GOVERNED BY THE INTERNAL LAWS OF THE STATE OF ILLINOIS.

**WHP VILLAGE, LLC,**  
an Illinois limited liability company

By: WHP Village Manager, LLC,  
an Illinois limited liability company, its manager

By: Brinshore PL, LLC,  
an Illinois limited liability company, a member

By: Brinshore Development, L.L.C.,  
an Illinois limited liability company, its managing  
member

By: RJS Real Estate Services, Inc.,  
an Illinois corporation, a member

By:  
Name: Richard J. Sciortino Title: President

By: Michaels Chicago Holding Company, LLC, an Illinois limited liability company, a member

By:  
Name: John J. O'Donnell Title: Vice President

A-2

**NON-RECOURSE ENDORSEMENT**

Pay to the order of BMO Harris Bank N.A., without recourse against the undersigned.

**CITY OF CHICAGO**

**By:**

**EXHIBIT B COSTS OF PROJECT  
EXHIBIT C**

**FORM OF DISBURSEMENT REQUEST**

BMO Harris Bank N.A., as Fiscal Agent  
Community Development Lending Group  
111 W. Monroe St., Suite 2E  
Chicago, Illinois 60603  
Attention:

Ladies and Gentlemen:

This Disbursement Request is delivered to you pursuant to Section 9.5 of the Loan Agreement, dated as of June 1, 2016 (as amended or modified, the "Loan Agreement"), between WHP Village, LLC, an Illinois limited liability company (the "Borrower"), 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 Borrower, 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 Borrower, 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 September 6, 2014 and is a proper charge against the Construction Fund, or is otherwise permitted in accordance with the Tax Certificate] OR [to the extent such disbursement is requested to pay interest on the Bonds, such amount disbursed represents interest chargeable to the Borrower's capital account for federal tax law purposes];

b) that other than for costs of issuance, 100% of the amount requested plus all prior disbursements from the Construction Fund will have been expended on Costs of the Project (consistent with the provisions of the Tax Certificate);

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 Borrower 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 Borrower, 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

C-1

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 Borrower, or the Borrower, 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 Borrower.

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\_\_\_\_\_.

**WHP VILLAGE, LLC,**  
an Illinois limited liability company

By: WHP Village Manager, LLC,  
an Illinois limited liability company, its manager

By: Brinshore PL, LLC,  
an Illinois limited liability company, a member

By: Brinshore Development, L.L.C.,  
an Illinois limited liability company, its managing  
member

By: RJS Real Estate Services, Inc.,  
an Illinois corporation, a member

By:  
Name: Richard J. Sciortino Title: President

By: Michaels Chicago Holding Company, LLC, an Illinois  
limited liability company, a member

By:  
Name: John J. O'Donnell Title: Vice  
President

APPROVED:

BMO HARRIS BANK N.A.,  
a national banking association

By:  
Name:  
Its:

APPROVED:

[INSPECTING ARCHITECT]

By:  
Name:  
Its:

ANNEX I

Amount to be  
Transferred

Person to be Paid

Name, Address, etc.  
of Transferee

Name Account No.

Attention:

Name Account No.

Attention:

**C-5**

**EXHIBIT D**

**WIRE TRANSFER INSTRUCTIONS**

**Domestic Wire Instructions:**

Bank Name: BMO Harris Bank NA.

ABA/Routing No.: 071-000-288

Account Name:

Account No.:

Reference: WHP Village, LLC

D-1

EXHIBIT E

ENVIRONMENTAL DISCLOSURES

**EXHIBIT F**

FUNDING SCHEDULE

(See Attached)

F-1

**EXHIBIT D**

**Form of Land Use Restriction Agreement**

(See Attached)

D-1

Recording Requested By and When Recorded Send to: Greenberg Traurig, LLP 77 West Wacker  
Drive Chicago, Illinois 60601 Attention: Matthew R. Lewin

**LAND USE RESTRICTION AGREEMENT between CITY OF CHICAGO**

and

**WHP VILLAGE, LLC**

an Illinois limited liability company

Dated as of June 1, 2016

TABLE OF CONTENTS

	Page	
Section 1.	Term of Restrictions	1
Section 2.	Project Restrictions	3
Section 3.	Occupancy Restrictions	4
Section 4.	Rental Restrictions	6
Section 5.	Transfer Restrictions	6
Section 6.	Enforcement	6
Section 7.	Covenants To Run With the Land	7
Section 8.	Recording	8
Section 9.	Agents of the Issuer	8
Section 10.	No Conflict With Other Documents	8
Section 11.	Interpretation	8
Section 12.	Amendment	8
Section 13.	Severability	8
Section 14.	Notices	8
Section 15.	Govern i ng Law	8
Section 16.	Limited Liability of Borrower	8
Section 17.	Subordination; HUD Requirements	8
Section 18.	Interplay Between this Agreement and Capital Advance Documents	8
Section 19.	Claims	9
Section 20.	HUD Rights	9
Section 21.	HUD Reservation	9
EXHIBIT A	LEGAL DESCRIPTION OF THE SITE	
EXHIBIT B	INCOME COMPUTATION AND CERTIFICATION	
EXHIBIT C	CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE	

CHI 66875696v2

## LAND USE RESTRICTION AGREEMENT

**THIS LAND USE RESTRICTION AGREEMENT (this "Agreement"), entered into as of June 1, 2016, between the CITY OF CHICAGO, a municipal corporation and home rule unit of government duly organized and validly existing under the Constitution and laws of the State of Illinois (the "City"), and WHP VILLAGE, LLC an Illinois limited liability company (the "Borrower"),**

WHEREAS, the Issuer has issued, sold and delivered its \$[Principal] Multi-Family Housing Revenue Bonds (Villages of Westhaven Project) Series 2016 (the "Bonds"); and

WHEREAS, the Bonds are issued pursuant to a Bond Issuance Agreement of even date herewith (the "Bond Issuance Agreement"), among the Issuer, BMO Harris Bank N.A., as Bondholder (the "Bondholder") and BMO Harris Bank N.A., as Fiscal Agent (the "Fiscal Agent"), and the proceeds derived from the issuance and sale of the Bonds have been lent by the Issuer to the Borrower pursuant to the Loan Agreement of even date herewith (the "Loan Agreement"), between the Issuer and the Borrower to finance costs of a 200-unit mixed income, multi-family residential rental development known as the Villages of Westhaven and located on the Premises, which includes 55 market-rate rental units, 4 non-tax credit public housing (RAD) units, and 141 tax credit units, 91 of which will be leased to public housing (RAD) residents (together with all rights and interests of the Borrower in common areas in such building and on the related site, the "Units"), located on the site described in Exhibit A hereto (the "Site" and, together with the Units, the "Project"); and

WHEREAS, the Chicago Housing Authority ("CHA") has donated to Michaels Community Services Corporation, a New Jersey nonprofit corporation, d/b/a Better Tomorrows ("Better Tomorrows"), a 99-year ground lease of the Site and a conveyance of the fee interest in the Units, and Better Tomorrows has assigned its leasehold interest in the Site and conveyed title to the Units to the Borrower, who will rehabilitate the Units; and

WHEREAS, in order to assure the Issuer and the owners of the Bonds that interest on the Bonds will be excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the "Code"), and to further the public purposes of the Issuer, certain restrictions on the use and occupancy of the Project under the Code must be established;

NOW, THEREFORE, in consideration of the mutual promises and covenants hereinafter set forth, and of other good and valuable consideration, the receipt, sufficiency and adequacy of which are hereby acknowledged, the Borrower and the Issuer agree as follows:

### **Section 1. Term of Restrictions.**

(a) **Occupancy Restrictions.** The term of the Occupancy Restrictions set forth in Section 3 hereof shall commence on the first day on which at least 10% of the Units are first occupied following completion of such Units and shall end on the latest of (i) the date which is 15 years after the date on which at least 50% of the Units in the Project are first occupied; (ii) the first date on which no tax-exempt note or bond (including any refunding note or bond) issued with respect to the Project is outstanding (treating, for such purpose, the Project as being financed in part by all Bonds); or (iii) the date on which any housing assistance provided with respect to the Project under Section 8 of the United States Housing Act of 1937, as amended,

CHI 66875696v2

terminates (which period is hereinafter referred with respect to the Project as the "Qualified Project Period").

b) Rental Restrictions. The Rental Restrictions with respect to the Project set forth in Section 4 hereof shall remain in effect during the Qualified Project Period.

c) Involuntary Loss or Substantial Destruction. The Occupancy Restrictions set forth in Section 3 hereof, and the Rental Restrictions set forth in Section 4 hereof, shall cease to apply to the Project in the event of involuntary noncompliance caused by fire, seizure, requisition, foreclosure, transfer of title by deed in lieu of foreclosure, change in federal law or an action of a federal agency (with respect to the Project) after the date of delivery of the Bonds, which prevents the Issuer from enforcing the Occupancy Restrictions and the Rental Restrictions (with respect to the Project), or condemnation or similar event (with respect to the Project), but only if, within a reasonable time, (i) all of the Bonds are promptly retired, or amounts received as a consequence of such event are used to provide a new project which meets all of the requirements of this Agreement, which new project is subject to new restrictions substantially equivalent to those contained in this Agreement, and which is substituted in place of the Project by amendment of this Agreement; and (ii) an opinion from nationally recognized bond counsel (selected by the Issuer) is received to the effect that noncompliance with the Occupancy Restrictions and the Rental Restrictions applicable to the Project as a result of such involuntary loss or substantial destruction resulting from an unforeseen event with respect to the Project will not adversely affect the exclusion of the interest on the Bonds from the gross incomes of the owners thereof for purposes of federal income taxation; provided, however, that the preceding provisions of this paragraph shall cease to apply in the case of such involuntary noncompliance caused by foreclosure, transfer of title by deed in lieu of foreclosure or similar event if at any time during the Qualified Project Period with respect to the Project subsequent to such event the Borrower or any Affiliated Party (as hereinafter defined) obtains an ownership interest in the Project for federal income tax purposes. "Affiliated Party" means a person whose relationship to another person is such that (i) the relationship between such persons would result in a disallowance of losses under Section 267 or 707(b) of the Code; or (ii) such persons are members of the same controlled group of corporations (as defined in Section 1563(a) of the Code, except that "more than 50%" shall be substituted for "at least 80%" each place it appears therein).

d) Termination. This Agreement shall terminate with respect to the Project upon the earliest of (i) termination of the Occupancy Restrictions and the Rental Restrictions with respect to the Project, as provided in paragraphs (a) and (b) of this Section 1; or (ii) delivery to the Issuer and the Borrower of an opinion of nationally recognized bond counsel (selected by the Issuer) to the effect that continued compliance of the Project with the Rental Restrictions and the Occupancy Restrictions applicable to the Project is not required in order for interest on the Bonds to remain excludible from gross income for federal income tax purposes.

e) Certification. Upon termination of this Agreement, the Borrower and the Issuer shall execute and cause to be recorded (at the Borrower's expense), in all offices in which this Agreement was recorded, a certificate of termination, specifying which of the restrictions contained herein has terminated.

-2-

CHI 66875696v2

(f) Encumbrance of Fee. In furtherance of enforcing compliance with the provisions of Section 142(d) of the Code and Section 1.103-8(b) of the Regulations applicable to this Agreement, unless the provisions of paragraph (c) or (d) above apply to the Project resulting in a termination of the restrictions set forth herein, such restrictions shall continue to apply to the Project following the termination of the Borrower's or any other party's leasehold estate therein, whether or not the Project is thereafter re-leased by the Chicago Housing

Authority until termination of the Occupancy Restrictions and the Rental Restrictions as provided in Sections 1 (a) and (b).

Section 2. Project Restrictions. The Borrower represents, warrants and covenants that:

a) The Borrower has reviewed the provisions of the Code and the Treasury Regulations thereunder (the "Regulations") applicable to this Agreement (including, without limitation, Section 142(d) of the Code and Section 1.103-8(b) of the Regulations) with its counsel and understands said provisions.

b) The Project is being acquired, rehabilitated, constructed and equipped for the purpose of providing a "qualified residential rental project" (as such phrase is used in Section 142(d) of the Code) and will, during the term of the Rental Restrictions and Occupancy Restrictions hereunder applicable to the Project, continue to constitute a "qualified residential rental project" under Section 142(d) of the Code and any Regulations heretofore or hereafter promulgated thereunder and applicable thereto.

c) Substantially all (not less than 95%) of the Project will consist of a "building or structure" (as defined in Section 1.103-8(b)(8)(iv) of the Regulations), or several proximate buildings or structures, of similar construction, each containing one or more similarly constructed residential units (as defined in Section 1.103-8(b)(8)(i) of the Regulations) located on a single tract of land or contiguous tracts of land (as defined in Section 1.103-8(b)(4)(ii)-(B) of the Regulations), which will be owned, for federal tax purposes, at all times by the same person, and financed pursuant to a common plan (within the meaning of Section 1.103-8(b)(4)(ii) of the Regulations), together with functionally related and subordinate facilities (within the meaning of Section 1.103-8(b)(4)(iii) of the Regulations). If any such building or structure contains fewer than five (5) units, no unit in such building or structure shall be Borrower-occupied.

d) None of the Units in the Project will at any time be used on a transient basis, nor will the Project itself be used as a hotel, motel, dormitory, fraternity or sorority house, rooming house, hospital, nursing home, sanitarium, rest home or trailer park or court for use on a transient basis; (provided only that during the period of renovation of the Project, residents may occupy particular Units on a short-term basis to accommodate the renovations); nor shall any portion of the Project be operated as an assisted living facility which provides continual or frequent nursing, medical or psychiatric services; provided, however that nothing herein shall be understood to prohibit single room occupancy units occupied under month to month leases.

e) Any functionally related and subordinate facilities (e.g., parking areas, swimming pools, tennis courts, etc.) which are included as part of the Project will be of a character and size commensurate with the character and size of the Project, and will be made available to all tenants in the Project on an equal basis; fees will only be charged with respect to the use thereof if the

-3-

CHI 66875696v2

charging of fees is customary for the use of such facilities at similar residential rental properties in the surrounding area (i.e., within a one-mile radius), or, if none, then within comparable urban settings in the City of Chicago, and then only in amounts commensurate with the fees being charged at similar residential rental properties within such area. In any event, any fees charged will not be discriminatory or exclusionary as to the Qualifying Tenants (as defined in Section 3 hereof). No functionally related and subordinate facilities will be made available to persons other than tenants or their guests.

f) Each residential unit in the Project will contain separate and complete facilities for living, sleeping, eating, cooking and sanitation for a single person or family.

g) No portion of the Project will be used to provide any health club facility, any facility primarily used for gambling, or any store, the principal business of which is the sale of alcoholic beverages for consumption off premises, in violation of Section 147(e) of the Code.

Section 3. Occupancy Restrictions. The Borrower represents, warrants and covenants with respect to the Project that:

a) Pursuant to the election of the Issuer in accordance with the provisions of Section 142(d)(1)(A) of the Code, at all times during the Qualified Project Period with respect to the Project at least 40% of the completed Units in the Project shall be continuously occupied (or treated as occupied as provided herein) or held available for occupancy by Qualifying Tenants as herein defined. For purposes of this Agreement, "Qualifying Tenants" means individuals or families whose aggregate adjusted incomes do not exceed 60% of the applicable median gross income (adjusted for family size) for the area in which the Project is located, as such income and area median gross income are determined by the Secretary of the United States Treasury in a manner consistent with determinations of income and area median gross income under Section 8 of the United States Housing Act of 1937, as amended (or, if such program is terminated, under such program as in effect immediately before such determination).

b) Prior to the commencement of occupancy of any unit to be occupied by a Qualifying Tenant, the prospective tenant's eligibility shall be established by execution and delivery by such prospective tenant of an Income Computation and Certification in the form attached hereto as Exhibit B (the "Income Certification") evidencing that the aggregate adjusted income of such prospective tenant does not exceed the applicable income limit. In addition, such prospective tenant shall be required to provide whatever other information, documents or certifications are reasonably deemed necessary by the Borrower or the Issuer to substantiate the Income Certification.

c) Not less frequently than annually, the Borrower shall determine whether the current aggregate adjusted income of each tenant occupying any unit being treated by the Borrower as occupied by a Qualifying Tenant exceeds the applicable income limit. For such purpose the Borrower shall require each such tenant to execute and deliver the Income Computation and Certification attached hereto as Exhibit B; provided, however, that for any calendar year during which no unit in the Project is occupied by a new resident who is not a Qualifying Tenant, no Income Computation and Certification for existing tenants shall be required.

-4-

CHI 66875696v2

d) Any unit vacated by a Qualifying Tenant shall be treated as continuing to be occupied by such tenant until reoccupied, other than for a temporary period not to exceed 31 days, at which time the character of such unit as a unit occupied by a Qualifying Tenant shall be redetermined.

e) If an individual's or family's income exceeds the applicable income limit as of any date of determination, the income of such individual or family shall be treated as continuing not to exceed the applicable limit, provided that the income of an individual or family did not exceed the applicable income limit upon commencement of such tenant's occupancy or as of any prior income determination, and provided, further, that if any individual's or family's income as of the most recent income determination exceeds 140% of the applicable income limit, such individual or family shall cease to qualify as a Qualifying Tenant if, prior to the next income determination of such individual or family, any unit in the Project of comparable or smaller size to such individual's or family's unit is occupied by any tenant other than a Qualifying Tenant.

f) The lease to be utilized by the Borrower in renting any Unit in the Project to a prospective Qualifying Tenant shall provide for termination of the lease and consent by such person to eviction following 30 days' written notice, subject to applicable provisions of Illinois law (including for such purpose all applicable home rule ordinances), for any material misrepresentation made by such person with respect to the Income Certification with the effect that such tenant is not a Qualified Tenant.

g) All Income Certifications will be maintained on file at the Project as long as any Bonds are outstanding and for five years thereafter with respect to each Qualifying Tenant who occupied a Unit in the Project during the period the restrictions hereunder are applicable, and the Borrower will, promptly upon receipt, file a copy thereof with the Issuer.

h) On the first day of the Qualified Project Period with respect to the Project, on the fifteenth days of January, April, July and October of each year during the Qualified Project Period with respect to the Project, and within 30 days after the final day of each month in which there occurs any change in the occupancy of a Unit in the Project, the Borrower will submit to the Issuer a "Certificate of Continuing Program Compliance," in the form attached hereto as Exhibit C, executed by the Borrower with respect to the Project.

(i) The Borrower shall submit to the Secretary of the United States Treasury (at such time and in such manner as the Secretary shall prescribe) with respect to the Project an annual certification on Form 8703 as to whether the Project continues to meet the requirements of Section 142(d) of the Code. Failure to comply with such requirement may subject the Borrower to the penalty provided in Section 6652(j) of the Code.

Section 4. Rental Restrictions. The Borrower represents, warrants and covenants with respect to the Project that once available for occupancy, each Unit in the Project will be rented or available for rental on a continuous basis to members of the general public (other than (a) Units for resident managers or maintenance personnel, (b) Units for Qualifying Tenants as provided for in Section 3 hereof, (c) Units which may be rented to Qualifying Tenants in accordance with any HUD-approved owner preference granted in accordance with 24 CFR Section 5.655, HUD Occupancy Handbook 4350.3, and which satisfies treasury regulations 1.103-8(b) and 1.42-9,

-5-

CHI 66875696v2

and, (d) Units which may be rented under the Section 8 assistance program, which Units (subject to the Section 8 assistance program) shall be leased to eligible tenants in accordance with Section 8 requirements), subject, however, to the requirements of Section 3(a) hereof. Each Qualifying Tenant (as hereinafter defined) occupying a Unit in the Project shall be required to execute a written lease with a stated term of not less than 30 days nor more than one year.

Section 5. Transfer Restrictions. The Borrower covenants and agrees that no conveyance, transfer, assignment or any other disposition of title to any portion of the Project (a "Transfer") shall be made prior to the termination of the Rental Restrictions and Occupancy Restrictions hereunder with respect to the Project, unless the transferee pursuant to the Transfer assumes in writing (the "Assumption Agreement"), in a form reasonably acceptable to the Issuer, all of the executory duties and obligations hereunder of the Borrower with respect to such portion of the Project, including those contained in this Section 5, and agrees to cause any

subsequent transferee to assume such duties and obligations in the event of a subsequent Transfer by the transferee prior to the termination of the Rental Restrictions and Occupancy Restrictions hereunder with respect to the Project. The Borrower shall deliver the Assumption Agreement to the Issuer at least 30 days prior to a proposed Transfer. This Section 5 shall not apply to any involuntary transfer pursuant to Section 1 (c) hereof. This Section shall not be deemed to restrict the transfer of any membership interest in the Borrower or a transfer by foreclosure or deed in lieu of foreclosure.

### **Section 6. Enforcement.**

a) The Borrower shall permit all duly authorized representatives of the Issuer to inspect any books and records of the Borrower regarding the Project and the incomes of Qualifying Tenants which pertain to compliance with the provisions of this Agreement and Section 142(d) of the Code and the regulations heretofore or hereafter promulgated thereunder.

b) In addition to the information provided for in Section 3(i) hereof, the Borrower shall submit any other information, documents or certifications reasonably requested by the Issuer, which the Issuer deems reasonably necessary to substantiate continuing compliance with the provisions of this Agreement and Section 142(d) of the Code and the regulations heretofore or hereafter promulgated thereunder.

c) The Issuer and the Borrower each covenants that it will not take or permit to be taken any action within its control that it knows would adversely affect the exclusion of interest on the Bonds from the gross income of the owners thereof for purposes of federal income taxation pursuant to Section 103 of the Code. Moreover, each covenants to take any lawful action within its control (including amendment of this Agreement as may be necessary in the opinion of nationally recognized bond counsel selected by the Issuer) to comply fully with all applicable rules, rulings, policies, procedures, regulations or other official statements promulgated or proposed by the Department of the Treasury or the Internal Revenue Service from time to time pertaining to obligations issued under Section 142(d) of the Code and affecting the Project.

d) The Borrower covenants and agrees to inform the Issuer by written notice of any violation of its obligations hereunder within five days of first discovering any such violation. If

-6-

CHI 66875696v2

any such violation is' not corrected to the satisfaction of the Issuer within the period of time specified by either the Issuer, which shall be (i) the lesser of (A) 45 days after the effective date of any notice to or from the Borrower, or (B) 60 days from the date such violation would have been discovered by the Borrower by the exercise of reasonable diligence, or (ii) such longer period as may be necessary to cure such violation, provided bond counsel (selected by the Issuer) of nationally recognized standing in matters pertaining to the exclusion of interest on municipal bonds from gross income for purposes of federal income taxation issues an opinion that such extension will not result in the loss of such exclusion of interest on the Bonds, without further notice, the Issuer shall declare a default under this Agreement effective on the date of such declaration of default, and the Issuer shall apply to any court, state or federal, for specific performance of this Agreement or an injunction against any violation of this Agreement, or any other remedies at law or in equity or any such other actions as shall be necessary or desirable so as to correct noncompliance with this Agreement.

e) The Borrower and the Issuer each acknowledges that the primary purposes for requiring compliance with the restrictions provided in this Agreement are to preserve the exclusion of interest on the Bonds from gross income for purposes of federal income taxation, and that the Issuer, on behalf of the owners of the Bonds, who are declared to be third-party beneficiaries of this Agreement, shall be entitled for any

breach of the provisions hereof, to all remedies both at law and in equity in the event of any default hereunder.

f) In the enforcement of this Agreement, the Issuer may rely on any certificate delivered by or on behalf of the Borrower or any tenant with respect to the Project.

g) Nothing in this Section shall preclude the Issuer from exercising any remedies it might otherwise have, by contract, statute or otherwise, upon the occurrence of any violation hereunder.

h) Notwithstanding anything to the contrary contained herein, the Issuer hereby agrees that any cure of any default made or tendered by one or more of the Borrower's members or Borrower's lenders shall be deemed to be a cure by the Borrower and shall be accepted or rejected on the same basis as if made or tendered by the Borrower.

Section 7. Covenants To Run With the Land. The Borrower hereby subjects the Project, to the covenants, reservations and restrictions set forth in this Agreement. The Issuer and the Borrower hereby declare their express intent that the covenants, reservations and restrictions set forth herein shall be deemed covenants, reservations and restrictions running with the land to the extent permitted by law, and shall pass to and be binding upon the Borrower's successors in title to the Project throughout the term of this Agreement. Each and every contract, deed, mortgage, lease or other instrument hereafter executed covering or conveying the Project, the Units or the Site, or any portion thereof or interest therein (excluding any transferee of a limited liability company interest in the Borrower), shall conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed, mortgage, lease or other instrument.

Section 8. Recording. The Borrower shall cause this Agreement and all amendments and supplements hereto to be recorded in the conveyance and real property records of Cook

-7-

CHI 66875696v2

County, Illinois, and in such other places as the Issuer may reasonably request. The Borrower shall pay all fees and charges incurred in connection with any such recording.

Section 9. Agents of the Issuer. The Issuer shall have the right to appoint agents to carry out any of its duties and obligations hereunder, and shall, upon written request, certify in writing to the other party hereto any such agency appointment.

Section 10. No Conflict With Other Documents. The Borrower warrants and covenants that it has not and will not execute any other agreement with provisions inconsistent or in conflict with the provisions hereof (except documents that are subordinate to the provisions hereof), and the Borrower agrees that the requirements of this Agreement are paramount and controlling as to the rights and obligations herein set forth, which supersede any other requirements in conflict herewith.

Section 11. Interpretation. Any capitalized terms not defined in this Agreement shall have the same meaning as terms defined in the Bond Issuance Agreement, the Loan Agreement or Section 142(d) of the Code and the regulations heretofore or hereafter promulgated thereunder.

Section 12. Amendment. Subject to and any restrictions set forth in the Bond Issuance Agreement, this Agreement may be amended by the parties hereto to reflect changes in Section 142(d) of the Code, the regulations hereafter promulgated thereunder and revenue rulings promulgated thereunder, or in the interpretation thereof.

Section 13. Severability. The invalidity of any clause, part or provision of this Agreement shall not affect the validity of the remaining portions thereof.

Section 14. Notices. Any notice, demand or other communication required or permitted hereunder shall be in writing and shall be deemed to have been given if and when personally delivered and receipted for, or, if sent by private courier service or sent by overnight mail service, shall be deemed to have been given if and when received (unless the addressee refuses to accept delivery, in which case it shall be deemed to have been given when first presented to the addressee for acceptance), or on the first day after being sent by telegram, or on the third day after being deposited in United States registered or certified mail, postage prepaid. Any such notice, demand or other communication shall be given as provided for in the Bond Issuance Agreement.

Section 15. Governing Law. This Agreement shall be construed in accordance with and governed by the laws of the State of Illinois, and where applicable, the laws of the United States of America.

Section 16. Limited Liability of Borrower. Notwithstanding any other provision or obligation stated in or implied by this Agreement to the contrary, any and all undertakings and agreements of the Borrower contained herein shall not (other than as expressly provided hereinafter in this paragraph) be deemed, interpreted or construed as the personal undertaking or agreement of, or as creating any personal liability upon, any past, present or future member of the Borrower, and no recourse (other than as expressly provided hereinafter in this paragraph) shall be had against the property of the Borrower or any past, present or future member of the

-8-

CHI 66875696v2

Borrower, personally or individually for the performance of any undertaking, agreement or obligation, or the payment of any money, under this Agreement or any document executed or delivered by or on behalf of the Borrower pursuant hereto or in connection herewith, or for any claim based thereon. It is expressly understood and agreed that the Issuer and the registered owners of the Bonds, and their respective successors and assigns, shall have the right to sue for specific performance of this Agreement and to otherwise seek equitable relief for the enforcement of the obligations and undertakings of the Borrower hereunder, including, without limitation, obtaining an injunction against any violation of this Agreement or the appointment of a receiver to take over and operate all or any portion of the Project in accordance with the terms of this Agreement. This Section shall survive termination of this Agreement.

[Signatures Appear on Following Page]

CHI 66875696v2

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed and sealed by their respective, duly authorized representatives, as of the day and year first above written.

**CITY OF CHICAGO**

By:  
Chief Financial Officer

City Clerk

Acknowledged and agreed to:

**WHP VILLAGE, LLC,**  
an Illinois limited liability company

By: WHP Village Manager, LLC,  
an Illinois limited liability company, its manager

By: Brinshore PL, LLC,  
an Illinois limited liability company, a member

By: Brinshore Development, L.L.C.,  
an Illinois limited liability company, its managing  
member

By: RJS Real Estate Services, Inc.,  
an Illinois corporation, a member

By:  
Name: Richard J. Sciortino Title: President

By: Michaels Chicago Holding Company, LLC, an Illinois limited  
liability company, a member

By:  
Name: John J. O'Donnell Title: Vice  
President

[Signature Page to Land Use Restriction Agreement]

CHI 66875696v2

STATE OF ILLINOIS )  
) ss:  
COUNTY OF COOK )

BEFORE ME, the undersigned authority, on this day personally appeared ,  
, and , City Clerk of the CITY OF CHICAGO, a municipal corporation  
and body politic and corporate duly organized and validly existing under the Constitution and laws of the State  
of Illinois (the "City"), known to me to be the persons whose names are subscribed to the foregoing instrument,  
and acknowledged to me that each executed the same for the purposes and consideration therein expressed and  
in the capacity therein stated, as the act and deed of said City.

GIVEN UNDER MY HAND and seal of office, this the day of June, 2016.

[SEAL]

Notary Public in and for the State of Illinois

My commission expires on:

CHI 668 75696v2

STATE OF ILLINOIS COUNTY OF COOK

)  
) ss )

I, the undersigned, a Notary Public in and for the county and State aforesaid, do hereby certify that Richard J. Sciortino, personally known to me to be the president of RJS Real Estate Services, Inc., a member of Brinshore Development, L.L.C., an Illinois limited liability company, a member of Brinshore PL, LLC, an Illinois limited liability company, a member of WHP Village Manager, LLC, an Illinois limited liability company (the "Manager"), the managing member of WHP Village, LLC, an Illinois limited liability company, and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that as such officer, he signed and delivered the said instrument, pursuant to authority given by the members of the Manager as the free and voluntary act of such person, and as the free and voluntary act and deed of the Manager and WHP Village, LLC, for the uses and purposes therein set forth.

Given under my hand and official seal this        day of        , 2016. .

(SEAL)

Notary Public

CHI 66875696v2

STATE OF NEW JERSEY COUNTY OF BURLINGTON

)  
) ss )

I, the undersigned, a Notary Public in and for the county and State aforesaid, do hereby certify that John J. O'Donnell, personally known to me to be the vice president of Michaels Chicago Holding Company, LLC, an Illinois limited liability company, a member of WHP Village Manager, LLC, an Illinois limited liability company (the "Manager"), the managing member of WHP Village, LLC, an Illinois limited liability company, and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that as such vice president, he signed and delivered the said instrument, pursuant to authority given by the members of the Manager as the free and voluntary act of such person, and as the free and voluntary act and deed of the Manager and WHP Village, LLC, for the uses and purposes therein set forth.

Given under my hand and official seal this        day of        , 2016. ^

CHI 66875696v2

**EXHIBIT A**

**SITE LEGAL DESCRIPTION EXHIBIT**

**B**

**INCOME COMPUTATION AND CERTIFICATION\***

NOTE TO APARTMENT OWNER: This form is designed to assist you in computing Annual Income in accordance with the method set forth in the Department of Housing and Urban Development ("HUD") Regulations (24 CFR Part 5). You should make certain that this form is at all times up to date with HUD Regulations. All capitalized terms used herein shall have the meanings set forth in the Land Use Restriction Agreement, dated as of June 1, 2016, between the City of Chicago and WHP Village, LLC, an Illinois limited liability company (the "Borrower").

Re: Villages of Westhaven Chicago, IL

I/We, the undersigned, being first duly sworn, state that I/we have read and answered fully and truthfully each of the following questions for all persons who are to occupy the unit in the above apartment project for which application is made. Listed below are the names of all persons who intend to reside in the unit:

<b>Name of Members</b>	<b>Relationship to</b>	<b>Social Security</b>	<b>Place of Employment</b>
------------------------	------------------------	------------------------	----------------------------



for shelter and utilities (if the family's welfare assistance is ratably reduced from the standard of need by applying a percentage, the amount calculated under this paragraph 6(f) shall be the amount resulting from one application of the percentage);

g) periodic and determinable allowances, such as alimony and child support payments and regular contributions or gifts received from persons not residing in the dwelling; and

h) all regular pay, special pay and allowances of a member of the Armed Forces. Excluded from such anticipated total income are:

a) income from employment of children (including foster children) under the age of 18 years;

b) payment received for the care of foster children or foster adults;

c) lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains and settlement for personal or property losses;

d) amounts received by the family that are specifically for, or in reimbursement of, the cost of medical expenses for any family-member;

e) income of a live-in aide;

CHI 66875696v2

f) the full amount of student financial assistance paid directly to the student or to the educational institution;

g) special pay to a family member serving in the Armed Forces who is exposed to hostile fire;

h) amounts received under training programs funded by the Department of Housing and Urban Development ("HUD");

(i) amounts received by a disabled person that are disregarded for a limited time for purposes of Supplemental Security Income eligibility and benefits because they are set aside for use under a Plan to Attain Self-Sufficiency (PASS);

(j) amounts received by a participant in other publicly assisted programs which are specifically for or in reimbursement of out-of-pocket expenses incurred (special equipment, clothing, transportation, child care, etc.) and which are made solely to allow participation in a specific program;

(k) a resident service stipend in a modest amount (not to exceed \$200 per month) received by a resident for performing a service for the Borrower, on a part-time basis, that enhances the quality of life in the Project, including, but not limited to, fire patrol, hall monitoring, lawn maintenance and resident initiatives coordination (no resident may receive more than one stipend during the same period of time);

(l) compensation from state or local employment training programs in training of a family member as resident management staff, which compensation is received under employment training programs (including training programs not affiliated with a local government) with clearly defined goals and objectives, and which compensation is excluded only for the period during which the family member participates in the employment training program;

(m) reparations payment paid by a foreign government pursuant to claims filed under the laws of that government for persons who were persecuted during the Nazi era;

- (n) earnings in excess of \$480 for each full-time student, 18 years or older, but excluding the head of household and spouse;
- (o) adoption assistance payments in excess of \$480 per adopted child;
- (p) deferred periodic payments of supplemental security income and social security benefits that are received in a lump sum payment;
- (q) amounts received by the family in the form of refunds or rebates under state or local law for property taxes paid on the dwelling unit;
- (r) amounts paid by a state agency to a family with a developmentally disabled family member living at home to offset the cost of services and equipment needed to keep the developmentally disabled family member at home;
- (s) temporary, nonrecurring or sporadic income (including gifts); and
- (t) amounts specifically excluded by any other federal statute from consideration as income for purposes of determining eligibility or benefits under a category of assistance

CHI 66875696v2

programs that includes assistance under any program to which the exclusions set forth in 24 CFR 5.609 (c) apply.

2. Assets.

- a) Do the persons whose income or contributions are included in Item 6 above:
  - i) have savings, stocks, bonds, equity in real property or other form of
  - i) capital investment (excluding the values of necessary items of personal property
  - i) such as furniture and automobiles, equity in a housing cooperative unit or in a
  - i) manufactured home in which such family resides, and interests in Indian trust
  - i) land)? Yes            No.
  - ii) have they disposed of any assets (other than at a foreclosure or bankruptcy
  - ii) sale) during the last two years at less than fair market value?
  - ii) Yes            No.
- b) If the answer to (i) or (ii) above is yes, does the combined total value of all such
- b) assets owned or disposed of by all such persons total more than \$5,000?
- b) Yes            No.
- c) If the answer to (b) above is yes, state:
  - i) the total value of all such assets: \$            ;
  - ii) the amount of income expected to be derived from such assets in the
  - ii) 12-month period beginning on the date of initial occupancy of the unit that you
  - ii) propose to rent: \$            ; and

iii) the amount of such income, if any, that was included in Item 6 above:

iii) \$ .

3. **Full-time Students.**

a) Are all of the individuals who propose to reside in the unit full-time students?

a) Yes No.

A full-time student is an individual enrolled as a full-time student (carrying a subject load that is considered full-time for day students under the standards and practices of the educational institution attended) during each of five calendar months during the calendar year in which occupancy of the unit begins at an educational organization which normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of students in attendance or an individual pursuing a full-time course of institutional or farm training under the supervision of an accredited agent of such an educational organization or of a state or political subdivision thereof.

b) If the answer to 8(a) is yes, are at least two of the proposed occupants of the unit a

b) husband and wife entitled to file a joint federal income tax return?

b) Yes No.

4. Relationship to Project Borrower. Neither myself nor any other occupant of the unit I/we propose to rent is the Borrower, has any family relationship to the Borrower, or owns directly or indirectly any interest in the Borrower. For purposes of this paragraph, indirect ownership by an individual shall mean ownership by a family member; ownership by a

CHI 66875696v2

corporation, partnership, estate or trust in proportion to the ownership or beneficial interest in such corporation, partnership, estate or trust held by the individual or a family member; and ownership, direct or indirect, by a partner of the individual.

5. Reliance. This certificate is made with the knowledge that it will be relied upon by the Borrower to determine maximum income for eligibility to occupy the unit and is relevant to the status under federal income tax law of the interest on obligations issued to provide financing for the apartment development for which application is being made. I/We consent to the disclosure of such information to the Issuer of such obligations, the holders of such obligations, any fiduciary acting on their behalf and any authorized agent of the Treasury Department or the Internal Revenue Service. I/We declare that all information set forth herein is true, correct and complete and based upon information I/we deem reliable, and that the statement of total anticipated income contained in paragraph 6 is reasonable and based upon such investigation as the undersigned deemed necessary.

6. Further Assistance. I/We will assist the Borrower in obtaining any information or documents required to verify the statements made herein, including, but not limited to, either an income verification from my/our present employer(s) or copies of federal tax returns for the immediately preceding two calendar years.

7. Misrepresentation. I/We acknowledge that I/we have been advised that the making of any misrepresentation or misstatement in this declaration will constitute a material breach of my/our agreement with the Borrower to lease the unit, and may entitle the Borrower to prevent or terminate my/our occupancy of the unit by institution of an action for ejection or other appropriate proceedings.

[Signatures Appear on Following Page]

CHI 66875696v2

I/We declare under penalty of perjury that the foregoing is true and correct.

Executed this                      day of                      in                      , Illinois.

Applicant Applicant

Applicant Applicant

[Signature of all persons over the age of 18 years listed in 2 above required.]

SUBSCRIBED AND SWORN to before me this                      day of

(NOTARY SEAL)

Notary Public in and for the State of

My Commission Expires:

FOR COMPLETION BY APARTMENT OWNER ONLY: 1.                      Calculation

of eligible income:

- a. Enter amount entered for entire household in 6 above: \$
  - b. (1) if the amount entered in 7(c)(i) above is greater than \$5,000, enter the total amount entered in 7(c)(ii), subtract from that figure the amount entered in 7(c)(iii) and enter the remaining balance (\$ );
  - 2) multiply the amount entered in 7(c)(i) times the current passbook savings rate as determined by HUD to determine what the total annual earnings on the amount in 7(c)(ii) would be if invested in passbook savings (\$ ), subtract from that figure the amount entered in 7(c)(iii) and enter the remaining balance ); and
  - 3) enter at right the greater of the amount calculated under (1) or (2) above:
  - 3) \$
  - c. TOTAL ELIGIBLE INCOME (Line 1 .a plus line 1 .b(3)): \$
2. The amount entered in 1 .c is:
- Less than 80% of Median Gross Income for Area.\*\*

""Median Gross Income for the Area" means the median income for the area where the Project is located as determined by the Secretary of Housing and Urban Development under Section 8(0(3) of the United States Housing Act of 1937, as amended, or if programs under Section 8(f) are terminated, median income determined under the method used by the Secretary prior to the termination. "Median Gross Income for the Area" shall be adjusted for family size.

CHI 66875696v2

More than 80% of Median Gross Income for the Area.

\*\*\*

3. Number of apartment unit assigned:  
Bedroom Size:                      Rent: \$
4. The last tenants of this apartment unit for a period of 31 consecutive days [had/did not have] aggregate anticipated annual income, as certified in the above manner upon their initial occupancy of the apartment unit, of less than 80% of Median Gross Income for the Area.
5. Method used to verify applicant(s) income:  
Employer income verification.  
Copies of tax returns.  
Other (                                      )

Borrower or Manager

\*\* See footnote 2.

B-7

CHI 66875696v2

## **INCOME VERIFICATION**

**(for employed persons)**

The undersigned employee has applied for a rental unit located in a project financed by the City of Chicago. Every income statement of a prospective tenant must be stringently verified. Please indicate below the employee's current annual income from wages, overtime, bonuses, commissions or any other form of compensation received on a regular basis.

Annual wages

Overtime

Bonuses

Commissions

Total current income

I hereby certify that the statements above are true and complete to the best of my knowledge.

Signature

Date Title

I hereby grant you permission to disclose my income to WHP Village, LLC an Illinois limited liability company, in order that it may determine my income eligibility for rental of an apartment located in one of its projects which has been financed by the City of Chicago.

Signature Date Please send to:

CHI 66875696v2

**INCOME VERIFICATION**

**(for self-employed persons)**

I hereby attach copies of my individual federal and state income tax returns for the immediately preceding two calendar years and certify that the information shown in such income tax returns is true and complete to the best of my knowledge.

Signature Date

CHI 66875696v2

**EXHIBIT C**

**CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE**

The undersigned, manager of WHP Village, LLC, an Illinois limited liability company (the "Borrower"), hereby certifies as follows:

1. The undersigned has read and is thoroughly familiar with the provisions of the Land Use Restriction Agreement, dated as of June 1, 2016 (the "Land Use Restriction Agreement"), between the City of Chicago and the Borrower. All capitalized terms used herein shall have the meanings given in the Land Use Restriction Agreement.

2. Based on Certificates of Tenant Eligibility on file with the Borrower, as of the date of this Certificate the following number of completed Units in the Project (i) are occupied by Qualifying Tenants (as such term is defined in the Land Use Restriction Agreement), or (ii) were previously occupied by Lower-Income Tenants and have been vacant and not reoccupied except for a temporary period of no more than 31 days:

Occupied by Qualifying Tenants	:	No. of Units
Previously occupied by Qualifying Tenants (vacant and not reoccupied except for a temporary period of no more than 31 days):		No. of Units

3. The total number of completed Units in the Project is Define "Units"  
here].

4. The total number in 2 is at least 40% of the total number in 3 above.

5. No Event of Default (as defined in the Land Use Restriction Agreement) has occurred and is subsisting under the Land Use Restriction Agreement, except as set forth in Schedule A attached hereto.

\*\*\*\*  
A unit all of the occupants of which are full-time students does not qualify as a unit occupied by Qualifying Tenants, unless one or more of the occupants was entitled to file a joint tax return.

C-1

CHI 66875696v2

**WHP VILLAGE, LLC,**  
an Illinois limited liability company

By: WHP Village Manager, LLC,  
an Illinois limited liability company, its manager

By: Brinshore PL, LLC,  
an Illinois limited liability company, a member

By: Brinshore Development, L.L.C.,  
an Illinois limited liability company, its managing member

By: RJS Real Estate Services, Inc.,  
an Illinois corporation, a member

By:  
Name: Richard J. Sciortino Title: President

By: Michaels Chicago Holding Company, LLC, an Illinois limited liability company, a member

By:

Name: John J. O'Donnell Title: Vice President

CHI 66875696v2

shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the other provisions of this Ordinance. No provision of the Municipal Code or violation of any provision of the Municipal Code shall be deemed to render voidable at the option of the City any document, instrument or agreement authorized hereunder or to impair the validity of this Ordinance or the instruments authorized by this Ordinance or to impair the rights of the owners of the Bonds to receive payment of the principal of or interest on the Bonds or to impair the security for the Bonds; provided further that the foregoing shall not be deemed to affect the availability of any other remedy or penalty for any violation of any provision of the Municipal Code. ':-

Section 21. Effective Date. This Ordinance shall be in full force and effect immediately upon its passage and approval.

v 8