



# Office of the City Clerk

City Hall  
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Room 107  
Chicago, IL 60602  
[www.chicityclerk.com](http://www.chicityclerk.com)

## Legislation Text

File #: O2016-6078, Version: 1

### 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 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 obligations for the purpose of financing the cost of the acquisition, construction, rehabilitation, development, and equipping of an affordable multi-family housing facility for low- and moderate-income families located in the City ("Multi-Family Housing Financing"); and

WHEREAS, Peoples Co-Op for Affordable Elderly Housing ("PCAEH") is an Illinois not-for-profit corporation whose mission is to develop, own and manage affordable rental housing for low and moderate income individuals (especially senior citizens) and families; and

WHEREAS, PCAEH is the manager and one of the two members of Grand Boulevard Housing IV, LLC, an Illinois limited liability company ("General Partner"), which is the general partner of PGS Bronzeville III Limited Partnership, an Illinois limited partnership ("New Owner"); and

WHEREAS, Paul G. Stewart Apartments Associates, Phase III, an Illinois limited partnership (the "Existing Owner") owns that certain 20-story, residential apartment building containing approximately one hundred and eighty (180) residential dwelling units, along with (1) common area, (2) service and management offices on the 1<sup>st</sup> and 2<sup>nd</sup> floors and (3) approximately 70 surface parking spaces (9 of which are handicapped accessible) located at 401 East Bowen Avenue, Chicago, Illinois, which is commonly known as Paul G. Stewart Apartments Phase III Tower, as further described on Exhibit A hereto (the "Project"), located at the property (legally described in Exhibit H attached hereto and subject to final title commitment and survey, the "Property"), and to pay a portion of the costs of issuance and other costs incurred in connection therewith; and

WHEREAS, Bronzeville Housing and Community Development Corporation ("BHCDC") is an Illinois not-for-profit corporation and the other member of General Partner; and

WHEREAS, PCAEH and New Owner have proposed a project to acquire the Property, examine and make extensive repairs to the Property's exterior masonry walls, install a new fire safety system, plumbing system, boiler and heating system, electrical service, exterior ramp, interior ramp, laundry room and elevators, and otherwise rehabilitate and improve the dwelling units and the Property so that it can continue to serve as a source of quality, affordable rental housing for low and moderate-income senior individuals and families of the City of Chicago, as further described on Exhibit A hereto, and, to the extent permitted, to finance costs of New Owner's acquisition of the Property from Existing Owner; and

WHEREAS, In connection with the Project, New Owner intends to admit a new investor or investors as limited partners of New Owner (as so reconstituted, the "Borrower"); and

WHEREAS, By 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 the Borrower, to pay a portion of the

costs of acquiring, rehabilitating and equipping the Project, by

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issuing (a) a series of tax-exempt revenue bonds and using the proceeds of the sale thereof to purchase fully modified mortgage-backed securities, the payment of principal of and interest on which corresponds to payments on a mortgage loan to be made to the Borrower insured by the Federal Housing Administration ("FHA") and backing those securities, which securities are guaranteed as to timely payment by the Government National Mortgage Association ("GNMA") and (b) a series of tax-exempt revenue notes and using the proceeds of the sale thereof to make an additional loan to the Borrower to finance a portion of the costs of the Project; 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 its (a) Multi-Family Housing Revenue Bonds (Paul G. Stewart Apartments Phase III Tower Project), Series 2016 (FHA Insured/GNMA) (the "Bonds") and (b) Multi-Family Housing Revenue Notes (Paul G. Stewart Apartments Phase III Tower Project), Series 2016 (the "Notes"); 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) a Bond Indenture (the "Bond Indenture") between the City and a trustee (the "Bond Trustee") to be selected by the City Comptroller of the City (the "City Comptroller"), providing for the security for and terms and conditions of the Bonds to be issued, (ii) a Financing Agreement (the "Financing Agreement") among the City, the Borrower and the Bond Trustee providing for the use of the proceeds of the Bonds to purchase fully modified mortgage-backed securities guaranteed by GNMA from P/R Mortgage & Investment Corp., an Indiana corporation, or another entity acceptable to the City (the "Lender"), and the corresponding making of a mortgage loan by the Lender to the Borrower (secured by a first mortgage on the property (the "First Mortgage")) insured by the FHA and backing those securities, all for the purposes described above, (iii) a Bond Purchase Agreement among the City, the Borrower and one or more underwriters for the Bonds, or, alternatively, another sale agreement among the City, the Borrower and one or more purchasers of the Bonds (in each case, a "Bond Purchase Agreement") providing for the sale of the Bonds and the preparation and circulation, if necessary, of a preliminary limited offering memorandum for the Bonds or, alternatively, another type of disclosure document prepared in connection with the offer and sale of the Bonds (in either case, a "Bond Preliminary Limited Offering Memorandum") and a limited offering memorandum or alternative disclosure document prepared in connection with the offer and sale of the Bonds (the "Bond Limited Offering Memorandum"), and (iv) a Tax Regulatory Agreement (the "Bond Tax Regulatory Agreement") among the City, the Bond Trustee and the Borrower; and

WHEREAS, In connection with the issuance of the Notes, the City Council has determined by this ordinance that it is necessary and in the best interests of the City to enter into (i) a Note Indenture (the "Note Indenture") between the City and a trustee (the "Note Trustee") to be selected by the City Comptroller, providing for the security for and terms and conditions of the Notes to be issued, (ii) a Loan Agreement (the "Loan Agreement") among the City, the Borrower and the Note Trustee providing for the use of the proceeds of the Notes to make a loan to the Borrower, the proceeds of which will finance a portion of the costs of the Project, (iii) a Note Purchase Agreement among the City, the Borrower and one or more underwriters for the Notes, or, alternatively, another sale agreement among the City, the Borrower and one or more purchasers of the Notes (in each case, a "Note Purchase Agreement") providing for the sale of the Notes and the preparation and circulation, if necessary, or a preliminary limited offering memorandum for the Notes or, alternatively, another type of disclosure document prepared in connection with the offer and sale of the Notes (in

either case, a "Note Preliminary Limited Offering Memorandum") and a limited offering memorandum or alternative disclosure document prepared in connection with the offer and sale of the Notes (the "Note Limited Offering Memorandum"), and (iv) a Tax Regulatory Agreement (the "Note Tax Regulatory Agreement") among the City, the Note Trustee and the Borrower; and

WHEREAS, The principal of, prepayment premium, if any, and interest payable on the Bonds will be secured by, among other things, GNMA mortgage-backed securities issued with respect to a HUD-insured first mortgage on the Property and certain other related collateral, by certain capital contributions to be made to the Borrower by its investor limited partner(s) in connection with the allocation to the Borrower of federal low-income housing tax credits and by pledges and/or assignments of certain funds, personal property, and contractual rights of the Borrower and its affiliates (including, but not limited to, the Affordable Housing Loan as defined below), a portion of which funds may be deposited and held under an escrow agreement pending the use of such funds for the prepayment of the Bonds; and

WHEREAS, The principal and interest on the Notes will be secured by, among other things, cash collateral provided by the Borrower, a portion of which may be obtained from the proceeds of a bridge loan made to the Borrower by Merchants Bank of Indiana (or another lender acceptable to the Authorized DPD Officer) in an amount not to exceed FIVE MILLION DOLLARS (\$5,000,000) at a floating interest rate not to exceed five (5%) percent over 30-day LIBOR, and a term not to exceed five (5) years, which bridge loan will be repaid from, and secured by, a collateral assignment by the Borrower of its right to receive the proceeds of a loan to be made to the Borrower by BHCDC from a grant by the City to BHCDC of certain TIF Funds (as defined below) expected to be received by the Borrower from the City; and

WHEREAS, In connection with the issuance of the Bonds and the Notes (collectively, the "Obligations") and the financing of the Project with the proceeds thereof, the City Council has determined by this ordinance that it is necessary and in the best interests of the City to enter into a Land Use Restriction Agreement between the City and the Borrower (the "Land Use Restriction Agreement"); and

WHEREAS, The Obligations 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 Obligations shall have to right to compel the taxing power of the City, the State of Illinois or any political subdivision thereof to pay any principal installment of, prepayment premium, if any, or interest on the Obligations; and

WHEREAS, There has been presented to this meeting of the City Council forms of the following documents in connection with the Bonds:

- a) the form of Bond Indenture, which includes a form of the Bonds to be issued by the City (attached as Exhibit B hereto);
- b) the form of Financing Agreement (attached as Exhibit C hereto); and

WHEREAS, There has been presented to this meeting of the City Council forms of the following documents in connection with the Notes:

- a) the form of Note Indenture, which includes a form of the Notes to be issued by the City

(attached as Exhibit D hereto);

b) the form of Loan Agreement (attached as Exhibit E hereto); and

WHEREAS, There has been presented to this meeting of the City Council a form of the Land Use Restriction Agreement (attached as Exhibit F hereto) in connection with the issuance of the Obligations; and

WHEREAS, Pursuant to an ordinance adopted by the City Council on March 27, 2002, a certain redevelopment plan and project (the "47<sup>th</sup> and King Drive Redevelopment Plan") for the 47<sup>th</sup> and Martin Luther King Drive Redevelopment Project Area (the "47<sup>th</sup> and King Drive Redevelopment Area" or "Redevelopment Area") was approved pursuant to the Illinois Tax Increment Allocation Redevelopment Act, as amended (65 ILCS 5/11-74-4.1, et seq.) (the "Act"); and

WHEREAS, Pursuant to an ordinance adopted by the City Council on March 27, 2002, the 47<sup>th</sup> and King Drive Redevelopment Area was designated as a "redevelopment project area" pursuant to the Act; and

WHEREAS, Pursuant to an ordinance (the "TIF Adoption Ordinance") adopted by the City Council on March 27, 2002, tax increment allocation financing was adopted pursuant to the Act as a means of financing certain 47<sup>th</sup> and King Drive Redevelopment Area redevelopment project costs (the "Redevelopment Project Costs"), as such term is defined in Section 5/11-7.4.4-3(q) of the Act, incurred pursuant to the 47<sup>th</sup> and King Drive Redevelopment Plan; and

WHEREAS, Pursuant to Section 5/11-7.4.4-8(b) of the Act and the TIF Adoption Ordinance, incremental taxes ("Incremental Taxes") are allocated to, and when collected are paid to, the Treasurer of the City of Chicago (the "Treasurer") for deposit by the Treasurer into the "[47<sup>th</sup> and Martin Luther King Drive Redevelopment Project Area Special Tax Allocation Fund" (the "Fund") established pursuant to the TIF Ordinance to pay Redevelopment Project Costs and obligations incurred in the payment thereof; and

WHEREAS, New Owner shall acquire the Property that is located in the Redevelopment Area and undertake the Project in accordance with the 47<sup>th</sup> and King Drive Redevelopment Plan; and

WHEREAS, The Borrower and the General Partner (collectively, the Borrower and the General Partner may be referred to as the "Developer") have proposed to undertake the development in accordance with the 47<sup>th</sup> and King Drive Redevelopment Plan and, pursuant to the terms and the conditions of a proposed Redevelopment Agreement (as defined in Section 13 below) to be executed by the Developer, the General Partner, BHCD and the City, a portion of the costs of the Development will be financed with a portion of the Incremental Taxes in the Fund (the "TIF Funds"); and

WHEREAS, the undertaking of the Project by the New Owner will be financed in part by incremental taxes deposited in the 47<sup>th</sup> and Martin Luther King Redevelopment Project Area Special Tax Allocation Fund (as defined in the TIF Adoption Ordinance) pursuant to Section 5/11-74.4-8(b) of the Act; and

WHEREAS, Pursuant to Resolution 16-CDC-20 adopted by the Community Development Commission of the City (the "Commission") on July 12, 2016, the Commission has recommended that the Developer be designated as the developer for the Project and that the Department of Planning and Development ("DPD") be authorized to negotiate, execute and deliver on behalf of the City a redevelopment agreement with the Developer for the Project;

WHEREAS, DPD has preliminarily reviewed and approved the making of a loan to the Borrower in an amount not to exceed \$2,492,624 (the "Affordable Housing Loan"), to be funded from Multi-Family Program Funds pursuant to the terms and conditions set forth in Exhibit A hereto and made a part hereof; 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 Indenture or the Note Indenture, as applicable.

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 the City Comptroller or, if so designated and determined by the City Comptroller, the Chief Financial Officer (as defined herein) (the City Comptroller or, if so designated and determined by the City Comptroller, the Chief Financial Officer, being referred to herein as the "Authorized Officer") to determine to sell each of the Bonds and the Notes on such terms as and to the extent such officer determines that such sale or sales is desirable and in the best financial interest of the City. Any such designation and determination by the City Comptroller or the Chief Financial Officer shall be signed in writing by the City Comptroller 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 the City Comptroller and filed with the City Clerk. 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 such office, the City Comptroller.

Section 3. Authorization of Obligations, (a) Bonds. The issuance of the Bonds in an aggregate principal amount of not to exceed Ten Million Five Hundred Ninety-Six Thousand Dollars (\$10,596,000) is hereby authorized.

The Bonds shall contain a provision that they are issued under authority of this ordinance. The Bonds shall not mature later than forty-five (45) years after the date of issuance thereof. The Bonds shall bear interest at a rate or rates not to exceed six percent (6%), payable on the interest payment dates as set forth in the Bond Indenture. The Bonds shall be dated, shall be subject to redemption or tender prior to maturity, shall be payable in such places and in such manner and shall have such other details and provisions as prescribed by the Bond Indenture and the form of the Bonds therein.

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

The Authorized Officer is hereby authorized to execute and deliver the Bond Indenture on behalf of the City, such Bond Indenture to be in substantially the form attached hereto as Exhibit B 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 Bond Indenture attached to this ordinance.

The Authorized Officer is hereby authorized to execute and deliver the Financing Agreement on behalf of the City, such Financing Agreement to be 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 Financing Agreement attached to this ordinance.

The Authorized Officer is hereby authorized to execute and deliver a Bond Tax Regulatory Agreement on behalf of the City, in substantially the form of tax regulatory 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 Bond Tax Regulatory Agreement by the Authorized Officer shall be deemed conclusive evidence of the approval of the City Council of the terms provided in the Bond Tax Regulatory Agreement.

(b) Notes. The issuance of the Notes in the aggregate principal amount of not to exceed [FIVE MILLION SEVEN HUNDRED THOUSAND Dollars (\$5,700,000)] is hereby authorized.

The Notes shall contain a provision that they are issued under authority of this ordinance. The Notes shall not mature later than five (5) years after the date of issuance thereof. The Notes shall bear interest at a rate or rates not to exceed six percent (6%)], payable on the interest payment dates as set forth in the Note Indenture. The Notes shall be dated, shall be subject to redemption or tender prior to maturity, shall be payable in such places and in such manner and shall have such other details and provisions as prescribed by the Note Indenture and the form of the Notes therein.

The provisions for execution, signatures, authentication, payment and prepayment, with respect to the Notes shall be as set forth in the Note Indenture and the form of the Notes therein.

The Authorized Officer is hereby authorized to execute and deliver the Note Indenture on behalf of the City, such Note Indenture to be 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 Authorized Officer's approval and the City Council's approval of any changes or revisions from the form of the Note Indenture attached to this ordinance.

The Authorized Officer is hereby authorized to execute and deliver the Loan Agreement on behalf of the City, such Loan Agreement to be in substantially the form attached hereto as Exhibit E 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.

The Authorized Officer is hereby authorized to execute and deliver a Note Tax Regulatory Agreement on behalf of the City, in substantially the form of tax regulatory agreements used in previous issuances of tax-exempt notes pursuant to programs similar to the Notes, with appropriate revisions to reflect the terms and provisions of the Notes and the applicable provisions of 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 Notes. The execution of the Note Tax Regulatory Agreement by the Authorized Officer shall be deemed conclusive evidence of the approval of the City Council of the terms provided in the Note Tax Regulatory Agreement.

The Authorized Officer is hereby authorized to execute and deliver the Land Use Restriction Agreement on behalf of the City in connection with the issuance of the Obligations, such Land Use Restriction Agreement to be in substantially the form attached hereto as Exhibit F 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 Land Use Restriction Agreement attached to this ordinance.

The City Clerk or Deputy City Clerk is hereby authorized to attest the signature of the Authorized Officer to any document referenced herein and to affix the seal of the City to any such document.

Section 4. Security for the Obligations, (a) Bonds. The Bonds shall be limited obligations of the City, payable solely from (i) all right, title and interest of the City in the GNMA mortgage-backed securities purchased pursuant to the Financing Agreement, (ii) all right, title and interest of the City (other than certain reserved rights of the City, as described in the Financing Agreement) in the Financing Agreement and (iii) the proceeds of the Bonds and income from the temporary investment thereof, as provided in the Bond Indenture. 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 provided in the Bond Indenture and are hereby appropriated for the purposes set forth in the Bond Indenture. The Bond Indenture 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.

(b) Notes. The Notes shall be limited obligations of the City, payable solely from (i) all right, title and interest of the City in and to all revenues, derived or to be derived by the City under the terms of the Note Indenture and the Loan Agreement (other than certain reserved rights of the City); (ii) the proceeds of the Notes and income from the temporary investment thereof, as provided in the Note Indenture; (iii) all monies which are provided to the Project pursuant to the Redevelopment Agreement at any time or from time to time on deposit in the Collateral Fund established by the Note Indenture and the Loan Agreement; and (iv) all funds, monies and securities and any and all other rights and interests in property whether tangible or intangible 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 for the Notes by the City or by anyone on its behalf. In order to secure the payment of the principal of, premium, if any, and interest on the Notes, such rights, proceeds and investment income are hereby pledged to the extent and for the purposes as provided in the Note Indenture and are hereby appropriated for the purposes set forth in the Note Indenture. The Note Indenture 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 Notes.

Section 5. Sale and Delivery of Obligations, (a) Bonds. The Bonds shall be sold and delivered to, or upon the direction of, one or more underwriters (the "Underwriters") to be selected by the Authorized Officer, subject to the terms and conditions of the Bond Purchase Agreement, or, alternatively, are hereby authorized to be sold and delivered directly to one or more investors to be selected by the Authorized Officer subject to the terms and conditions of the Bond Purchase Agreement. The Authorized Officer is authorized to execute and deliver on behalf of the City, with the concurrence of the Chairman of the Committee on Finance of the City Council, the Bond Purchase Agreement in substantially the form of bond purchase agreements] used in previous sales of bonds pursuant to programs similar to the Bonds, with appropriate revisions to reflect the terms and provisions of the Bonds and the fact that the Bonds may be sold to certain institutional investors, and with such other revisions in text as the Authorized Officer shall determine are necessary or desirable in connection with the sale of the Bonds. The execution of the Bond Purchase Agreement by the Authorized

Officer shall be deemed conclusive evidence of the approval of the City Council of the terms provided in the Bond Purchase Agreement. The distribution of the Bond Preliminary Limited Offering Memorandum and the Bond Limited Offering Memorandum to prospective purchasers of the Bonds and the use thereof by the Underwriters in connection with the offering and sale of the Bonds are hereby authorized, provided that the City shall not be responsible for the content of the Bond Preliminary Limited Offering Memorandum or the Bond Limited Offering Memorandum except as specifically provided in the Bond Purchase Agreement executed by the Authorized Officer, and provided further that, if the Bonds are sold directly to institutional investors, the City may forgo the use of a Bond Preliminary Limited Offering Memorandum or Bond Limited Offering Memorandum, but only if such institutional investors execute and deliver to the City "sophisticated investor" letters satisfactory to the Authorized Officer. The compensation paid to the Underwriters in connection with the sale of the Bonds shall not exceed one and three-fifths percent (1.6%)] of the aggregate principal amount of the Bonds. In connection with the offer and delivery of the Bonds, the Authorized Officer, and such other officers of the City as may be necessary, are 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.

(b) Notes. The Notes shall be sold and delivered to, or upon the direction of the Underwriters, subject to the terms and conditions of the Note Purchase Agreement, or, alternatively, are hereby authorized to be sold and delivered directly to one or more investors to be selected by the Authorized Officer subject to the terms and conditions of the Note Purchase Agreement. The Authorized Officer is authorized to execute and deliver on behalf of the City, with the concurrence of the Chairman of the Committee on Finance of the City Council, the Note Purchase Agreement in substantially the form of note purchase agreements used in previous sales of bonds or notes pursuant to programs similar to the Notes, with appropriate revisions to reflect the terms and provisions of the Notes and the fact that the Notes may be sold to certain institutional investors, and with such other revisions in text as the Authorized Officer shall determine are necessary or desirable in connection with the sale of the Notes. The execution of the Note Purchase Agreement by the Authorized Officer shall be deemed conclusive evidence of the approval of the City Council of the terms provided in the Note Purchase Agreement. The distribution of the Note Preliminary Limited Offering Memorandum and the Note Limited Offering Memorandum to prospective purchasers of the Notes and the use thereof by the Underwriters in -connection with the offering and sale of the Notes are hereby authorized, provided that the City

shall not be responsible for the content of the Note Preliminary Limited Offering Memorandum or the Note Limited Offering Memorandum except as specifically provided in the Note Purchase Agreement executed by the Authorized Officer, and provided further that, if the Notes are sold directly to institutional investors, the City may forgo the use of a Note Preliminary Limited Offering Memorandum or Note Limited Offering Memorandum, but only if such institutional investors execute and deliver to the City "sophisticated investor" letters satisfactory to the Authorized Officer. The compensation paid to the Underwriters in connection with the sale of the Notes shall not exceed one percent (1%) of the aggregate principal amount of the Notes. In connection with the offer and delivery of the Notes, the Authorized Officer, and such other officers of the City as may be necessary, are 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 Notes. Any limitation on the amount of Notes issued pursuant to this ordinance as set forth herein shall be exclusive of any original issue discount or premium.

Section 6. Notification of Sale, (a) Bonds. Subsequent to the sale of the Bonds, the Authorized Officer shall file in the Office of the City Clerk a Notification of Sale for the Bonds directed to the City Council setting forth (i) the aggregate original principal amount of, maturity schedule, redemption provisions for and nature of the Bonds sold; (ii) the extent of any tender rights to be granted to the holder of the Bonds, including, without



limitation, the right of the holder to tender the Bonds in exchange for one or more mortgage-backed securities held by the Bond Trustee under the Bond Indenture, (iii) the identity of the Bond Trustee, (iv) the interest rates on the Bonds, (v) the identity of any underwriters or institutional investors who purchase the Bonds directly from the City or through the Underwriters, and (vi) the compensation paid to the Underwriters in connection with such sale. There shall be attached to such notification the final form of the Bond Indenture.

(b) Notes. Subsequent to the sale of the Notes, the Authorized Officer shall file in the Office of the City Clerk a Notification of Sale for the Notes directed to the City Council setting forth (i) the aggregate original principal amount of, maturity schedule, redemption provisions for and nature of the Notes sold, (ii) the identity of the Note Trustee, (iii) the interest rates on the Notes, (iv) the identity of any underwriters or institutional investors who purchase the Notes directly from the City or through the Underwriters, and (v) the compensation paid to the Underwriters in connection with such sale. There shall be attached to such notification the final form of the Note Indenture.

Section 7. Use of Proceeds. The proceeds from the sale of the Bonds shall be deposited as provided in the Bond Indenture and used for the purposes set forth in the seventh paragraph of the recitals of this ordinance. The proceeds from the sale of the Notes shall be deposited as provided in the Note Indenture and used for the purposes set forth in the seventh paragraph of the recitals of this ordinance.

Section 8. Declaration of Official Intent. A portion of the cost of the rehabilitation of the Development which the City intends to finance with the proceeds of the Obligations has been paid from available monies of the Borrower prior to the date of this ordinance. It is the intention of the City to utilize a portion of the proceeds of the Obligations to reimburse such expenditures which have been or will be made for those costs, to the extent allowed by the Code and related regulations. It is necessary and in the best interests of the City to declare its official intent under Section 1.150-2 of the Treasury Regulations promulgated under the Code so to utilize the proceeds of the Obligations.<sup>1</sup>

Section 9. Additional Authorization. The Mayor, the Authorized Officer, the City Treasurer and, upon the approval and availability of the additional financing as shown in Exhibit A hereto (the "Additional Financing"), the Authorized DPD Officer are each hereby authorized

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to execute and deliver and the City Clerk and the Deputy City Clerk are each hereby authorized to enter into, execute and deliver such other documents and agreements and perform such other acts as may be necessary or desirable in connection with the Obligations, including, but not limited to, the exercise following the delivery date of the Obligations of any power or authority delegated to such official under this ordinance with respect to the Obligations upon original issuance, but subject to any limitations on or restrictions of such power or authority as herein set forth.

Section 10. Proxies. The Mayor and the Authorized Officer may each designate another to act as their respective proxy and to affix their respective signatures to each Obligation, whether in temporary or definitive form, and to any other instrument, certificate or document required to be signed by the Mayor or the Authorized Officer pursuant to this ordinance or either the Bond Indenture or the Note Indenture. 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 which 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 the 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. Volume Cap. The Obligations are obligations taken into account under Section 146 of the Code in the allocation of the City's volume cap.

Section 12. Developer Designation. The Developer is hereby designated as the developer for the Development pursuant to Section 5/11-74.4-4 of the Act.

Section 13. Redevelopment Agreement. Upon the approval and availability of the Additional Financing, the Commissioner of DPD, or a designee thereof (the "Authorized DPD Officer") is hereby authorized, with the approval of the City's Corporation Counsel as to form and legality, to negotiate, execute and deliver a redevelopment agreement between the Developer, the General Partner, BHCD and the City substantially in the form attached hereto as Exhibit G and made a part hereof (the "Redevelopment Agreement") and hereby approved with such changes therein as shall be approved by the Authorized DPD 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 Redevelopment Agreement attached to this Ordinance.

Section 14. Affordable Housing Loan Authorization. Upon the approval and availability of the Additional Financing, the Authorized DPD Officer is hereby authorized, subject to approval by the Corporation Counsel, to enter into and execute such agreements and instruments, and perform any and all acts as shall be necessary or advisable in connection with the implementation of the Affordable Housing Loan. The Authorized DPD Officer is hereby authorized, subject to the approval of the Corporation Counsel, to negotiate any and all terms and provisions in connection with the Affordable Housing Loan which do not substantially modify the terms described in Exhibit A hereto. Upon the execution and receipt of proper documentation, the Authorized DPD Officer is hereby authorized to disburse the proceeds of the Affordable Housing Loan to the Borrower.

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Section 15. Authorization of Fees and Expenses, (a) Bonds. The following fees and expenses are hereby authorized in connection with the Bonds: (i) an Issuer Fee in an amount equal to 1.5 percent of the par amount of the Bonds, payable to the City on the date of issuance of the Bonds, (ii) a Bond Legal Reserve Fee in the amount of 0.10 percent of the par amount of the Bonds, payable to the City on the date of issuance of the Bonds (such fee to be used to pay for other legal and other fees incurred by the City in connection with private activity bonds issued by the City), and (iii) a City Administrative Fee in an amount equal to 0.15 percent of the outstanding principal of the Bonds, accruing monthly but payable to the City on a semiannual basis.

(b) Notes. The following fees and expenses are hereby authorized in connection with the Notes: (i) an Issuer Fee in an amount equal to 1.5 percent of the par amount of the Notes, payable to the City on the date of issuance of the Notes, (ii) a Bond Legal Reserve Fee in the amount of 0.10 percent of the par amount of the Notes, payable to the City on the date of issuance of the Notes (such fee to be used to pay for other legal and other fees incurred by the City in connection with private activity bonds issued by the City), and (iii) a City Administrative Fee in an amount equal to 0.15 percent of the outstanding principal amount of the Notes, accruing monthly but payable to the City on a semi-annual basis. a =

Section 16. Separability. 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 17. Inconsistent Provisions. All ordinances, resolutions, motions or orders in conflict with this ordinance are hereby repealed to the extent of such conflict.

Section 18. No Impairment. No provision of the Municipal Code or violation of any provision of the Municipal Code shall be deemed to impair the validity of this ordinance or the instruments authorized by this

ordinance or to render any agreement or instrument authorized hereby voidable at the option of the City or to impair the rights of the owners of the Obligations to receive payment of the principal of, premium, if any, or interest on the Obligations or to impair the security for the Obligations; provided further, however, that the foregoing shall not be deemed to affect the availability of any other remedy or penalty for any violation of any provision under the Municipal Code.

Section 19. Effective Date. This ordinance shall be in full force and effect immediately upon its passage. ,

Exhibits "A", "B", "C", "D", "E", "F", "G" and "H" referred to in this ordinance read as follows:

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**Ordinance Exhibit A**

**Project and Financing**

**BORROWER:** PGS Bronzeville III Limited Partnership, an Illinois limited partnership, a **single purpose entity created for the purposes of owning the Project. The general partner of the Borrower will be Grand Boulevard Housing IV, LLC, an Illinois limited liability company (the "General Partner").**

**PROJECT:** Acquisition of fee interest in the property located at 401 East Bowen Avenue in Chicago, Illinois (the "Property") and renovation of a 20-story, residential apartment building thereof containing approximately 180 residential dwelling units, along with (1) common area, (2) service and management offices on the 1<sup>st</sup> and 2<sup>nd</sup> floors and (3) approximately 70 surface parking spaces (9 of which are handicapped accessible); the renovations will include extensive repairs to the Property's exterior masonry walls, installation of a new fire safety system, plumbing system, boiler and heating system, electrical service, exterior ramp, interior ramp, laundry room and elevators, and other renovations and improvements to the dwelling units and the Property so that it can serve as a source of quality, affordable rental housing for low and moderate-income senior individuals and families of the City of Chicago, and to pay a portion of the costs of issuance and other costs in connection therewith (collectively, the "Project").

**BONDS/NOTES:**

1. Bonds/Notes Amount: Source: Term: Interest:

Security (Bonds):

Security (Notes):

Not to exceed \$20,000,000 Not to exceed 45 years  
Not to exceed 6% or such other interest rate acceptable to the Commissioner

GNMA mortgage-backed securities issued in connection with a HUD-insured loan secured by a first mortgage on the property (the "First Mortgage") to be made by P/R Mortgage and Investment Corp.

Cash collateral

ADDITIONAL FINANCING:

**2. City Multi-Family Program Funds**

Amount: Not to exceed \$2,492,624  
Source: City Multi-Family Program Funds  
Term: Not to exceed 45 years  
Interest: 0% per annum or such other interest rate acceptable to the Authorized DPD Officer

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Security: A second mortgage on the Property (the "City Mortgage"), which shall be junior to the lien of the First Mortgage and senior to the lien of the TIF Mortgage

**3. TIF Funding**

Amount: Not to exceed \$4,299,179  
Source: A loan, derived from the TIF Funds, to be made by BHCDC to the Borrower, as defined in this Ordinance  
Term: Not to exceed 45 years  
Interest: 0% per annum or such other interest rate acceptable to the Authorized DPD Officer  
Security: A third mortgage on the Property (the "TIF Mortgage") made by Borrower in favor of BHCDC, junior to the lien of the City Mortgage

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

Proceeds: Approximately \$12,140,086, or such amount as may be acceptable to the Authorized Officer, all or a portion of which may be paid on a delayed basis  
Source: To be derived from the syndication of the LIHTCs generated by the Property and the Project, which shall be in an amount not to exceed \$1,500,000.

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Ordinance Exhibit B Form of Bond Indenture

See Attached

51083320.7

**BOND INDENTURE**

**Between**

**CITY OF CHICAGO, COOK COUNTY, ILLINOIS**

**and**

**Seaway Bank and Trust Company,**

**As Bond Trustee**

**With Respect to**

**\$10,596,000 Multi-Family Housing Revenue Bonds (Paul G. Stewart Apartments Phase III Tower  
Project) Series 2016 (FHA Insured/GNMA)**

**Dated as of October 1, 2016**

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## BOND INDENTURE

**THIS BOND INDENTURE ("Bond Indenture" or "Indenture"), dated as of October 1, 2016, between the CITY OF CHICAGO, a municipality and home rule unit of government duly organized and validly existing under the Constitution and the laws of the State of Illinois (the "Issuer"), and Seaway Bank and Trust Company, an Illinois state banking corporation having its principal corporate trust office in Chicago, Illinois, as Trustee (such trustee or any of its successors in trust being the "Trustee" or "Bond Trustee").**

## RECITALS

WHEREAS, pursuant to Article VII, Section 6 of the 1970 Constitution of the State of Illinois and pursuant to the hereinafter defined Ordinance of the Issuer, the Issuer is authorized to exercise any power and perform any function pertaining to its government and affairs, including the power to issue its revenue bonds in order to aid in providing an adequate supply of residential housing for low and moderate income persons or families within the Issuer, which constitutes a valid public purpose for the issuance of revenue bonds by the Issuer;

WHEREAS, the Issuer has determined to issue, sell and deliver \$10,596,000 aggregate principal amount of its Multi-Family Housing Revenue Bonds (Paul G. Stewart Apartments Phase III Tower Project), Series 2016 (FHA Insured/GNMA) (the "Bonds"), as provided herein for the purpose of financing the Mortgage Loan (as herein defined), and HUD (as herein defined) has issued its Firm Commitment dated \_\_\_\_\_, 201\_, as amended, to provide mortgage insurance with respect to such Mortgage Loan; and

WHEREAS, P/R Mortgage & Investment Corp., an Indiana corporation, and/or any successors or assigns, as issuer of the GNMA Securities ("the "GNMA Issuer") has agreed (a) to make an FHA-insured construction and permanent first mortgage loan in the amount of \$10,596,000 to PGS Bronzeville III Limited Partnership, an Illinois limited partnership (the "Borrower"), and (b) to issue fully modified mortgage-backed securities that are guaranteed as to timely payment by the Government National Mortgage Association (each, a "GNMA Security" or collectively, "GNMA Securities"); and

WHEREAS, all things necessary to make the Bonds, when authenticated by the Bond Trustee and issued as in this Indenture provided, the valid, binding and legal limited obligations of the Issuer according to the import thereof, and to constitute this Bond Indenture a valid assignment and pledge of the amounts assigned and pledged to the payment of the principal of, premium, if any, and interest on the Bonds and a valid assignment and pledge of the right, title and interest of the Issuer (if any) in and to the GNMA Securities and the creation, execution and delivery of this Bond Indenture, and the creation, execution and issuance of the Bonds, subject to the terms hereof, have in all respects been duly authorized;

NOW, THEREFORE, the Issuer, in consideration of the premises and the acceptance by the Trustee of the trusts hereby created and of the purchase and acceptance of the Bonds by the Holders thereof, and for other

good and valuable consideration, the receipt of which is hereby acknowledged, in order to secure the payment of the principal of, premium, if any, and interest on the Bonds according to their tenor and effect and the performance and observance by the

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Issuer of all the covenants expressed or implied herein and in the Bonds, has executed and delivered this Bond Indenture and does hereby bargain, sell, convey, pledge, assign and grant a security interest unto the Bond Trustee in and to the following, subject only to the provisions of this Indenture permitting the application thereof or to the purposes and on the terms and conditions set forth herein (said property being herein referred to as the "Trust Estate"), to wit

#### GRANTING CLAUSES

For the equal and proportionate benefit, security and protection of the Bonds issued under and secured by this Bond Indenture without privilege, priority or distinction as to the lien or otherwise of any of the Bonds over any of the others of the Bonds:

A. All right, title and interest of the Issuer in and to the GNMA Securities, including all extensions and renewals of the term thereof, if any, including but without limiting the generality of the foregoing, the present and the continuing right to make claim for, collect, receive and receipt for any and all amounts due and payable under the GNMA Securities, to bring actions and proceedings under the GNMA Securities or for the enforcement thereof and to do any and all -things that the owner of the GNMA Securities is or may be entitled to do, and all payments with respect to the GNMA Securities and any interest, profits and other income derived from the investment thereof; and

B. All right, title and interest of the Issuer in and to any and all funds, moneys and securities from time to time held under this Bond Indenture by the Trustee in the Bond Fund, the Project Fund and the Reserve Fund, including, without limitation, the proceeds of any Bonds deposited in such funds, any investments of said funds, moneys or proceeds and any interest, profits and other income derived from any investment thereof; and

C. All right, title and interest of the Issuer in and to the Financing Agreement, 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 income, revenues, issues and profits and other sums of money payable by the Borrower or receivable by the Issuer under the Financing Agreement, whether payable pursuant to the Financing Agreement, to bring actions and proceedings under the Financing Agreement or for the enforcement thereof, and to do any and all things which the Issuer is or may become entitled to do under the Financing Agreement, and all payments with respect to the Financing Agreement and any interest, profits, and other income derived from the investment thereof, but excluding and reserving, however, the rights of the Issuer, (i) to receive or inspect documentation, to make such other inspections as described in Section 4.2 of the Financing Agreement, and to give and receive notices under the Financing Agreement and this Bond Indenture, (ii) to execute and deliver (subject to the provisions of the Financing Agreement and this Bond Indenture), or to decline to execute and deliver, supplements or amendments to the Financing Agreement or this Bond Indenture and (iii) to be held harmless, to be paid and reimbursed for its expenses and to be indemnified under Section 4.6 of the Financing Agreement, and to enforce such rights in its own name and for its own account and in its sole discretion to waive the same (collectively, the "Reserved Rights");

PROVIDED, HOWEVER, AND NOTWITHSTANDING THE FOREGOING, THE TRUST ESTATE SHALL NOT INCLUDE THE REBATE FUND OR ANY MONEYS OR INVESTMENTS REQUIRED TO BE DEPOSITED IN THE REBATE FUND;

TO HAVE AND TO FOLD all the same with all privileges and appurtenances hereby conveyed and assigned, or agreed or intended so to be, to the Bond Trustee and its successors in said trust and to them and their assigns forever;

PROVIDED, HOWEVER, that if the Issuer or its successors or assigns shall pay or cause to be paid to the Holders of the Bonds the principal, interest and premium, if any, to become due thereon at the times and in the manner provided in ARTICLE IX hereof and if the Issuer shall keep, perform and observe, or cause to be kept, performed and observed, all its covenants, warranties and agreements contained herein, this Bond Indenture and the estate and rights hereby granted shall, at the option of the Issuer, cease and be void, and thereupon the Bond Trustee shall cancel and discharge the lien of this Bond Indenture and execute and deliver to the Issuer such instruments in writing as shall be requisite to satisfy the lien hereof, and reconvey to the Issuer any property at the time subject to the lien of this Bond Indenture which may then be in its possession, except funds held by the Bond Trustee for the payment of interest on, premium, if any, and principal of the Bonds; otherwise this Bond Indenture shall be and remain in full force and effect, and upon the trusts and subject to the covenants and conditions hereinafter set forth.

## **ARTICLE I. DEFINITIONS**

Section 1.01 Definitions. The terms defined in this Section 1.01 or in the Recitals hereto (except as herein otherwise expressly provided or unless the context otherwise requires) for all purposes of this Bond Indenture and of any indenture supplemental hereto shall have the respective meanings specified in this Section 1.01 or in the Recitals hereto.

"Act of Bankruptcy" means the filing of a petition in bankruptcy (or other commencement of a bankruptcy, insolvency or similar proceeding) by or against the Borrower under any applicable bankruptcy, insolvency, reorganization or similar law, as now or hereafter in effect.

"Affiliated Party" means the General Partner or the manager of the General Partner or any other partner of the Borrower, a Person whose relationship with the Borrower would result in a disallowance of losses under Section 267 or 707(b) of the Code, or a Person who, together with the Borrower, is a member of the same controlled group of corporations (as defined in Section 1563 (a) of the Code, except that more than 50 percent" shall be substituted for "at least 80 percent" each place it appears therein).

"Authorized Denomination" means \$1 or any integral multiple thereof.

"Authorized Borrower Representative" means any authorized officer of the manager of the General Partner and any other authorized representative of the Borrower.

"Authorized Issuer Representative " means any person or persons specifically authorized by ordinance to take the action intended.

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"Bond Counsel" means Polsinelli PC or any attorney at law or firm of attorneys, of nationally recognized standing in matters pertaining to the federal tax exemption of interest on bonds issued by states and political subdivisions, and duly admitted to practice law before the highest court of any state of the United States of America or the District of Columbia.

"Bond Fund" means the Bond Fund created in Section 4.01 hereof.

"BondRegister" has the meaning as set forth in Section 2.09 hereof.

"Bond Indenture " means this Bond Indenture and all indentures supplemental hereto.

"Bond Purchaser" means the AFL-CIO Housing Investment Trust.

"Bond Registrar" means the Bond Trustee, or any successor Bond Registrar, appointed in accordance with Section 7.14 of this Bond Indenture. "Principal Office" of the Bond Registrar shall mean the principal corporate trust office of the Bond Trustee if the Bond Trustee is serving as Bond Registrar, and with respect to any other Bond Registrar shall mean the office thereof designated in writing to the Bond Trustee.

"Bond Trustee Fee" means an upfront fee of \$5,000 payable on the Closing Date, a first year administration fee of \$3,600 payable on the Closing Date, and an ongoing annual fee equal to 0.06%] of the amount of Bonds outstanding, calculated and payable monthly (which includes any fees due to the Bond Trustee pursuant to any related Continuing Disclosure Agreement), as provided in Section 4.12 hereof.

"Bonds" means the Issuer's Multi-Family Housing Revenue Bonds (Paul G. Stewart Apartments Phase III Tower Project), Series 2016 (FHA Insured/GNMA) in the aggregate principal amount of \$10,596,000 issued under and secured by this Bond Indenture.

"Borrower" means PGS Bronzeville III Limited Partnership, a limited partnership organized under the laws of the State of Illinois, and its successors and assigns.

"Building Loan Agreement" means the Building Loan Agreement between the Borrower and the GNMA Issuer, as the same may be amended, restated or supplemented from time to time.

"Business Day" means any day of the year on which (i) banks located in the City of Chicago and the city in which the principal office of the Bond Trustee is located, are not required or authorized to remain closed and (ii) The New York Stock Exchange is not closed.

"Certificate of the Issuer," "Statement of the Issuer," "Request of the Issuer" and "Requisition of the Issuer" mean, respectively, a written certificate, statement, request or requisition, with or without the seal of the Issuer, signed in the name of the Issuer by an Authorized Issuer Representative. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and if so combined shall be read and construed as a single instrument.

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"City Administrative Fee " means the City Administrative Fee to be paid by the Trustee on behalf of the Borrower to the Issuer, described in Section 4.12 of this Bond Indenture.

"CLC " means a construction loan certificate maturing on the CLC Maturity Date that is a GNMA Security which represents an amount advanced by the GNMA Issuer to the Borrower and which bears interest at the Pass-Through Rate.

"CLC Maturity Date " means , 20 .

"Closing Date " means the date of delivery of the Bonds in exchange for the purchase price thereof.

"Code" means the Internal Revenue Code, of 1986, as amended, and any regulations thereunder applicable to the Bonds.

"Commencement of Amortization" means 1, 201\_, the date on which the Borrower is obligated to begin to repay principal of the Mortgage Loan, except as such date may be extended with the approval of HUD.

"Commitment" means that certain Commitment for Insurance of Advances dated > , 201\_, as amended, from HUD to the GNMA Issuer.

"Completion Date" means the date of the completion of the rehabilitation of the Project, as that date shall be certified as provided in Section 4.8 of the Financing Agreement.

"Continuing Disclosure Agreement" means the Continuing Disclosure Agreement, dated the date of issuance of the Bonds, between the Borrower and the Bond Trustee, as dissemination agent, as the same may amended, restated or supplemented from time to time.

"Costs of Issuance" means all items of-expense payable or reimbursable directly or indirectly by the Borrower and related to the authorization, sale and issuance of the Bonds, including but not limited to expenses of printing, reproducing documents, filing and recording, costs incurred in arranging for the acquisition of the GNMA Securities, initial fees and charges of the Bond Trustee, legal and other professional services and consultation, credit ratings, execution, transportation and safekeeping of the Bonds and other costs, charges and fees in connection with any of the foregoing.

"Event of Default" means any of those events specified in and defined by the applicable provisions of Article VI hereof to constitute an event of default.

"FHA " means the Federal Housing Administration, an organizational unit within HUD, and may refer to the Commissioner thereof, any authorized representative thereof or the successor thereof.

"FHA Insurance " means the mortgage insurance for the Mortgage Loan by FHA under the provisions of Section 221(d)(4) of the National Housing Act and the regulations promulgated thereunder.

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"Final Advance" means the final advance of the Mortgage Loan proceeds to the Borrower upon or prior to Final Endorsement.

"Final Endorsement" means the date on which the Mortgage Note is finally endorsed for mortgage insurance by FHA, following completion of the Project and compliance with the terms and conditions of the Mortgage Loan Documents.

"Financing Agreement" means the Financing Agreement dated as of the date hereof among the Issuer, the Borrower and the Bond Trustee, as the same may be amended, restated or supplemented from time to time.

"General Partner" means Grand Boulevard Housing IV, LLC, an Illinois limited liability company, the manager of which is Peoples Co-Op For Affordable Elderly Housing (with an 81% ownership interest), an Illinois not-for-profit corporation and the other member of which is Bronzeville Housing and Community Development Corporation (with a 19% ownership interest), an Illinois not-for-profit corporation.

"GNMA " means the Government National Mortgage Association, and its successors and assigns.

"GNMA Guaranty Agreement" means the GNMA Guaranty Agreement (relating to the GNMA Securities) between GNMA and the GNMA Issuer, together with all supplements thereto.

"GNMA Issuer" means P/R Mortgage & Investment Corp, an Indiana corporation, and its successors and assigns.

"GNMA Security" or "GNMA Securities" means a fully modified pass-through security in the form of a CLC or a PLC issued by the GNMA Issuer, registered in the name of the Bond Trustee or its designee and guaranteed by GNMA as to timely payment of principal of and interest on a PLC and as to the timely payment of interest only until maturity and the timely payment of principal and interest at maturity on a CLC, pursuant to the GNMA I Mortgage Backed Securities Program under Section 306(g) of the National Housing Act of 1934, as amended, and the regulations promulgated thereunder, backed by the Mortgage Loan made by the GNMA Issuer to finance the Project in accordance with the Mortgage Loan Documents, which Mortgage Loan is insured by the Secretary of HUD by and through the FHA.

"Government Obligations" means bonds, notes and other evidences of indebtedness of the United States of America or any agency or instrumentality thereof backed by the full faith and credit of the United States of America.

"Holder" or "Bondholder" when used with respect to any Bond, means the Person in whose name such Bond is registered.

"HUD" means the United States Department of Housing and Urban Development, and its successors.

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"HUD Regulatory Agreement" means the Regulatory Agreement for Multifamily Housing Projects (HUD Project No. 071-35889) with respect to the Project between the Borrower and HUD, as the same may be amended, restated or supplemented from time to time.

"Inducement Ordinance " means the inducement ordinance adopted by the City Council of the Issuer on July 29, 2015 with respect to the Project.

"Initial Advance " means the first advance under the Mortgage Loan from Mortgage Loan proceeds by the GNMA Issuer to the Borrower.

"Initial CLC" means the CLC delivered by the GNMA Issuer to the Bond Trustee with respect to the Initial Advance.

" Interest Accrual Commencement Date" means, as applicable, (i) 1, 201\_ or (ii) the first calendar day of the month in which the related principal amount of the Bonds is increased pursuant to Section 2.13(b) hereof.

"Interest Payment Date " has the meaning as set forth in Section 2.01 hereof.

"Interest Rate " means, with respect to a Bond, the rate per annum as set forth in Section 2.01 hereof.

"Issuer Fee " means the amount of \$ , which represents 1.5% of the par amount of the Bonds, paid by the Trustee on behalf of the Borrower to the Issuer on the Closing Date in connection with, and as consideration for, the issuance of the Bonds.

"Land Use Restriction Agreement" means the Land Use Restriction Agreement dated as of October 1, 2016, between the Issuer and the Borrower with respect to the Project, the Notes and the Bonds.

"Legal Reserve Fee " means the Legal Reserve Fee payable by the Trustee on behalf of the Borrower to the Issuer, as described in Section 4.12 of this Bond Indenture.

"LIHTC Placed in Service Date" means the date specified in a notice, signed by the Borrower and , a[n] [limited liability company], and delivered to the Trustee, to the effect that: (a) a temporary or permanent certificate of occupancy for the Project has been issued by the City of Chicago Department of Buildings; and (b) all events resulting in the Project's rehabilitation being completed and being placed in service for purposes of Section 42 of the Code and Internal Revenue Service revenue rulings and notices thereunder have occurred.

"Mortgage " means the mortgage from the Borrower to the GNMA Issuer securing the Mortgage Note, as the same may be amended, restated or supplemented from time to time.

"Mortgage Loan " means the mortgage loan to be made to the Borrower by the GNMA Issuer and insured by FHA under the provisions of Section 221 (d)(4) of the National Housing Act.

"Mortgage Loan Documents" means the Mortgage Note, the Mortgage, the HUD Regulatory Agreement, the Building Loan Agreement and other documents required by FHA in connection with the closing of the Mortgage Loan, as the same may be amended, restated or supplemented from time to time.

"Mortgage Note " means the mortgage note, in the form endorsed for mortgage insurance by FHA, made by the Borrower to the GNMA Issuer, evidencing the Borrower's obligation to the GNMA Issuer to repay the Mortgage Loan.

"National Housing Act" means the National Housing Act of 1934, as amended.

"Notes" means the Multi-Family Housing Revenue Notes (Paul G. Stewart Apartments Phase III Tower Project), Series 2016 of the Issuer issued on the Closing Date in connection with the Project.

"Notice Address " means with respect to each of the Persons listed below the address set forth below until such time as such Person shall have notified each of the other Persons listed below of a new Notice Address.

If to the Issuer: City of Chicago  
Department of Housing and Economic Development City Hall  
121 N. LaSalle Street, Room 1006 Chicago, IL  
60602

With copies to:

City of Chicago  
Office of the Corporation Counsel City Hall -  
Room 600 121 North LaSalle Street Chicago,  
Illinois 60602  
Attention: Finance and Economic Development Division

and to:

City of Chicago  
Department of Finance - Financial Policy 33 North LaSalle Street,  
Suite 600 Chicago, Illinois 60602 Attention: Deputy Comptroller

If to the Borrower: PGS Bronzeville III Limited Partnership  
400 East 41<sup>st</sup> Street, Suite 100 Chicago, IL  
60653 Attention: Fred L. Bonner

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with a copy to:

Kutak Rock LLP One S. Wacker Drive, Suite 2050  
Chicago, Illinois 60606 Attention: Jay Gilbert,  
Esq.

with a copy to:

Seaway Bank and Trust Company  
645 East 87<sup>th</sup> Street, Suite 500 Chicago, Illinois 60619 Attention:

P/R Mortgage & Investment Corp. 11555 North Meridian Street, Suite 400 Carmel, Indiana 46032 Attention:  
Michael F. Petrie

Standard & Poor's Ratings Services 55 Water Street, 38<sup>th</sup> Floor New York, New York 10041 Attention: Public  
Finance Surveillance

"Notice by Mail" or "notice" of any action or condition "by Mail" shall mean a written notice meeting the requirements of this Bond Indenture mailed by first-class mail to the Holders of specified registered Bonds at the addresses shown in the Bond Register.

"Ordinance " means the ordinance adopted by the City Council of the Issuer on  
, 201\_, authorizing the issuance, sale and delivery of the Bonds and the Notes.

"Outstanding" when used with respect to the Bonds, means all Bonds theretofore authenticated and delivered under this Bond Indenture, except:

a) Bonds theretofore cancelled by the Bond Trustee or theretofore delivered to the Bond Trustee for cancellation;

b) Bonds for the payment or redemption of which money or obligations shall have been theretofore deposited with the Bond Trustee in accordance with ARTICLE IX; and

c) Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered under this Bond Indenture.

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"Participant" when used with respect to any Securities Depository means any participant of such Securities Depository.

"Pass-Through Rate " means the rate of interest on the GNMA Security which shall be  
[     ]%•

"Paying Agent" or "paying agent" means the Bond Trustee and its successors designated pursuant to this Bond Indenture.

"Person" or "Persons" means one or more natural persons, firms, associations, partnerships, corporations, limited liability companies or public bodies.

"PLC" means the permanent loan certificate that is the GNMA Security issued after Final Endorsement which shall bear interest at the Pass-Through Rate and which shall be in a principal amount equal to the full principal amount of the Mortgage Loan upon Final Endorsement, minus any principal reduction payments or scheduled principal payments made to the GNMA Issuer prior to the dated date of the PLC and after giving effect to the principal payment due on the dated date of the PLC.

"PLC Delivery Date " means the earlier of (a) the date on which the PLC is delivered to the Bond Trustee and (b) \_\_\_\_\_, as such date may be extended pursuant to Section 4.03(d) of this Bond Indenture.

"PLC Issue Date " means the first day of the month in which the PLC is issued.

"Project" means the acquisition of the property located at 401 East Bowen Avenue, Chicago, Illinois, which is commonly known as the Paul G. Stewart Apartments Phase III Tower, which Site contains a 20-story, residential apartment building containing approximately one hundred and eighty (180) residential dwelling units, along with (1) common area, (2) service and management offices on the 1<sup>st</sup> and 2<sup>nd</sup> floors and (3) approximately 70 surface parking spaces (9 of which are handicapped accessible), and the making of extensive repairs thereto, including repairs to the Property's exterior masonry walls, installation of a new fire safety system, plumbing system, boiler and heating system, electrical service, exterior ramp, interior ramp, laundry room and elevators, and other rehabilitation of and improvement to the dwelling units and the Property so that it can continue to serve as a source of quality, affordable rental housing for low and moderate-income senior individuals and families of the City of Chicago.

"Project Costs" means, to the extent authorized by the Code, any and all costs incurred by the Borrower with respect to the acquisition, rehabilitation, construction and equipping of the Project, including, without limitation, costs for site preparation, the planning of housing and related facilities and improvements, the acquisition of property, the removal, demolition or rehabilitation of existing structures, the construction of housing and related facilities and improvements, and all other work in connection therewith, and all costs of financing, including, without limitation, the cost of consultant, accounting and legal services, other expenses necessary or incident to determining the feasibility of the Project, contractors' and Borrower's overhead and supervisors' fees and costs directly allocable to the Project, administrative and other expenses necessary or incident to the Project and the financing thereof (including

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reimbursement to any municipality, county or entity for expenditures made for the Project), and interest accrued during construction and prior to the Completion Date.

"Project Fund" means the Project Fund created in Section 4.01 hereof

"Qualified Investments" means any of the following which at the time of investment are legal investments under the laws of the State for the investment of the Issuer's funds:

- a) Government Obligations;
- b) Obligations issued or guaranteed by the Resolution Funding Corporation, Fannie Mae, the Federal Home Loan Bank, the Federal Farm Credit Bank or the Federal Home Loan Mortgage

Corporation, or obligations, participations or other instruments issued by or fully guaranteed as to interest and principal by, the Government National Mortgage Association (excluding stripped mortgage-backed securities which are valued at greater than par on the unpaid principal);

c) Bonds or other obligations issued by any public housing agency or municipality in the United States of America, which bonds or obligations are assigned a rating of "AAA" or better by the Rating Agency and are fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or contracts with the United States of America government, or project notes issued by any public housing agency, urban renewal agency or municipality in the United States assigned a rating of "AAA" or better by the Rating Agency and fully secured as to payment of both principal and interest by a requisition, loan or payment agreement with the United States government;

d) Interest-bearing time deposits, repurchase agreements, rate guarantee agreements or other similar banking arrangements with a bank or trust company having capital and surplus aggregating at least \$50 million or with any government bond dealer reporting to, trading with and recognized as a primary dealer by the Federal Reserve Bank of New York having capital aggregating at least \$50 million or with any corporation which is subject to registration with the Board of Governors of the Federal Reserve System pursuant to the requirements of the Bank Holding Company Act of 1956 and whose unsecured or uncollateralized long-term debt obligations are assigned a rating by the Rating Agency of "AAA" or better for agreements of more than one year or whose unsecured and uncollateralized short-term debt obligations are assigned a rating by the Rating Agency of "A-1+" or better for agreements of one year or less, provided that each such interest-bearing deposit, repurchase agreement, guarantee agreement or other similar banking arrangement shall permit the moneys so placed to be available for use at the time provided with respect to the investment or reinvestment of such moneys; and

e) No-load, open-end money market mutual funds (including those of the Trustee and its affiliates) registered under the Investment Company Act of 1940, provided the portfolio of such fund is limited to Government Obligations and such fund has been assigned a rating by the Rating Agency of "AAAm" or "AAAmG."

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Qualified Investments shall not include the following: (i) any investments with a final maturity, or any agreements with a term greater than 365 days from the date of the investment (except (A) obligations that provide for the optional or mandatory tender, at par, by the holder thereof at least once within 365 days of the date of purchase, (B) any investments listed in subparagraphs (a) or (b) above that are irrevocably deposited with the Bond Trustee for payment of Bonds pursuant to Section 9.01, and (C) agreements listed in subparagraph (d) or (e) above), (ii) any obligation with a purchase price greater than the par value of such obligation (except for obligations described in subparagraph (A) or (B) above which are non-callable by the issuer thereof), (iii) mortgage-backed securities, real estate mortgage investment conduits or collateralized mortgage obligations, (iv) interest-only or principal-only stripped securities, (v) obligations bearing interest at inverse floating rates, (vi) investments which may be prepaid or called at a price less than its purchase price prior to stated maturity or (vii) any investment the interest rate on which is variable and is established other than by reference to a single index plus a fixed spread, if any, and which interest rate moves proportionately with that index, and provided further that if any such investment described in subparagraphs (a) through (e)

above is required to be rated, such rating requirements will not be satisfied if such rating is evidenced by the designation of an "r" or "t" highlighter affixed to its rating.

"Qualified Project Costs" means Project Costs (excluding Costs of Issuance) paid (i) after the date which is 60 days prior to the adoption of the Inducement Ordinance or (ii) prior to such date which are nevertheless eligible for reimbursement under the Code, which either constitute land or property of a character subject to the allowance for depreciation under Section 167 of the Code or are chargeable to a capital account with respect to the Project for federal income tax and financial accounting purposes, or would be so chargeable either with a proper election by the Borrower or but for the proper election by the Borrower to deduct those amounts within the meaning of Code Regulation 1.103-8(a)(1)(i); provided, however, that only such portion of interest accrued during construction of the Project shall constitute a Qualified Project Cost as bears the same ratio to all such interest as the Qualified Project Costs bear to all Project Costs; and provided, further, that interest accruing after the Completion Date shall not be a Qualified Project Cost; and provided still further that, if any portion of the Project is being constructed by an Affiliated Party (whether as a general contractor or a subcontractor), "Qualified Project Costs" shall include only (a) the actual out-of-pocket costs incurred by such Affiliated Party in constructing the Project (or any portion thereof), (b) any reasonable fees for supervisory services actually rendered by the Affiliated Party and (c) any overhead expenses incurred by the Affiliated Party which are directly attributable to the work performed on the Project, and shall not include, for example, intercompany profits resulting from members of an affiliated group (within the meaning of Section 1504 of the Code) participating in the construction of the Project or payments received by such Affiliated Party due to early completion of the Project (or any portion thereof).

"Rating Agency" means Standard & Poor's Ratings Services, a business of Standard & Poor's Financial Services LLC, or its successor, if such rating agency is then maintaining a rating on the Bonds, and any other nationally recognized securities rating agency to which the Issuer has applied for a rating on any Outstanding Bonds and which rating is currently in effect.

"Rebate Analyst" means a certified public accountant, financial analyst or attorney, or any firm of the foregoing, or a financial institution (which may include the Bond Trustee)

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experienced in making the arbitrage and rebate calculations required pursuant to Section 148 of the Code and selected by the Issuer at the expense of the Borrower to calculate the Rebate Amount or, in the event that the Issuer fails to so select a Rebate Analyst and the Borrower fails to pay such fee one month prior to any date on which calculations are required to be made, any qualified person retained by the Bond Trustee to calculate the Rebate Amount.

"Rebate Analyst Fee " means the fee of the Rebate Analyst in an amount to be paid by the Borrower from moneys other than the Trust Estate.

"Rebate Fund" means the Rebate Fund created in Section 4.01 hereof

"Redemption Date" means any date fixed by the Bond Trustee on which Bonds are redeemed in accordance with this Bond Indenture.

"Regular Record Date " means, with respect to an Interest Payment Date, the close of business on the first day of the calendar month of such Interest Payment Date whether or not a Business Day.

"Reserve Fund" means the Reserve Fund created in Section 4.01 hereof.

"Securities Depository" means any securities depository registered as a clearing agency with the Securities and Exchange Commission pursuant to Section 17A of the Securities Exchange Act of 1934, as amended, and appointed as a securities depository for the Bonds.

"Site" means the property located at 401 East Bowen Avenue, Chicago, Illinois, which is commonly known as Paul G. Stewart Apartments Phase III Tower.

"Special Record Date" means the date and time established by the Bond Trustee for the determination of which Holders shall be entitled to receive overdue interest on the Bonds pursuant to Section 2.02 hereof.

"State" means the State of Illinois.

"Supplemental Indenture" means a supplement to this Bond Indenture being authorized and executed pursuant to Section 8.01 or Section 8.02 hereof

"Surplus Cash" has the meaning specified in the HUD Regulatory Agreement.

"Tax Regulatory Agreement" means the Tax Regulatory Agreement, dated the Closing Date, between the Borrower and the Issuer relating to the Bonds.

"Trade Agreement" means that certain GNMA Securities Trade Agreement dated as of October 1, 2016, by and between the Bond Trustee and the GNMA Issuer, as the same may be amended, restated or supplemented from time to time.

"Trust Estate" means the property rights, money, securities and other amounts pledged and assigned pursuant to the Granting Clauses of this Bond Indenture.

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Section 1.02 Interpretation. Reference to Articles, Sections, and other subdivisions are to the designated Articles, Sections, and other subdivisions of this Bond Indenture. The headings of this Bond Indenture are for convenience only and do not define or limit the provisions hereof. Words of any gender shall be deemed and construed to include correlative words of the other genders. Words importing the singular number shall include the plural number and vice versa unless the context shall otherwise indicate.

## ARTICLE BONDS

## II.

## THE

Section 2.01 Issuance of Bonds. The Bonds shall be issued in the maximum aggregate principal amount of \$10,596,000; shall be designated "Multi-Family Housing Revenue Bonds (Paul G. Stewart Apartments Phase III Tower Project), Series 2016 (FHA Insured/GNMA)"; shall be issued only as fully registered bonds, and shall be in the Authorized Denominations requested by the Holder (provided, however, that each Bond shall have only one principal maturity date). Unless the Issuer shall otherwise direct, the Bonds shall be numbered from R-1 upward.

Each Bond shall be in the form attached as Exhibit A to this Bond Indenture, shall be dated October 1, 2016 and shall bear interest, until paid, at the rate of [ ]% per annum (the "Interest Rate") from the respective Interest Accrual Commencement Date, provided that no interest shall accrue on principal of the Bond until the calendar month in which that portion of the principal amount of the Bond is drawn down as reflected on the drawdown schedule attached to the Bond as Appendix A.

Interest on the Bonds is payable on each [ ] and [ ], commencing on [ ] (the "Interest Payment Dates") and shall be in the amount of interest that accrued during the six-month period preceding each Interest Payment Date on the principal balance of the Bonds Outstanding as of the last day of the six-month period preceding such Interest Payment Date. Interest on the Bonds shall be calculated on the basis of a 360-day year of twelve 30-day months.

The stated maturity of the Bonds shall be [ ], 20 [ ]. Principal of the Bonds shall be payable on each Interest Payment Date to the extent amounts are available for such purpose. Principal payable on the Bonds on each Interest Payment Date shall be equal to the amounts in the Bond Fund representing principal payments received on the GNMA Security, including, without limitation, principal payments on the GNMA Security representing (A) regularly scheduled payments of principal, including, without limitation, principal payments on maturing CLCs, (B) casualty insurance proceeds, condemnation awards or other amounts applied to the prepayment of the Mortgage Loan following a partial or total destruction or condemnation of the Project, (C) mortgage insurance proceeds or other amounts received with respect to the Mortgage Loan, (D) a voluntary prepayment of the Mortgage Loan, provided such principal payments are permitted pursuant to the terms of the Mortgage Note and shall include any applicable redemption premium payable on the Mortgage Loan, (E) a prepayment of the Mortgage Loan required by applicable rules, regulations, policies and procedures of FFIA or GNMA (including the possible exercise by HUD of its right to override the prepayment and premium provisions of the Promissory Note following an event of default thereunder if HUD determines that prepayment of the Mortgage Loan will avoid a mortgage insurance claim and is therefore in the

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best interest of the Federal government), or (F) prepayment on the GNMA Security derived from prepayments on the Mortgage Loan made by the Borrower without notice or prepayment penalty while under the supervision of a trustee in bankruptcy. Principal payable on each Bond on each Interest Payment Date shall be its pro rata proportion of each such amount available to pay the principal of the Bonds on such Interest Payment Date.

Section 2.02 Payment of Bonds. Payment of principal, premium, if any, and interest shall be made in lawful money of the United States of America. Principal of and premium, if any, on the Bonds due upon maturity or earlier redemption in whole shall be paid only upon presentation and surrender thereof for cancellation at the principal corporate trust office of the Bond Trustee or at the principal office of any additional paying agent appointed pursuant to Section 7.13 hereof to the Person appearing on the registration books as the registered Holder thereof. Payment of the interest and principal (other than as set forth above) on any Bond shall be made to the Person whose name appears on the Bond Register as the registered Holder thereof as of the close of business on the Regular Record Date applicable to such Interest Payment Date, such interest to be paid by check or draft mailed to such registered Holder at his or her address as it appears on such Bond Register, notwithstanding the cancellation of such Bond upon any registration of transfer or exchange thereof subsequent



to such Regular Record Date and prior to such Interest Payment Date; provided, however, that payment of interest on any Interest Payment Date shall be made by wire transfer to the Holder as of the close of business on the Regular Record Date upon written notice of such wire transfer address in the continental United States of America by such Holder to the Bond Trustee given prior to such Regular Record Date (which notice may provide that it will remain in effect until revoked), and further provided that such wire transfer shall only be made with respect to an owner of \$1,000,000 or more in aggregate principal amount of the Bonds as of the close of business on the Regular Record Date relating to such Interest Payment Date.

If the funds available under this Bond Indenture are insufficient on any Interest Payment Date to pay the interest then due, the Regular Record Date shall no longer be applicable with respect to the Bonds. If sufficient funds for the payment of such overdue interest thereafter become available, the Bond Trustee shall immediately establish a special interest payment date for the payment of the overdue interest and a Special Record Date (which shall be a Business Day) for determining the Holders entitled to such payments. Notice of such day so established shall be given by first-class mail by the Bond Trustee to each Holder at least 10 days prior to the Special Record Date, but not more than 30 days prior to the special interest payment date. The overdue interest shall be paid on the special interest payment date to the Person whose name appears on the Bond Register as the Registered Holder thereof as of the close of business on the Special Record Date. Prior Holders of Bonds who transfer or exchange Bonds prior to such Special Record Date shall have no rights with respect to the payment of overdue interest on the Bonds so transferred or exchanged.

**Section 2.03 Restriction on Issuance of Bonds.** No Bonds may be issued under the provisions of this Bond Indenture except in accordance with this Article. The total principal amount of Bonds that may be issued hereunder, other than Bonds issued pursuant to the provisions of Sections 2.08 and 2.10 hereof or in substitution for other Bonds, is expressly limited to the amount set forth in Section 2.01.

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**Section 2.04 Limited Obligations.** The Bonds and the interest thereon are limited obligations of the Issuer, payable solely from the revenues, receipts and security pledged therefor in the Granting Clauses hereof. The Bonds, together with premium, if any, and interest thereon, do not constitute an indebtedness, liability, general or moral obligation or a pledge of the full faith or loan of credit of the Issuer, the State, or any political subdivision of the State within the meaning of any constitutional or statutory provisions. None of the Issuer, the State or any political subdivision thereof shall be obligated to pay the principal of, premium, if any, or interest on the Bonds or other costs incident thereto except from the payments pledged with respect thereto and certain reserve funds established in connection therewith. Neither the faith and credit nor the taxing power of the United States of America, the Issuer, the State or any political subdivision thereof is pledged to the payment of the principal of, premium, if any, or interest on the Bonds or other costs incident thereto. The Bonds are not a debt of the United States of America or any agency thereof, and are not guaranteed by the United States of America or any agency thereof.

**Section 2.05 Bond Indenture Constitutes Contract.** In consideration of the purchase and acceptance of the Bonds issued hereunder by those who shall hold them from time to time, the provisions of this Indenture shall be deemed to be a part of, and continue to be, a contract between the Issuer and the Holders of the Bonds from time to time.

**Section 2.06 Execution.** The Bonds shall be executed on behalf of the Issuer by the manual or facsimile

signature of its Mayor, attested by the manual or facsimile signature of its City Clerk, under the official seal, or a facsimile thereof, of the Issuer. Any facsimile signatures shall have the same force and effect as if said officers had manually signed said Bonds. Any reproduction of the official seal of the Issuer on the Bonds shall have the same force and effect as if the official seal of the Issuer had been impressed on the Bonds.

In case any officer whose manual or facsimile signature shall appear on any Bonds shall cease to be such officer before the delivery of such Bonds, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes, the same as if he had remained in office until delivery, and also any Bond may bear the facsimile signatures of, or may be signed by, such persons as at the actual time of the execution of such Bond shall be the proper officers to sign such Bond although at the date of such Bond such persons may not have been such officers.

Section 2.07 Authentication. Only such Bonds as shall have endorsed thereon a certificate of authentication substantially in the form on the attached Exhibit A duly executed by the Bond Trustee shall be entitled to any right or benefit under this Bond Indenture. No Bond shall be valid or obligatory for any purpose unless and until such certificate of authentication shall have been duly executed manually by the Bond Trustee; and such executed certificate upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this Bond Indenture. The Bond Trustee's certificate of authentication on any Bond shall be deemed to have been executed by it if signed by an authorized officer of the Bond Trustee, but it shall not be necessary that the same person sign the certificate of authentication of all of the Bonds.

Section 2.08 Mutilated, Lost, Stolen or Destroyed Bonds. In the event any Bond is mutilated, lost, stolen or destroyed, the Issuer shall execute and the Bond Trustee shall authenticate a new Bond, of like date, interest rate, maturity and denomination as that mutilated,

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lost, stolen or destroyed. Any mutilated Bond shall first be surrendered to the Bond Trustee; and in the case of any lost, stolen or destroyed Bond, there shall first be furnished to the Issuer and the Bond Trustee evidence of such loss, theft or destruction reasonably satisfactory to them together with indemnity reasonably satisfactory to them. In the event any such Bond shall have matured, instead of issuing a duplicate Bond or Bonds the Bond Trustee may pay the same without surrender thereof. The Issuer and the Bond Trustee may charge the holder or owner of such Bond with their reasonable fees and expenses, including the cost of printing replacement Bonds.

Every new Bond issued pursuant to this Section shall, with respect to such Bond, constitute an additional contractual obligation of the Issuer, whether or not the mutilated, lost, stolen or destroyed Bond shall be found at any time, and shall be entitled to all the benefits of this Bond Indenture equally and proportionately with any and all other Bonds duly issued hereunder. All Bonds shall be held and owned on the express condition that the foregoing provisions of this Section are exclusive with respect to the replacement or payment of mutilated, lost, stolen or destroyed Bonds and shall preclude any and all rights or remedies, notwithstanding any law or statute existing or hereafter enacted to the contrary with respect to the replacement or payment of negotiable instruments or other securities without their surrender.

Section 2.09 Transfer and Exchange of Bonds; Persons Treated as Holders. The Bond Trustee as Registrar shall cause a bond register (herein sometimes referred to as the "Bond Register") to be kept for the registration of transfers of Bonds. Any Bond may be transferred only upon an assignment duly executed by the registered Holder or his or her duly authorized representative in such form as shall be satisfactory to the Registrar, and upon surrender of such Bond to the Bond Trustee for cancellation. Whenever

any Bond or Bonds shall be surrendered for transfer, the Issuer shall execute and the Bond Trustee shall authenticate and deliver to the transferee a replacement fully registered Bond or Bonds of Authorized Denomination in an aggregate principal amount equal to the unmatured and unredeemed principal amount of, and bearing interest at the same rate and maturing on the same date or dates as, the Bonds being presented and surrendered for transfer.

Any Bond may, in accordance with its terms, be exchanged, at the office of the Bond Trustee, for a new fully registered Bond or Bonds, of the same maturity, of any Authorized Denomination or Denominations in an aggregate principal amount equal to the unmatured and unredeemed principal amount of, and bearing interest at the same rate as, the Bonds being exchanged. In the event of a partial redemption of a Bond, the Bond Trustee shall authenticate and deliver to the Owner thereof a new Bond of like date, interest rate, maturity and denomination as the partially redeemed Bond in the amount of the unredeemed principal thereof.

In all cases in which Bonds shall be transferred or exchanged hereunder, the Bond Trustee may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such transfer or exchange.

All Bonds issued upon any transfer or exchange of Bonds shall be the valid limited obligations of the Issuer, evidencing the same debt, and entitled to the same benefits under this Bond Indenture, as the Bonds surrendered upon transfer or exchange. Neither the Issuer nor the Bond Trustee shall be required to make any exchange or transfer of a Bond during a period

beginning at the opening of business 15 days before (i) any Interest Payment Date (including any special interest payment date described in Section 2.02 hereof), or (ii) the day of the mailing of a notice of redemption of Bonds and ending at the close of business on the day of such mailing or such Interest Payment Date, or to transfer or exchange any Bonds selected for redemption, in whole or in part.

The Person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes and payment of or on account of the principal of and premium and interest on any such Bond shall be made only to or upon the order of the registered Holder thereof or his legal representative, and neither the Issuer nor the Bond Trustee shall be affected by any notice to the contrary. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums to be paid.

Section 2.10 Temporary Bonds. Until definitive Bonds are ready for delivery, there may be executed, and upon the request of the Issuer, the Bond Trustee shall authenticate and deliver, in lieu of definitive Bonds, temporary printed, typewritten, engraved or lithographed Bonds, in such Authorized Denomination as shall be determined by the Issuer, in fully registered form, in substantially the tenor hereinabove set forth and with such appropriate omissions, insertions and variations as may be required.

If temporary Bonds shall be issued, the Issuer shall cause the definitive Bonds to be prepared and to be executed and delivered to the Bond Trustee, and the Bond Trustee, upon presentation to it at its principal corporate trust office of any temporary Bonds, shall cancel the same and authenticate and deliver in exchange therefor, without charge to the holder or owner thereof, a definitive Bond or Bonds, as the case may be, of an equal aggregate principal amount in Authorized Denominations, of the same series and maturities and bearing interest at the same rates as the temporary Bond surrendered. Until so exchanged, the temporary Bonds shall in

all respects be entitled to the same benefit and security of this Bond Indenture as the definitive Bonds to be issued and authenticated hereunder. Interest on temporary. Bonds, when due and payable, if the definitive Bonds shall not be ready for exchange, shall be paid in the manner provided in Section 2.02 hereof

Section 2.11 Safekeeping and Cancellation of Bonds. Any Bond surrendered for the purpose of payment or retirement, or for exchange, or for replacement or payment pursuant to Section 2.08, shall be cancelled upon surrender thereof to the Bond Trustee. Certification of such surrender and cancellation shall be made to the Issuer by the Bond Trustee. Cancelled Bonds, or unissued Bond inventory held in blank by the Bond Trustee upon the maturity or total redemption of the Bonds, shall be destroyed by shredding or cremation by the Bond Trustee, and certificates of such destruction (describing the manner thereof) shall be provided by the Bond Trustee to the Issuer.

Section 2.12 Book-Entry Provisions. The provisions of this Section shall apply so long as the Bonds are maintained in book-entry form with The Depository Trust Company or another Securities Depository, any provisions of this Bond Indenture to the contrary notwithstanding.

a) Payments. The Bonds shall be payable to the Securities Depository, or its nominee, as the registered owner of the Bonds, on each date on which the principal of, interest on, and premium, if any, on the Bonds is due as set forth in this Indenture and in the Bonds. Such payments shall be made to the offices of the Securities Depository specified by the Securities Depository to the Issuer and the Bond Trustee in writing. Without notice to or the consent of the beneficial owners of the Bonds, the Issuer and the Securities Depository may agree in writing to make payments of principal, premium, if any, and interest in a manner different from that set forth herein. If such different manner of payment is agreed upon, the Issuer shall give the Bond Trustee notice thereof, and the Bond Trustee shall make payments with respect to the Bonds in the manner specified in such notice as set forth herein. Neither the Issuer nor the Bond Trustee shall have any obligation with respect to the transfer or crediting of the principal of, interest on, and premium, if any, on the Bonds to Participants or the beneficial owners of the Bonds or their nominees.

b) Replacement of the Securities Depository. The Issuer may, and in the case of subparagraph (ii) or (iii) below shall, discontinue use of a Securities Depository as the depository of the Bonds if (i) the Issuer, in its sole discretion, determines that (A) such Securities Depository is incapable of discharging its duties with respect to the Bonds, or (B) the interest of the beneficial owners of the Bonds might be adversely affected by the continuation of the book-entry system with such Securities Depository as the depository for the Bonds, (ii) the beneficial owners of 100% of the Bonds Outstanding direct the Issuer to do so, or (iii) such Securities Depository determines not to continue to act as a depository for the Bonds or is no longer permitted to act as such depository. Notice of any determination pursuant to clauses (i), (ii) or (iii) shall be given to such Securities Depository at least 30 days prior to any such determination (or such fewer number of days as shall be acceptable to such Securities Depository). The Issuer shall have no obligation to make any investigation to determine the occurrence of any events that would permit the Issuer to make any determination described in this paragraph.

c) Discontinuance of Book-Entry or Change of Securities Depository. If, following a determination or event specified in paragraph (b) above, the Issuer discontinues the maintenance of the Bonds in book-entry form with the then current Securities Depository, the Issuer will issue replacement Bonds to the

successor Securities Depository, if any, or, if no replacement Securities Depository is selected for the Bonds, directly to the Participants as shown on the records of the former Securities Depository or, to the extent requested by any Participant or if directed to do so by the beneficial owners of 100% of the Bonds Outstanding pursuant to subparagraph (b)(ii) above, to the beneficial owners of the Bonds shown on the records of such Participant. Replacement Bonds shall be in fully registered form and in authorized denominations, be payable as to interest on the Interest Payment Dates of the Bonds by check or draft mailed to each registered owner at the address of such owner as it appears on the bond registration books maintained by the Bond Registrar for such purpose at the principal corporate trust office of the Bond Trustee or at the option of any registered owner of not less than \$1,000,000 principal amount of Bonds, by wire transfer to any address in the continental United States of America on such Interest Payment Date to such registered owner as of the Regular Record Date relating to such Interest Payment Date, if such registered owner provides the Bond Trustee with written notice of such wire transfer address not later than such Regular Record Date (which notice may provide that it will remain in effect with respect to subsequent Interest Payment Dates unless and until changed or revoked by subsequent notice). Principal and redemption premium, if any, on the replacement Bonds are payable only upon

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presentation and surrender of such replacement Bond or Bonds at the principal corporate trust office of the Bond Trustee.

(d) Effect of Book-Entry System. The Securities Depository and its Participants and the beneficial owners of the Bonds, by their acceptance of the Bonds, agree that the Issuer and the Bond Trustee shall not have liability for the failure of such Securities Depository to perform its obligations to the Participants and the beneficial owners of the Bonds, nor shall the Issuer or the Bond Trustee be liable for the failure of any Participant or other nominee of the beneficial owners to perform any obligation of the Participant to a beneficial owner of the Bonds.

Section 2.13 Delivery of the Bonds, (a) Upon execution and delivery of this Bond Indenture, the Bond Trustee shall authenticate and deliver the Bonds as provided in this Bond Indenture, but only upon the receipt of the following:

- i) An order of the Issuer directing the Bond Trustee to authenticate and deliver the Bonds against receipt of the initial purchase price therefor;
- ii) A certified copy of the Ordinance;
- iii) An approving opinion of Bond Counsel regarding the validity of the Bonds and the exclusion of interest on the Bonds from federal income taxation;
- (iv) An executed copy of the Trade Agreement;
- v) Evidence that the Mortgage Loan has been initially endorsed for FHA Insurance by FHA under the applicable provisions of the National Housing Act;
- vi) An executed copy of the Financing Agreement;
- vii) An executed counterpart of the Continuing Disclosure Agreement;

viii) A certification of the GNMA Issuer (substantially in the form of Exhibit D hereto) that it has sufficient commitment authority to issue the GNMA Securities;

ix) Copies of the executed FHA-insured Mortgage Note and Mortgage;

x) Evidence of recordation of the Land Use Restriction Agreement (which may be in the form of a title company certified copy); and

xi) A letter from the Rating Agency evidencing a rating of AA+ on the Bonds.

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(b) On the Closing Date, the outstanding principal amount of the Bonds shall be \$51,000. The outstanding principal amount of the Bonds shall be increased from time to time prior to the delivery of the PLC by an amount equal to the principal amount of each CLC acquired pursuant to Section 4.03 of this Bond Indenture (except in the case of the Initial CLC, when the Bonds shall be increased by an amount equal to the Initial CLC principal amount less \$51,000). The Bond Trustee shall acquire each CLC, and shall amend Appendix A attached to the Bonds to reflect the corresponding increase in the outstanding principal amount of the Bonds upon acquisition thereof, upon receipt of the following: (i) a certificate from the GNMA Issuer stating the principal amount of the GNMA Securities that are available for delivery to the Bond Trustee in accordance with Section 4.03 of this Bond Indenture, (ii) a certificate of the Borrower in the form attached as Exhibit B, and (iii) Bond proceeds in an amount equal to 100.00% of the principal amount of the related CLC together with accrued interest at the Interest Rate on the entire principal amount of the related CLC from the related Interest Accrual Commencement Date to the delivery date of such CLC; provided, however, that notwithstanding anything herein to the contrary, the Bond Trustee shall not acquire additional CLCs or amend Appendix A to the Bonds if the Bond Trustee shall have received notice from the Issuer to the effect that there has been a change in law which prohibits an increase in the outstanding principal amount of the Bonds. In connection with each increase of the outstanding principal amount of the Bonds, the Bond Trustee shall promptly deliver a certificate of the Bond Trustee in the form of Exhibit C to the Issuer, the Borrower, the GNMA Issuer and the Bond Purchaser.

### Section 2.14 Special Provisions Related to Payments of Principal

(a) On each Interest Payment Date, the Bond Trustee shall send a written statement, by first-class mail, postage prepaid, to each registered owner of the Bonds to which a check or draft was sent in payment of principal or interest on such Bonds (or send by electronic means as approved in writing by an owner of the Bonds), which written statement shall set forth the following with respect to a Bond having an initial principal amount of \$1,000:

i) The aggregate amount of the payment of principal of, premium, if any, and interest on such Bond being paid upon such Interest Payment Date;

ii) The amount of interest being paid on such Bond on such Interest Payment Date,

the accrual period and noting the 30/360 method of calculation;

- iii) The amount of principal being paid on such Bond on such Interest Payment Date;
- iv) The principal amount of all Outstanding Bonds after giving effect to the payments of principal of the Bonds being made on such Interest Payment Date;
- v) The principal amount of all GNMA Securities held in the Bond Fund as of such Interest Payment Date; and
- vi) After the PLC Delivery Date, the following additional information:

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A) The "principal pay-down" rate per \$1,000 face value principal on such Interest Payment Date (calculated as the amount stated in subparagraph (iii) divided by the Bonds Outstanding as of the PLC Delivery Date and multiplied by \$1,000) and expressed as a value between \$0 and \$1,000;

B) The "outstanding principal factor/pool factor" per \$ 1,000 face value principal on such Payment Date (calculated as the amount stated in subparagraph (iv) divided by the Bonds Outstanding as of the PLC Delivery Date and multiplied by \$1,000 and expressed as a value between \$0 and \$1,000).

b) All reductions in the principal amount of a Bond effected by payment of installments of principal made on any Interest Payment Date shall be binding upon all owners of such Bond and any Bond issued upon the transfer thereof or in exchange therefor or in lieu therefor, whether or not such payment is noted on such Bond. The final installment of principal of and interest on each Bond shall be payable only upon presentation and surrender thereof on or after the Interest Payment Date therefore at the principal corporate trust office of the Bond Trustee.

c) Subject to the foregoing provisions of this Section 2.14, each Bond delivered under this Bond Indenture upon registration or transfer of or in exchange for or in lieu of any other Bond shall carry the rights to unpaid principal and interest that were carried by such Bond. Upon transfer or exchange of any Bond, the Bond Trustee shall note on the new Bond or Bonds the outstanding principal amount of each such Bond.

d) Whenever the Trustee has on deposit money sufficient to pay the entire remaining unpaid principal amount of the Bonds on the next Interest Payment Date, it shall, no later than two Business Days preceding such Interest Payment Date, mail or cause to be mailed to each registered owner in whose name a Bond to be so retired is registered a notice to the effect that:

- i) The Bond Trustee has on deposit in the Bond Fund funds sufficient to pay such final installment on such Interest Payment Date, and
- ii) Such final installment will be payable on such Interest Payment Date, but only upon presentation and surrender of such Bond at the principal corporate trust office of the Bond

Trustee and that no interest shall accrue on such Bond after such Interest Payment Date.

### ARTICLE III REDEMPTION OF BONDS

#### Section 3.01 Redemption of Bonds

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a) Special Mandatory Redemption. The Bonds shall be subject to redemption prior to maturity, as a whole or in part, on the earliest practicable date for which notice of redemption can be given by the Bond Trustee pursuant to Section 3.03, unless otherwise provided, at a redemption price equal to 100% of the principal amount thereof being redeemed plus accrued interest to the Redemption Date, and without premium:

i) In whole on \_\_\_\_\_, 20\_\_\_\_ (or such later date upon the extension of the Initial CLC Delivery Date) if the Initial CLC in the amount of at least \$51,000 is not delivered to the Bond Trustee by the Initial CLC Delivery Date;

ii) In whole on the CLC Maturity Date if the PLC is not delivered to the Bond Trustee on or before \_\_\_\_\_, 20\_\_\_\_ (or such later date as shall be permitted under Section 4.03(d) of this Bond Indenture); and

(iii) In whole or in part, to the extent that the Bond Trustee receives payments on a GNMA Security in excess of regularly scheduled payments of principal thereof and interest thereon (except payments representing optional prepayments of the Mortgage Loan by the Borrower) (1) from insurance proceeds as a result of damage to the mortgaged premises or condemnation awards which is applied to reduce the Mortgage

Note indebtedness pursuant to the terms and provisions of the Mortgage, (2) if the Federal Housing Commissioner determines that prepayment will avoid a mortgage insurance claim and is therefore in the best interest of the Federal Government (as defined in the Mortgage Note), or (3) from a prepayment of the Mortgage Loan made by the Borrower without notice or prepayment penalty while under supervision of a trustee in bankruptcy.

b) Optional Redemption. The Bonds are also subject to redemption at the option and direction of the Borrower in whole or in part on an Interest Payment Date, on or after

1, 20\_\_\_\_ at the redemption prices (expressed as percentages of their principal amount) set forth in the table below plus accrued interest to the Redemption Date:

#### Redemption Dates

#### Redemption Prices



Payment shall be made in accordance with the provisions of Sections 2.01 and 2.14 of this Bond Indenture.

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(c) Optional Tender by Bondholder Following LIHTC Placed in Service Date. The Bonds will be subject to optional tender by the Holders of all of the then Outstanding Bonds in whole and not in part on any date following the later of [ ], 20 ], the date the PLC is delivered to the Bond Trustee or the LIHTC Placed in Service Date. The Holders may so tender the Bonds for redemption no earlier than the 30<sup>th</sup> calendar day following notice from the Holders to the Trustee, the Issuer and the Borrower of such Holders' election so to tender. Upon tender of the Bonds, the Bond Trustee shall transfer, notwithstanding the provisions of Section 5.07 of this Bond Indenture, to the single Holder identified in the notice from the Holders provided in the preceding sentence, as full consideration for the tender price for all of the Bonds, ownership of the PLC, together with any interest and principal received by the Bond Trustee with respect to the GNMA Securities and not already used to pay interest or principal on the Bonds. Upon delivery of the PLC and the other amounts described in the preceding sentence, the Bonds shall become due and payable on the tender date, and interest thereon shall cease to accrue on such date; and the Holders shall thereafter no longer have any security or benefit under this Bond Indenture except to receive payment of the tender price. The Bond Trustee shall cancel all tendered Bonds and no additional Bonds may be issued hereunder.

Section 3.02 Effect of Redemption. Upon moneys sufficient for the redemption being held by the Bond Trustee for that purpose, the Bonds so called for redemption shall become due and payable on the Redemption Date, and interest thereon shall cease to accrue on such date; and the Holders of the Bonds so called for redemption shall thereafter no longer have any security or benefit under this Bond Indenture except to receive payment of the redemption price for such Bonds.

Section 3.03 Notice of Redemption, (a) Upon any redemption of Bonds pursuant to this Article III, the Issuer hereby directs the Bond Trustee to, and the Bond Trustee shall, direct the Bond Registrar to call Bonds for redemption by mailing a copy of the notice of redemption to the Borrower and the Paying Agent at the same time as the Bond Registrar mails such notice of redemption to the owners of the Bonds as provided below.

Such notice of the call for any redemption shall be given by the Bond Trustee, at the direction of the Borrower or the Issuer (which direction shall be in writing), by directing the Bond Registrar to mail a copy of the redemption notice by first class mail, postage prepaid, at least 20 but not more than 60 calendar days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed as a whole or in part at the address shown on the registration books of the Issuer maintained by the Bond Registrar; provided that failure to give such notice by mailing, or any defect therein, shall not affect the validity of any proceedings for the redemption of any Bond, or portion thereof with respect to which no such failure or defect has occurred.

All notices of redemption shall state:

- 1) the Redemption Date;
- 2) the redemption price;
- 3) the identification, including complete designation and issue date of the series of Bonds of which such Bonds are a part and the CUSIP number (and in the case of

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partial redemption, the respective principal amounts), interest rates and maturity dates of the Bonds to be redeemed;

4) that on the date fixed for redemption the redemption price will become due and payable upon each such Bond, and that interest thereon shall cease to accrue from and after said date;

5) the name and address of the Bond Trustee and any Paying Agent for such Bonds, including the name and telephone number of a contact person and the place where such Bonds are to be surrendered for payment of the redemption price; and

(6) such other information as the Bond Trustee deems advisable.

(b) In addition to the redemption notice required by Section 3.03(a) hereof, further notice (the "Additional Redemption Notice") shall be given by the Bond Trustee as set forth below, but no defect in the Additional Redemption Notice, nor any failure to give all or any portion of the Additional Redemption Notice, shall in any manner affect the effectiveness of a call for redemption if notice thereof is given as prescribed in Section 3.03(a) of this Bond Indenture.

Each Additional Redemption Notice given hereunder shall contain the information required by Section 3.03(a) hereof, plus (i) the date such notice has been or will be mailed pursuant to this subsection (b); (ii) the date of issuance of the Bonds being redeemed, as originally issued; (iii) the maturity date of each Bond (or portion thereof) to be redeemed prior to maturity; and (iv) any other descriptive information needed to identify accurately the Bonds being redeemed prior to maturity.

Each Additional Redemption Notice shall be sent at least 20 calendar days before the date fixed for redemption by legible electronic transmission, registered or certified mail (postage prepaid) or overnight delivery service to all registered securities depositories then in the business of holding substantial amounts of obligations of types comprising the Bonds, and to at least two national information services that disseminate notices of redemption of obligations such as the Bonds.

Section 3.04 Effect of Notice of Redemption. Notice of Redemption having been given in the manner provided in this Article III, and money sufficient for the redemption being held by the Bond Trustee for that purpose, the Bonds so called for redemption shall become due and payable on the Redemption Date, and interest thereon shall cease to accrue on such date; and the Holders of the Bonds so called for redemption shall thereafter no longer have any security or benefit under this Bond Indenture except to receive payment of the redemption price for such Bonds and, to the extent provided in Section 2.09 hereof, to receive Bonds for any

unredeemed portions of such Bonds.

Section 3.05 Cancellation. All Bonds which shall have been redeemed shall be cancelled and destroyed by the Bond Trustee and shall not be reissued. A counterpart of the certificate of destruction evidencing such destruction shall be furnished by the Bond Trustee to the Issuer.

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**ARTICLE IV FUNDS;  
INVESTMENTS**

Section 4.01 Establishment of Funds. The following funds are hereby established and shall be maintained by the Bond Trustee under this Bond Indenture and held in trust by the Bond Trustee for the benefit of the Bonds:

- a) Project Fund;
- b) Bond Fund;
- c) Reserve Fund;
- d) Costs of Issuance Fund; and
- e) Rebate Fund.

Section 4.02 Application of Bond Proceeds, (a) Upon the delivery of the Bonds, the portion of the initial proceeds thereof in the amount of the Initial Advance (\$ ) plus accrued interest thereon to the Closing Date shall be deposited in the Project Fund and the portion thereof representing a premium on the Bonds (\$ ) shall be deposited in the Reserve Fund.

(b) Upon an increase in the aggregate outstanding principal amount of the Bonds in accordance with Section 2.13 hereof, the proceeds resulting therefrom including accrued interest thereon shall be deposited in the Project Fund and applied by the Bond Trustee as provided in Section 4.03.

**Section 4.03 Project Fund**

- (a) The Trustee shall deposit into the Project Fund the amounts required by and shall invest such proceeds in Qualified Investments in accordance with the terms of this Bond Indenture such that funds will be timely available in advance of the date such funds are needed to fund disbursements hereunder. No funds shall be disbursed from the Project Fund prior to recordation of the Land Use Restriction Agreement.

(b) Moneys in the Project Fund shall be disbursed by the Bond Trustee as follows:

(i) On each date upon which the Bond Trustee acquires from the GNMA Issuer a CLC, the Bond Trustee shall transfer to the GNMA Issuer in payment thereof (x) from the Project Fund all moneys then on deposit therein and (y) from the Reserve Fund such amount as shall, together with the moneys

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transferred from the Project Fund, be equal to 100% of the principal amount of such CLC, plus accrued and unpaid interest on such CLC at the Pass-Through Rate.

ii) Without limiting the provisions of subsection (b)(i) above, with respect to the acquisition of the Initial CLC, the Bond Trustee must receive, in addition to a requisition signed by the Borrower in the form required by the Financing Agreement, the items specified in Section 3.2(a) of the Financing Agreement to be delivered in connection with the Initial Advance.

iii) Following the delivery to the Bond Trustee of the Initial CLC, the Trustee shall disburse from the Project Fund to the GNMA Issuer, on behalf of the Borrower, the amount necessary to purchase each CLC issued for a subsequent advance of the Mortgage Loan, determined in accordance with the Trade Agreement, but only if the Bond Trustee has (A) received a copy of the Application for Insurance of Advance of Mortgage Proceeds with respect to such advance executed by the GNMA Issuer, (B) received confirmation that all CLCs representing prior advances have been registered in the name of the Bond Trustee, (C) received the CLC representing the current advance (the CLC shall be delivered to the Bond Trustee simultaneously with payment by the Bond Trustee of the purchase price therefor), (D) received a certificate of the GNMA Issuer to the effect that neither the GNMA Issuer nor, to its actual knowledge, the Borrower is in default under any of the Mortgage Loan Documents and a certificate of the Borrower to the effect that it is not in default under any of the Mortgage Loan Documents or the Financing Agreement, (E) received a certificate of the GNMA Issuer that (1) the unpaid principal amount balance of the Mortgage Loan, after such advance, will be equal to or greater than the aggregate principal amount of all CLCs, (2) the CLCs previously issued are valid and binding obligations of the GNMA Issuer, (3) the CLCs are validly issued and subject to the guaranty of GNMA as to the payments of the principal and interest thereon and (4) if the disbursement by the Bond Trustee is to purchase the final CLC and the aggregate principal amount of the final CLC then being issued and all previously issued CLCs is less than \$ , notification of (x) the amount, if any, of FHA-required reduction of the Mortgage Loan at Final Endorsement and (y) the amount, if any, of scheduled principal amortization payments for the Mortgage Loan prior to the acquisition of the final CLC by the Bond Trustee, (F) received a statement of the Borrower that such disbursement will not violate the provisions of the Financing Agreement, (G) confirmed that the requirements of Section 4.03(d) and 4.04(g) will be satisfied, (H) given the Bond Purchaser 2 Business Days prior written notice of the intended date of disbursement and copies of the documents described in clauses (A), (B), (C), (D), (E) and (F) above with respect to such disbursement and (I) received notice of the amount of such disbursement no later than two Business Days prior to such disbursement; provided, however, that the Bond Trustee shall not purchase CLCs in an aggregate principal amount in excess of \$ and shall not purchase the PLC if its principal amount exceeds \$ ; and provided further, however, that the Bond Trustee shall not purchase any CLC unless, immediately after such purchase, the

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principal amount of Bonds authorized to be issued hereunder and not yet issued is equal to the amount of \$ \_\_\_\_\_ minus the sum of (i) the principal amount of the • CLC being purchased and (ii) the aggregate principal amount of all CLCs previously delivered to the Bond Trustee or requested from GNMA.

(iv) The Bond Trustee shall acquire the PLC by surrendering to the GNMA Issuer for cancellation, concurrently with such acquisition, all CLCs owned by the Bond Trustee, provided that the PLC shall have a principal amount equal to the aggregate principal amount of all outstanding CLCs and shall be dated the first day of the month in which the final CLC is acquired.

(c) If the Initial CLC having a principal amount at least equal to \$ \_\_\_\_\_ is not delivered on or by the Business Day next preceding \_\_\_\_\_, 20\_\_\_\_ (or such later date as may be established pursuant to this paragraph (c)), the Bond Trustee shall, on the Business Day immediately prior to \_\_\_\_\_, 20\_\_\_\_ (or such later date as may be established pursuant to this paragraph (c)), transfer to the Bond Fund all amounts on deposit in the Project Fund and the Reserve Fund for application to the mandatory redemption of Bonds in accordance with Section 3.01(a) hereof; provided, however, that such transfer and such redemption shall be extended for no more than \_\_\_\_\_ successive 30-day periods if an Event of Default has not occurred and is not then continuing and the Bond Trustee shall have received no later than the Business Day next preceding \_\_\_\_\_, 20\_\_\_\_ (or any date to which such date is extended pursuant to the provisions hereof) a written request from either the GNMA Issuer or the Borrower for such extension (whether or not a conflicting request is received from the other such party) accompanied by (i) a cash flow projection prepared by financial consultants acceptable to the Issuer or the underwriter for the Bonds demonstrating that the sum of (A) the amounts in the Project Fund, the Reserve Fund and the Bond Fund, (B) the investment earnings to accrue on the amounts held in the Project Fund, the Reserve Fund and the Bond Fund during the period ending 30 days after the end of any period of delay requested and (C) any additional sums paid to or held by the Bond Trustee by or on behalf of the Borrower or the GNMA Issuer for deposit into the Project Fund, the Reserve Fund or the Bond Fund (accompanied by an opinion of counsel acceptable to the Bond Trustee to the effect that such sums are not subject to the provisions of Sections 362(a) and 547 of the Federal Bankruptcy Code in the event of a bankruptcy of the Borrower) will be at least equal to (1) the debt service on the Bonds as originally scheduled and will also be at least equal to (2) the debt service on the Bonds through the date which is 30 days after the end of any such period, plus, in each case, originally scheduled and accrued unpaid Bond Trustee fees (assuming redemption of all Bonds on the date set forth in this clause (2)) and any other amounts which were shown to be available at such time for debt service on the Bonds in the original cash flows prepared and submitted to the Rating Agency in connection with the issuance of the Bonds; (ii) an opinion of Bond Counsel to the effect that such extension will not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes; (iii) arrangements satisfactory to the Bond Trustee for the making of the investments contemplated by the cash flow projection; and (iv) written notice from the Rating Agency that the rating then assigned to the Bonds will not be lowered or withdrawn as a result of such extension of such Initial CLC delivery date. Upon the receipt of the documents and upon the arrangements listed in this subdivision, the Bond Trustee shall permit the extension(s); provided, however, that if such documents have not been received and such arrangements have not been made by the Business Day next preceding \_\_\_\_\_, 20\_\_\_\_ (or such later date as previously established under this paragraph (c)),

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then the amounts on deposit in or held for the benefit of the Project Fund and the Reserve fund on such date shall be transferred to the Bond Fund on the Business Day next preceding \_\_\_\_\_, 20\_\_\_\_ (or such later date as previously established under this paragraph (c)), and applied to the redemption of the Bonds pursuant to Section 3.01(a).

(d) In each case in which Bonds would otherwise be subject to redemption pursuant to Section 3.01(a), the PLC Delivery Date (and the CLC Maturity Date, if applicable) may be extended for no more than \_\_\_\_\_ successive 30-day periods if an Event of Default has not occurred and is not then continuing and the Bond Trustee shall have received no later than the Business Day next preceding the PLC Delivery Date and/or the CLC Maturity Date, as applicable (or any date to which such date(s) are extended pursuant to the provisions hereof) a written request from either the GNMA Issuer or the Borrower for such extension (whether or not a conflicting request is received from the other such party) accompanied by (i) a cash flow projection prepared by financial consultants acceptable to the Issuer or the underwriter for the Bonds demonstrating that the sum of (A) the amounts in the Project Fund, the Reserve Fund and the Bond Fund, (B) the investment earnings to accrue on the amounts held in the Project Fund, the Reserve Fund and the Bond Fund during the period ending 30 days after the end of any period of extension requested, (C) any additional sums paid to or held by the Bond Trustee by or on behalf of the Borrower or the GNMA Issuer (including payments on the CLCs) for deposit into the Project Fund or Bond Fund (accompanied by an opinion of counsel acceptable to the Bond Trustee to the effect that such sums are not subject to the provisions of Sections 362(a) and 547 of the Federal Bankruptcy Code in the event of a bankruptcy of the Borrower) and (D) all scheduled payments on the CLCs held by the Trustee through the last day of such extension and all scheduled payments on the PLC assuming its issuance on the last day of such extension will be at least equal to (1) the debt service on the Bonds as originally scheduled and will also be at least equal to (2) the debt service on the Bonds through the date which is 30 days after the end of any such period, plus, in each case, originally scheduled and accrued unpaid Bond Trustee fees (assuming redemption of all Bonds on the date set forth in this clause (2)) and any other amounts which were shown to be available at such time for debt service on the Bonds in the original cash flows prepared and submitted to the Rating Agency in connection with the issuance of the Bonds; (ii) an opinion of Bond Counsel to the effect that such extension will not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes; (iii) arrangements satisfactory to the Bond Trustee for the making of the investments contemplated by the cash flow projection; (iv) written confirmation by the Bond Purchaser that the Bond Purchaser has received any extension fees required to be paid to the Bond Purchaser in connection with such extension; (v) any additional sums paid to or held by the Trustee by or on behalf of the Borrower or any other person for deposit into the Project Fund or the Bond Fund as required by the cash flow project described in clause (i) above; (vi) in the case of an extension of the PLC Delivery Date written evidence or confirmation from the GNMA Issuer that the CLC Maturity Date has been or will be extended at least to the end of such requested extension (subject to the requirements set forth in the next succeeding paragraph); and (vii) written notice from the Rating Agency that the rating then assigned to the Bonds will not be lowered or withdrawn as a result of such extension of the PLC Delivery Date. Upon the receipt of the documents and upon the arrangements listed in this subdivision, the Bond Trustee shall permit the extension(s).

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In connection with any extension, the Trustee shall not consent to the extension of the CLC Maturity Date unless the CLCs will then mature not less than 30 days after the then current extension of the PLC Delivery Date. Upon the receipt of the documents and upon the arrangements listed in this subsection, the Trustee shall permit the extension(s); provided, however, that if such documents have not been received and such arrangements have not been made by the Business Day next preceding the PLC Delivery Date or the CLC Maturity Date (or any date to which any such date has been previously been extended), then the moneys remaining on deposit in the Project Fund on such date shall be transferred to the Bond Fund on the Business Day next preceding such foregoing dates, as applicable, and applied to the redemption of Bonds on such dates (except as such dates may be extended pursuant to the provisions of this Indenture).

In connection with any extension of the CLC Maturity Date, the Trustee shall not consent to the extension of the maturity date of the CLCs held by it unless such CLC Maturity Date is extended to a date not less than 30 days after the PLC Delivery Date (as extended, if applicable) pursuant to such extension. The Trustee's consent to any extension of the CLC Maturity Date shall be conditional upon the consent of GNMA, if required, and the GNMA Issuer to the extension of the CLC Maturity Date. The Trustee shall provide the GNMA Issuer with the written consent of the Trustee to the extension upon its receipt of the items required in clauses (i) through (vii) above and prior to the GNMA Issuer requesting consent of GNMA to such extension; provided, that the Trustee shall not consent to any such extension if such extension would in the opinion of the Trustee adversely impact the owners of the Bonds.

e) In the event Commencement of Amortization occurs prior to the PLC Delivery Date, under no circumstances shall the GNMA Issuer pass through to the Bond Trustee principal payments on the Mortgage Note prior to the PLC Delivery Date (except to the extent provided in the CLCs); such principal payments shall be paid only pursuant to the terms of the Mortgage Note. Upon delivery of the final CLC, (i) the aggregate principal amount of the Bonds may not thereafter be increased pursuant to Section 2.13(b) hereof and (ii) any amounts remaining in the Project Fund shall be transferred to the Bond Fund to be applied to pay debt service on the next Interest Payment Date (other than Bonds issued in accordance with Section 2.08 of this Bond Indenture). The Bond Trustee shall transfer for cancellation pursuant to the book-entry system all CLCs held by it in exchange for the PLC. Notwithstanding such transfer by the Bond Trustee of the CLCs, all such CLCs shall remain registered in the name of the Bond Trustee and continue to be enforceable by the Bond Trustee until such time as the Bond Trustee has received delivery of the PLC.

f) Notwithstanding anything herein to the contrary, the Bond Trustee shall not be required to acquire a GNMA Security unless the Bond Trustee has on deposit in the Project Fund and the Reserve Fund sufficient funds to do so and unless the GNMA Security pays interest at the Pass-Through Rate and, in the case of the PLC, matures no later than \_\_\_\_\_, 20\_\_\_\_. The GNMA Security shall be registered in accordance with the provisions of Section 4.04(e).

g) The Bond Trustee shall compare the GNMA Security or its book-entry form with the GNMA prospectus relating to the GNMA Security and GNMA Guaranty Agreement provided by the GNMA Issuer to assure delivery of the correct GNMA Security.

#### **Section 4.04 Bond Fund**

a) The Bond Trustee shall deposit into the Bond Fund all amounts received by the Bond Trustee from or with respect to the GNMA Security, including, without limitation, principal payments on the GNMA Security representing (A) regularly scheduled payments of principal, including, without limitation, principal payments on maturing CLCs, (B) casualty insurance proceeds, condemnation awards or other amounts applied to the prepayment of the Mortgage Loan following a partial or total destruction or condemnation of the Project, (C) mortgage insurance proceeds or other amounts received with respect to the Mortgage Loan, (D) a voluntary prepayment of the Mortgage Loan or a prepayment of the Mortgage Loan required by applicable rules, regulations, policies and procedures of FHA or GNMA (including the possible exercise by HUD of its right to override the prepayment and premium provisions of the Note following an event of default thereunder if FTUD determines that prepayment of the Mortgage Loan will avoid a mortgage insurance claim and is therefore in the best interest of the Federal government), and (E) prepayments on the GNMA Security derived from prepayments on the Mortgage Loan made by the Borrower without notice or prepayment penalty while under the supervision of a trustee in bankruptcy and investment earnings on amounts held by the Bond Trustee hereunder. The Bond Trustee shall deposit into the Bond Fund all payments on the GNMA Security resulting from optional prepayments of the Mortgage Loan.

b) The Bond Trustee shall apply amounts on deposit in the Bond Fund (i) first, to pay the principal of and interest on the Bonds as the same becomes due, (ii) next, to pay the Trustee Fee and (iii) last, to pay the City Administrative Fee.

(c) The GNMA Security shall be held at all times for the benefit of the Bond Fund. If the Bond Trustee does not receive a payment on the GNMA Security when due by the close of business on the 15<sup>th</sup> day of any month, the Bond Trustee shall notify and demand payment from GNMA by the close of business on the next succeeding Business Day. The Bond Trustee shall demand payment from GNMA for all CLCs held by it upon their maturity in return for payment of their principal amount or shall exchange the CLCs for the PLC as provided in Section 4.03(b)(iv).

d) The Bond Trustee shall transfer to the Rebate Fund from the Bond Fund the amounts, if any, required pursuant to the Tax Regulatory Agreement.

e) All GNMA Securities shall be in book-entry only form and shall be registered in the name of the Bond Trustee or the participant acting on behalf of the Bond Trustee at the depository for such book-entry designation at the time of purchase of the GNMA Securities by the Bond Trustee and the Bond Trustee shall have a first-lien perfected security interest in the GNMA Securities.

f) The Bond Trustee shall be or shall become a member of the Federal Reserve System, and the GNMA Securities shall be held under the Federal Reserve System.

g) The GNMA Issuer shall deliver to the Bond Trustee a certificate setting forth the revised regularly scheduled future principal and interest payments on the GNMA

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Securities on (x) the delivery of the final CLC if the aggregate principal amount of such final CLC together with all previously delivered CLCs is less than \$ [FACE AMOUNT] due



to mortgage reduction at Final Endorsement and (y) each instance that the Trustee receives payment on the GNMA Securities exceeding regularly scheduled payments of principal and interest thereon. Such certificate of the GNMA Issuer will include all regularly scheduled future principal and interest payments on the GNMA Securities until scheduled maturity.

Section 4.05 Reserve Fund. The Bond Trustee shall deposit into the Reserve Fund (i) the amounts required by Section 4.02(a) hereof, and (ii) any additional amounts required by the provisions of this Bond Indenture to be deposited therein.

The Bond Trustee shall apply amounts on deposit in the Reserve Fund on each Interest Payment Date or any Redemption Date to pay or provide for the payment of interest on the Bonds becoming due and payable, whether at maturity or by prior redemption, on such date, and for which sufficient moneys are not yet available for such purpose in the Bond Fund.

At such time as no Bonds remain Outstanding, all amounts remaining in the Reserve Fund shall be paid first to the Issuer, amounts then due from the Borrower to the Issuer (including, but not limited to, amounts due under loans from the Issuer to the Borrower, if any), and second, to the Borrower.

Section 4.06 Costs of Issuance Fund. The Bond Trustee shall deposit into the Costs of Issuance Fund any amounts deposited with the Bond Trustee by or on behalf of the Borrower for deposit into the Costs of Issuance Fund.

The Bond Trustee shall apply amounts on deposit in the Costs of Issuance Fund to pay Costs of Issuance of the Bonds pursuant to the written direction of the Borrower filed with the Bond Trustee. Any amounts remaining in the Costs of Issuance Fund on [October 27, 2017], shall be transferred to the Project Fund, except that, with respect to such amounts remaining in the Cost of Issuance Fund that do not constitute Bond proceeds (within the meaning of the Code), such amounts shall be applied toward any amounts due to the Issuer by the Borrower or, if no such amounts are due to the Issuer, such amounts shall be paid to the Borrower.

Section 4.07 Rebate Fund. The purpose of the Rebate Fund is to facilitate compliance with Section 148 (f) of the Code. Any Rebate Amount (as defined in the Tax Regulatory Agreement) deposited in such Fund shall be for the sole benefit of the United States of America and shall not be subject to the lien of the Bond Indenture or to the claim of any other Person, including, without limitation, the Bondholders and the Issuer. The requirements of this Section 4.07 are subject to, and shall be interpreted in accordance with, Section 148(f) of the Code and the Treasury Regulations applicable thereto (the "Regulations") and shall apply except to the extent the Bond Trustee is furnished with an opinion of Bond Counsel or other satisfactory evidence that the Regulations contain an applicable exception. The Bond Trustee shall make all payments, and file all forms, under the direction of the Borrower and pursuant to the Tax Regulatory Agreement.

Promptly at the end of each five-year period after the dated date of the Bonds and also upon the retirement of the Bonds, the Bond Trustee shall provide the Borrower with a statement of earnings on funds and accounts held under this Bond Indenture during any period not covered

by a prior statement. Each statement shall include the purchase and sale prices of each investment, if any (including any commission paid thereon which shall be separately stated if such information is available), the

dates of each investment transaction, information as to whether such transactions were made at a discount or premium and such other information known or reasonably available to the Bond Trustee as the Borrower or rebate analyst shall reasonably require. If so requested by the Borrower at any time, the Bond Trustee shall create within the Bond Fund separate accounts for purposes of accounting for earnings on amounts attributable to the Bonds.

The Bond Trustee shall promptly transfer to the Rebate Fund each amount required to be deposited therein pursuant to the written direction of the Borrower or the rebate analyst pursuant to the Tax Regulatory Agreement, first from earnings in the Project Fund, and, second, to the extent amounts in the Project Fund are insufficient, from revenues which have been deposited into the Bond Fund and earnings thereon. To the extent that the amount to be deposited into the Rebate Fund exceeds the amount which can be transferred from such Funds, the Bond Trustee shall promptly notify the Borrower and an amount equal to such deficiency shall be paid promptly by the Borrower to the Bond Trustee for deposit into the Rebate Fund.

The Borrower and the Bond Trustee, on behalf of the Issuer, shall keep such records as will enable them to fulfill their respective responsibilities under this Section 4.07 and Section 148(f) of the Code, and the Borrower shall engage a rebate analyst as may be necessary in connection with such responsibilities. The Bond Trustee, to the extent furnished to it, will retain records of all calculations performed by the rebate analyst until six years after the retirement of the last obligation of the Bonds. The fees and expenses of the rebate analyst shall be paid by the Borrower pursuant to the Financing Agreement to the extent amounts provided hereunder are insufficient for such purpose. For purposes of the computation of the Rebate Amount required under the Tax Regulatory Agreement, the Bond Trustee shall make available to the Borrower and the Issuer during normal business hours all information in the Bond Trustee's control which is necessary to such computations.

Section 4.08 Investment of Funds. Any moneys held as part of any fund created in this Article shall be invested or reinvested by the Bond Trustee in Qualified Investments at the written or telephonic direction of the Authorized Borrower Representative, such telephonic direction to be promptly confirmed in writing. Such moneys may only be invested in Qualified Investments which mature or are subject to redemption or repurchase at par plus accrued interest at the option of the Bond Trustee (i) on or prior to the date or dates on which the Bond Trustee anticipates that cash funds will be required, or (ii) within six months of the date of investment. The investments so made and earnings thereon shall be held by the Bond Trustee and shall be deemed at all times to be a part of the fund in which such moneys were held unless and until transferred in accordance with Section 4.04(d); provided that for purposes of investment moneys held in any of the funds established hereunder may be commingled. The Bond Trustee is directed to sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund shall be insufficient to cover a proper disbursement from any fund. The Bond Trustee shall incur no liability resulting from any investments made pursuant to this Section.

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The Bond Trustee may make any and all investments permitted by this Section through its own bond or investment department, unless otherwise directed in writing by the Authorized Borrower Representative.

Section 4.09 Custody of Funds; Moneys to Be Held in Trust. The funds created under this Bond

Indenture shall be in the custody of the Bond Trustee in its trust capacity hereunder; and the Issuer authorizes and directs the Bond Trustee to withdraw moneys from said funds for the purposes specified herein, which authorization and direction the Bond Trustee hereby accepts. All moneys required to be deposited with or paid to the Bond Trustee under any provision of this Article IV shall be held by the Bond Trustee in trust, and except for moneys held in the Rebate Fund or deposited with or paid to the Bond Trustee for the redemption of Bonds, notice of redemption of which has been duly given, shall while held by the Bond Trustee constitute part of the security for the Holders and be subject to the lien hereof.

Section 4.10 Final Balances. Except as otherwise provided herein, upon final payment of all principal of, premium, if any, and interest on the Bonds, and upon satisfaction of all claims against the Issuer hereunder, including the payment of all fees, charges and expenses of the Bond Trustee which are due and payable hereunder, or upon the making of adequate provision for the payment of such amounts, as permitted hereby, and after satisfaction of all of the Borrower's obligations under the Financing Agreement, all money and securities remaining hereunder shall be remitted to the Borrower.

Section 4.11 Nonpresentment of Bonds. In the event any Bond shall not be presented for payment when the principal thereof becomes due in whole or in part, whether at maturity, at the Redemption Date or otherwise, or a check or draft for interest is uncashed, if funds sufficient to pay such Bonds shall have been made available to the Bond Trustee for the benefit of the Holder or Holders thereof, all liabilities of the Issuer to the Holder thereof for the payment of such Bond, as the case may be, shall thereupon cease and be completely discharged, and it shall be the duty of the Bond Trustee to hold such funds for a period of six years after maturity of all Bonds, without liability for interest thereon, in a separate account in the Bond Fund for the benefit of the Holder of such Bond, who shall thereafter be restricted exclusively to such funds for any claim of whatever nature on his part under this Bond Indenture or on, or with respect to, said Bond. After the expiration of such six-year period, the Bond Trustee shall return said funds to the Issuer upon its written request and the Holder or Holders of any such unrepresented Bond shall be entitled to payment of said Bond only from said funds held by the Issuer. The obligation of the Bond Trustee under this Section to pay any such funds to the Issuer shall be subject to any provisions of law applicable to the Bond Trustee or to such funds providing other requirements for disposition of unclaimed property.

Section 4.12 Payment of Fees. In connection with the issuance of the Bonds and with the Project, the Borrower will pay the following fees in the following manner:

The Bond Trustee will pay the following fees on behalf of the Borrower:

(i) To the Issuer, an Issuer Fee in an amount equal to 1.5% of the par amount of the Bonds, payable on the Closing Date from Borrower equity;

(ii) To the Issuer, a Bond Legal Reserve Fee in an amount equal to 0.10% of the par amount of the Bonds, payable on the Closing Date from Borrower equity; and

(iii) To the Bond Trustee, an upfront fee in the amount of \$5,000 and a first year administration fee of \$3,600, both payable on the Closing Date, from

Borrower equity; and

iv) To the Issuer, a City Administrative Fee in an amount equal to 0.15% of the outstanding principal amount of the Bonds, accruing monthly and payable to the Issuer semi-annually; and

v) To the Bond Trustee, an annual fee in an amount equal to 0.06% of the amount of Bonds outstanding, accruing monthly and payable to the Bond Trustee semi-annually.

## **ARTICLE V GENERAL COVENANTS AND REPRESENTATIONS**

### **Section 5.01 Payment of Principal or Redemption Price of and Interest on Bonds.**

The Issuer shall promptly pay or cause to be paid the principal or redemption price of, and the interest on, every Bond issued hereunder according to the terms thereof, but shall be required to make such payment or cause such payment to be made only out of revenues available therefor under this Bond Indenture. The Issuer hereby designates the principal corporate trust office of the Bond Trustee as the place of payment for the Bonds.

Section 5.02 Instruments of Further Assurance. The Issuer and the Bond Trustee shall do, execute, acknowledge and deliver, such indentures supplemental hereto, and such further acts, instruments and transfers as the Bond Trustee may reasonably require for the better assuring, transferring, conveying, pledging, assigning and confirming unto the Bond Trustee all its interest in the property herein described and the revenues, receipts and other amounts pledged hereby to the payment of the principal of, premium, if any, and interest on the Bonds paid solely from the Trust Estate. Any and all interest in property hereafter acquired which is of any kind or nature herein provided to be and become subject to the lien hereof shall and without any further conveyance, assignment or act on the part of the Issuer or the Bond Trustee, become and be subject to the lien of this Bond Indenture as fully and completely as though specifically described herein, but nothing contained in this sentence shall be deemed to modify or change the obligations of the Issuer under this Section.

Section 5.03 Recordation and Filing. Pursuant to the Financing Agreement, the Borrower shall cause financing statements with respect to the Trust Estate described in this Bond Indenture to be at all times filed in such manner and in such places if required by law in order to fully preserve and protect the rights of the Issuer and the Bond Trustee hereunder and to perfect the security interest created by this Indenture in the Trust Estate described herein. To the extent possible under applicable law, as in effect in the jurisdiction(s) in which the Trust Estate is located, the Borrower will maintain the priority of the security interest herein created in the Trust Estate as a first lien thereon, and warrant, protect, preserve and defend its interest in the Trust

Estate and the security interest of the Bond Trustee herein and all rights of the Bond Trustee under this Bond Indenture against all actions, proceedings, claims and demands of all Persons, all paid for by the Borrower.

Section 5.04 No Modification of Security. The Issuer shall not, without the written consent of the Bond Trustee, alter, modify or cancel, or agree to consent to alter, modify or cancel any agreement which relates to or affects the security for the Bonds. The Bond Trustee shall not consent to any change in the maturity of the GNMA Security or the Mortgage Note, except as provided in Sections 4.03(c), 4.03(d), 5.07 and Article VIII hereof.

Section 5.05 Reports. The Bond Trustee shall furnish annually, to the Borrower (which shall furnish copies thereof to HUD), the GNMA Issuer and any Bondholder who requests copies thereof and furnishes an address to which such reports and statements are to be sent, copies of (a) any reports furnished to the Bond Trustee with regard to the Project and (b) annual statements of the Bond Trustee with regard to fund balances. The Bond Trustee shall be reimbursed by the Borrower for its reasonable costs in preparing any such statements.

### **Section 5.06 Tax Covenants**

a) The Issuer, to the extent that it has control over any of the following proceeds or payments, and the Bond Trustee, to the extent that it has discretion with respect to investment of such proceeds, covenant and agree that they will not take any action or fail to take any action with respect to the investment of the proceeds of any Bonds issued under this Bond Indenture or with respect to the payments derived from the security pledged hereunder or from the Financing Agreement which would result in constituting the Bonds "arbitrage bonds" within the meaning of such term as used in Section 148 of the Code. The Issuer and the Bond Trustee further covenant and agree that they will comply with and take all actions required by the Tax Regulatory Agreement. The Bond Trustee shall cause to be prepared all rebate calculations required to be performed pursuant to the Tax Regulatory Agreement.

b) The Issuer covenants that it shall not use or cause the use of any proceeds of Bonds or any other funds of the Issuer, directly or indirectly, in any manner, and shall not take or cause to be taken any other action or actions, or fail to take any action or actions, which would result in interest on any of the Bonds becoming includable in gross income of any Holder thereof. The Issuer further covenants that it shall at all times do and perform all acts and things permitted by law and necessary or desirable in order to assure that interest paid by the Issuer on the Bonds shall be excluded from the gross income of the recipients thereof for federal income tax purposes.

### **Section 5.07 Concerning the GNMA Security**

(a) The Bond Trustee shall defend its rights in and to the GNMA Security for the benefit of the Bonds against the claims and demands of all Persons whomsoever.

(b) Except as provided in Section 3.01(c) hereof, the Bond Trustee shall not sell or otherwise dispose of the GNMA Security for an amount less than the amount sufficient, together with other amounts held under this Bond Indenture, to provide for the payment of the Bonds in accordance with ARTICLE IX hereof

(c) Except as otherwise specifically permitted by this Bond Indenture, the Bond Trustee shall not consent to any sale, modification or amendment of the GNMA Security without (i) notifying the Rating Agency of any proposed sale, modification or amendment, and (ii) obtaining the express written consent of 100% of the Holders of the Bonds.

## **ARTICLE VI**

DEFAULT PROVISIONS AND REMEDIES OF BOND TRUSTEE AND HOLDERS Section 6.01 Events

of Default. Each of the following shall be an "Event of Default":

- a) default in the due and punctual payment of any interest on any Bond; or
- b) default in the due and punctual payment of the principal of or premium, if any, on any Bond whether at the stated maturity thereof, or on proceedings for redemption thereof, or on the maturity thereof by declaration; or
- c) default in the performance or observance of any other of the covenants, agreements or conditions on the part of the Issuer in this Bond Indenture or in the Bonds; or
- d) the occurrence and continuation of an event of default under the Financing Agreement of which the Bond Trustee has actual notice or of which the Bond Trustee is deemed to have notice pursuant to Section 7.04(i) hereof.

The Bond Trustee and the Issuer agree that notwithstanding the provisions hereof, no default under the terms of this Bond Indenture shall be construed as resulting in a default under the Mortgage Loan Documents unless such event also constitutes a default thereunder.

Section 6.02 Acceleration. Upon the occurrence of an Event of Default described in Section 6.01(a) or (b) hereof, and provided that the Mortgage Loan shall have been paid in full as certified by the GNMA Issuer to the Bond Trustee, the Bond Trustee may, and upon the written request of the Holders of not less than 25% in aggregate principal amount of all Bonds then Outstanding shall, by notice in writing delivered to the Borrower and the Issuer, declare the principal of all 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.

Section 6.03 Rights of Holders. If any Event of Default shall have occurred and be continuing, then the Trustee may and, if requested so to do by the Holders of not less than 25% in aggregate principal amount of Bonds affected by such default, and if indemnified as provided herein, the Bond Trustee shall:

- a) by mandamus or other suit, action or proceeding at law or in equity require the Issuer to perform its covenants and duties under this Bond Indenture;
- b) bring suit upon the Bonds;

c) by action or suit in equity require the Issuer to account for its actions as if it were the trustee of an express trust for the Holders of the Bonds;

d) by action or suit in equity enjoin any acts or things that may be unlawful or in violation of the rights of the Holders of the Bonds;

e) take any action to enforce its remedies under the Financing Agreement; or

f) take such other steps to protect and enforce its rights and the rights of the Holders of the Bonds, whether by action, suit or proceeding in aid of the execution of any power herein granted or for the enforcement of any other appropriate legal or equitable remedy.

Section 6.04 Rights of Holders to Direct Proceedings. Subject to the provisions of Section 6.08 hereof, the Holders of a majority in principal amount of the Bonds shall have the right at any time, by an instrument in writing executed and delivered to the Bond Trustee, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Bond Indenture for the benefit of the Bonds, or for the appointment of a receiver or any other proceedings hereunder for the benefit of the Bonds, in accordance with the provisions of law and of this Bond Indenture.

Section 6.05 Waiver by Issuer. Upon the occurrence of an Event of Default, to the extent that such right may then lawfully be waived, neither the Issuer nor anyone claiming through or under it shall set up, claim or seek to take advantage of any appraisal, valuation, stay, extension or redemption laws now or hereinafter in force, in order to prevent or hinder the enforcement of this Bond Indenture; 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 and all right of appraisement and redemption to which it may be entitled under the laws of the State.

Section 6.06 Application of Moneys. All moneys received by the Bond Trustee or a receiver pursuant to any right given or action taken pursuant to a default under Section 6.01(a) or (b) hereof and all moneys in the possession of the Bond Trustee shall, after payment of the costs and expenses of any proceedings resulting in the collection of such moneys and after payment of the fees and expenses of the Bond Trustee, its agents and attorneys, be deposited in the Bond Fund; and all moneys in the Bond Fund shall be applied, together with the other moneys held by the Bond Trustee hereunder, except the Rebate Fund, as follows:

(a) Unless the principal of all the Bonds shall have become due and payable or have been declared due and payable, all such moneys shall be applied:

FIRST - to the payment to the Persons entitled thereto of all installments of interest then due on the Bonds, in the order of the maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment thereof ratably, according to the amounts due on such installment, to the Persons entitled thereto, without any discrimination or privilege except as to any difference in the respective rates of interest specified in the Bonds;

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SECOND - to the payment to the Persons entitled thereto of the unpaid principal of and premium, if any, on any of the Bonds which shall have become due (other than Bonds called for redemption for the payment of which money shall be held pursuant to Section 4.11 of this Bond Indenture) whether at maturity or by call for redemption, in the order of their due dates and beginning with the earliest such due date, with interest on such Bonds from the date upon which they become due

and, if the amount available shall not be sufficient to pay in full principal of, premium, if any, and interest on the Bonds due on any particular date, together with such interest, then to the payment thereof ratably, according to the amount of the principal, interest, and premium, if any, due on such date, to the Persons entitled thereto without any discrimination or privilege; and

THIRD - to the payment of any unpaid fees and expenses of the Issuer and the GNMA Issuer.

Any moneys remaining after application as described above shall be deposited in the Bond Fund.

(b) If the principal of all the Bonds shall have become due and payable or shall have been declared due and payable, all such moneys shall be applied to the payment of the principal, premium, if any, and interest then due and unpaid upon the Bonds, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of premium over principal or interest or of principal or interest over premium or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal, premium, if any, and interest, to the persons entitled thereto without any discrimination or privilege, except as to any difference in the respective Interest Rates specified in the Bonds.

Whenever moneys are to be applied pursuant to the provisions of this Section, such moneys shall be applied at such times, and from time to time as the Bond Trustee shall determine, having due regard to the amount of such moneys available for such application in the future. Whenever the Bond Trustee shall apply such funds, it shall fix the date (which shall be an Interest Payment Date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Bond Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the Holder of any Bond until such Bond shall be presented to the Bond Trustee for appropriate endorsement or for cancellation if fully paid.

Section 6.07 Remedies Vested in Trustee. All rights of action, including the right to file proof of claims, under this Bond Indenture or under any of the Bonds may be enforced by the Bond Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceedings relating thereto and any such suit or proceeding instituted by the Bond Trustee shall be brought in its name as Bond Trustee without the necessity of joining as plaintiffs or defendants any Holders of the Bonds, and any recovery of judgment shall be for the benefit as provided herein of Holders of the Outstanding Bonds.

Section 6.08 Remedies of Holders. No Holder of any Bonds shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of any provision of this Bond Indenture or for the execution of any trust hereunder or for the appointment of a receiver or any other remedy hereunder, unless: (a) a default shall have occurred of which the Bond Trustee shall have been notified as provided herein; (b) such default shall have become an Event of Default; (c) the Holders of at least 25% in aggregate principal amount of the Outstanding Bonds shall have made written request to the Bond Trustee and shall have offered reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name; (d) such Holders shall have offered to the Bond Trustee indemnity as provided



herein; and (e) the Bond Trustee shall within 60 days thereafter fail or refuse to exercise the powers hereinbefore granted, or to institute such action, suit or proceeding, and such notification, request and offer of indemnity are hereby declared in every case at the option of the Bond Trustee to be conditions precedent to the execution of the powers and trusts under this Article VI, and to any action or cause of action for the enforcement of this Bond Indenture, or for any other remedy hereunder; it being understood and intended that no one or more Holders of the Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice the lien of this Indenture or the rights of any other Holders of the Bonds or to obtain priority or preference over any other Holders (other than as provided herein) or to enforce any right under this Bond Indenture, except in the manner herein provided and for the equal and ratable benefit of all Holders of Bonds. Nothing contained in this Bond Indenture shall, however, affect or impair the right of any Holder to enforce the payment of the principal of, the premium, if any, and interest on any Bond at the maturity thereof or the obligation of the Issuer to pay the principal of, premium, if any, and interest on the Bonds issued hereunder to the respective Holders thereof, at the time, in the place, from the sources and in the manner expressed herein and in said Bonds.

Section 6.09 Termination of Proceedings. In case the Bond Trustee shall have proceeded to enforce any right under this Bond Indenture by the appointment of a receiver, by entry 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 and the Bond Trustee shall be restored to their former positions and rights hereunder with respect to the Trust Estate herein conveyed, and all rights, remedies and powers of the Bond Trustee shall continue as if no such proceedings had been taken.

Section 6.10 Waivers of Events of Default. The Bond Trustee shall waive any Event of Default hereunder and its consequences and rescind any declaration of maturity of principal of and interest on the Bonds upon the written request of the Holders of a majority of the Outstanding Bonds; provided, however, that there shall not be waived (a) any default in the payment of the principal of any Bonds at the date of maturity specified therein, or upon proceedings for mandatory redemption, or (b) any default in the payment when due of the interest or premium on any such Bonds, unless prior to such waiver or rescission all arrears of interest, with interest (to the extent permitted by law) at the rate borne by the Bonds on overdue installments of interest or all arrears of payments of principal or premium, if any, when due (whether at the stated maturity thereof or upon proceedings for mandatory redemption) as the case may be, and all fees, costs, and expenses of the Bond Trustee, in connection with such default shall have been paid or provided for, and in case of any such waiver or rescission, or in case any proceeding taken by the Bond Trustee on account of any such default shall have been discontinued or abandoned or

determined adversely, then and in every such case the Issuer, the Bond Trustee and the Bondholders shall be restored to their former positions and rights hereunder, respectively, but no such waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereto.

Section 6.11 Notice of Defaults; Opportunity of the Issuer, the Borrower and the GNMA Issuer to Cure Defaults. Anything herein to the contrary notwithstanding no default under subsection (c) of Section 6.01 hereof (other than a default occasioned by the nonpayment of money) shall constitute an Event of Default until (i) actual notice of such default by registered or certified mail shall have been received by the Bond Trustee, and a notice of default shall have been given by the Bond Trustee or by the Holders of not less than 25% in aggregate principal amount of the Outstanding Bonds to the Borrower, the GNMA Issuer and the Issuer, and (ii) the Borrower and the Issuer shall have had with respect to a default under such subsection (c), 30 days after

receipt of such notice, to correct said default or cause said default to be corrected, and shall not have corrected said default or caused said default to be corrected within the applicable period, and thereafter, with respect to a default described in such subsection (c), the GNMA Issuer shall have had 30 days to correct said default or cause said default to be corrected, and shall not have corrected said default or caused said default to be corrected within the applicable period; provided, however, if a default under such subsection (c) be such that it cannot be corrected within the applicable period, it shall not constitute an Event of Default if corrective action is instituted by the Borrower, the Issuer or the GNMA Issuer, as the case may be, within the applicable period and diligently pursued until the default is corrected.

With regard to any alleged default concerning which notice has been given to the Borrower under the provisions of this Section, the Issuer hereby grants the Borrower full authority for the account of the Issuer to perform any covenant or obligation alleged in said notice to constitute a default, in the name and stead of the Issuer with full power to do any and all things and acts to the same extent that the Issuer could do and perform any such things and acts and with power of substitution.

In the event the Issuer fails to perform any of its covenants or obligations under this Bond Indenture, the Borrower shall have the right to perform such covenants or obligations and the Issuer hereby consents to such fulfillment and waives any right it may have to interfere therewith.

## **ARTICLE VII THE BOND TRUSTEE**

### **Section 7.01 Certain Duties and Responsibilities**

(a) Except during the continuance of an Event of Default:

(i) The Bond Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Bond Indenture, and no implied covenants or obligations shall be read into this Bond Indenture against the Bond Trustee; and

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(ii) in the absence of bad faith on its part, the Bond Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Bond Trustee and conforming to the requirements of this Bond Indenture; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Bond Trustee, the Bond Trustee shall be under a duty to examine the same to determine whether they conform to the requirements of this Bond Indenture.

b) In case an Event of Default has occurred and is continuing, the Bond Trustee shall exercise such of the rights and powers vested in it by this Bond Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs.

c) No provision of this Bond Indenture shall be construed to relieve the Bond Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that

i) This subsection (c) shall not be construed to limit the effect of subsection (a) of this Section;

ii) The Bond Trustee shall not be liable for any error of judgment made in good faith by a responsible officer, unless it shall be proved that the Bond Trustee was negligent in ascertaining the pertinent facts; and

iii) The Bond Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with directions received pursuant to Section 6.04 or the direction of the Holders of a majority in principal amount of Outstanding Bonds relating to the time, method and place of conducting any proceeding for any remedy available to the Bond Trustee, or exercising any trust or power conferred upon the Bond Trustee, under this Bond Indenture.

d) No provisions of this Bond Indenture shall require the Bond Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers.

e) Whether or not therein expressly so provided, every provision of this Bond Indenture relating to the conduct or affecting the liability of or affording protection to the Bond Trustee shall be subject to the provisions of this Section.

Section 7.02 Notice of Default. Within 30 days after the occurrence of any default hereunder of which the Bond Trustee is deemed to have notice hereunder, the Bond Trustee shall transmit by first class mail, to the Holders of all Bonds then Outstanding notice of such default hereunder known to the Bond Trustee, unless such default shall have been cured or waived prior thereto; provided, however, that, except in the case of a default in the payment of the principal of (or premium, if any) or interest on any Bond when due, the Bond Trustee shall be protected in

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withholding such notice if and so long as the Bond Trustee in good faith determines that the withholding of such notice is in the interests of the Holders of the Bonds. For the purpose of this Section the term "default" means any event which is, or after notice or lapse of time or both would become, an Event of Default.

Section 7.03 Required Reporting. The Bond Trustee shall provide to the Rating Agency (with copies to the Issuer and the Borrower):

a) notice of any of the following events: (i) any GNMA Security is sold (except for the exchange of the CLCs for the PLC), (ii) a partial prepayment is made on any GNMA Security, (iii) any funds held under this Bond Indenture are invested in an investment agreement, (iv) the Bonds are no longer Outstanding in accordance with Article IX hereof, (v) this Bond Indenture or any Mortgage Loan Document is amended in accordance with Article VIII hereof, and (vi) the appointment of any successor Bond Trustee or co-

trustee.

b) notice of the initial acquisition by the Bond Trustee of (i) the Initial CLC, and (ii) the PLC (within 30 days of such acquisition);

c) a copy of any notices sent to the GNMA Issuer, HUD or GNMA after the Bond Trustee has become entitled to claim any benefits under the GNMA Security; and

d) such other information as the Rating Agency may reasonably request from time to time (i) in connection with its ongoing surveillance of the rating on the Bonds and (ii) in order to maintain the rating on the Bonds.

Section 7.04 Certain Rights of Bond Trustee. Except as otherwise provided in Section 10.01 hereof:

a) the Bond Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order or other paper or document conforming to the requirements, if any, of this Bond Indenture, and believed by it to be genuine, and to have been signed or presented by the proper party or parties;

b) any Request or Statement of the Issuer mentioned herein shall be sufficiently evidenced by an order or Request of the Issuer signed by an Authorized Issuer Representative and any resolution or ordinance of the governing body of the Issuer may be sufficiently evidenced by a Certificate of the Issuer;

c) any notice, request, direction, election, order or demand of the Borrower mentioned herein shall be sufficiently evidenced by an instrument purporting to be signed in the name of the Borrower by an Authorized Borrower Representative (unless other evidence in respect thereof be herein specifically prescribed);

d) whenever in the administration of this Bond Indenture the Bond Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or

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omitting any action hereunder, the Bond Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon a Certificate of the Issuer;

e) the Bond Trustee may consult with counsel, architects and engineers and other experts, and the written advice of such counsel, architects or engineers and other experts shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon;

f) the Bond Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Bond Indenture at the request or direction of any of the Holders of the Bonds pursuant to this Indenture, unless such Holders shall have offered to the Bond Trustee reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction;

g) the Bond Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order or other paper or document, but the Bond Trustee, in its discretion, may make such further inquiry or investigation into such fact or matters as it may see fit, and, if the Bond Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Issuer and the Borrower, including the Project, personally or by agent or attorney;

h) the Bond Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder whether directly or by or through agents or attorneys, but the Bond Trustee shall be responsible for any misconduct or negligence on the part of any agent or attorney so appointed;

(i) the Bond Trustee shall not be required to take notice or be deemed to have notice of any default hereunder (except for any default due to the Bond Trustee's failure to make any of the payments required to be made by Article IV hereof) unless the Bond Trustee shall be specifically notified in writing of such default by the Issuer or the Holders of at least 25% in principal amount of Bonds affected thereby; and

(j) all notices or other instruments required by this Bond Indenture to be delivered to the Bond Trustee must, in order to be effective, be delivered at the principal corporate trust office of the Bond Trustee at the Notice Address referred to in Section 1.01 hereof.

Section 7.05 Not Responsible for Recitals or Issuance of Bonds. The recitals contained herein and in the Bonds, except the certificates of authentication, shall be taken as the statements of the Issuer, and the Bond Trustee assumes no responsibility for their correctness. The Bond Trustee makes no representations as to the validity or sufficiency of this Bond Indenture or of the Bonds.

Section 7.06 Bond Trustee May Hold Bonds. The Bond Trustee in its individual or any other capacity may become the owner or pledgee of Bonds and may otherwise deal with the Issuer with the same rights it would have if it were not Bond Trustee.

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Section 7.07 Compensation. The Bond Trustee shall on each Interest Payment Date reimburse itself as provided in Section 4.04(b) hereof for all reasonable expenses, disbursements and advances incurred or made by the Bond Trustee in performing its obligations in accordance with any provision of this Bond Indenture (including the compensation and the expenses and disbursements of any Paying Agent, separate Bond Trustee or co-Bond trustee, its agents and counsel) provided, however, that the Bond Trustee's monthly compensation under this Section 7.07 shall be limited to one-twelfth (1/12) of [0.06%] of the outstanding aggregate principal amount of the Bonds for the preceding calendar month (payable monthly as provided in Section 4.04(b) hereof), including its services as dissemination agent under the Continuing Disclosure Agreement.

Any amounts payable to the Bond Trustee in excess of the amounts specified in the preceding paragraph shall be paid by the Borrower in accordance with Section 4.7 of the Financing Agreement.

Section 7.08 Successor Bond Trustee. Any corporation or association into which the Bond Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its 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, ipso facto, be and become successor Bond Trustee hereunder and vested with all title to the whole property or Trust Estate and all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instruments or any further act, deed or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

Section 7.09 Resignation by the Bond Trustee. The Bond Trustee and any successor Bond Trustee may at any time resign from the trusts hereby created by giving 60 days' written notice by registered or certified mail to the Issuer and to each Holder of the Bonds then Outstanding; provided that no such resignation shall take effect until a successor Bond Trustee shall have been appointed and shall have accepted such appointment as provided in Section 7.11. If no successor Bond Trustee shall have been appointed and have accepted appointment within 60 days following the giving of all required notices of resignation, the resigning Bond Trustee may petition any court of competent jurisdiction for the appointment of a successor Bond Trustee.

Section 7.10 Removal of the Bond Trustee. The Bond Trustee may be removed at any time, by an instrument or concurrent instruments in writing delivered to the Bond Trustee and the Issuer, and signed (a) by the Holders of a majority of the Bonds Outstanding at the time, or (b) with the written concurrence of the Issuer and the GNMA Issuer, provided, that such removal shall not be effective until all reasonable fees and expenses of the Bond Trustee have been paid in full, and provided, further, that the Bond Trustee shall continue to serve as Bond Trustee hereunder until a new Trustee has been appointed.

Section 7.11 Appointment of Successor Bond Trustee by the Holders; Temporary Bond Trustee. In case the Bond Trustee hereunder shall resign or be removed, or be dissolved, or shall be in the course of dissolution or liquidation, or otherwise become incapable of acting

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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 Holders of a majority of the principal amount of the outstanding Bonds, with notice to the Borrower and the GNMA Issuer, by an instrument or concurrent instruments in writing signed by such Holders, or by their duly authorized attorneys; provided, nevertheless, that in case of vacancy the Issuer, with the consent of the Borrower, which consent shall not be unreasonably withheld, may appoint a temporary Bond Trustee to fill such vacancy until a successor Bond Trustee shall be appointed by such Holders in the manner above provided; and any such temporary Bond Trustee so appointed by the Issuer shall immediately and without further act be superseded by the bond trustee so appointed by such Bondholders.

Section 7.12 Concerning Any Successor Bond Trustee. Every successor Bond Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to the Issuer an instrument in writing accepting such appointment hereunder and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessor; but such predecessor shall, nevertheless, on the written request of the Issuer, or of its successor, and upon payment of all amounts due such predecessor, execute and deliver an instrument transferring to such successor Bond Trustee all the estates, properties, rights, powers, trusts, duties and obligations of such predecessor hereunder; and every predecessor Bond Trustee shall deliver all securities and money held by it as Bond Trustee hereunder to its successor. Should any instrument in writing from the Issuer be required by a successor Bond Trustee for more fully and certainly vesting in such successor the estate, rights, powers and duties hereby vested or intended to be vested in the predecessor, any and all such instruments in

writing shall, on request be executed, acknowledged and delivered by the Issuer. The resignation of any Bond Trustee and the instrument or instruments removing any Bond Trustee and appointing a successor hereunder, together with all other instruments provided for in this Article, shall be filed and/or recorded by the successor Bond Trustee in any recording office where the Bond Indenture shall have been filed and/or recorded. Any such successor Bond Trustee shall be bound by all of the provisions hereof, including but not limited to Section 7.07 hereof Every such Bond Trustee appointed pursuant to the provisions of this Section shall be a trust company or bank organized under the laws of the United States of America or any state thereof and which is in good standing, within or outside the State, having a reported capital and surplus of not less than \$10,000,000 if there be such an institution willing, qualified and able to accept the trust upon reasonable or customary terms.

Section 7.13 Bond Trustee as Paying Agent and Bond Registrar; Additional Paying Agents. The Bond Trustee is hereby designated and agrees to act as Paying Agent and Registrar for and in respect to the Bonds.

The Issuer from time to time may appoint one or more additional Paying Agents and, in the event of the resignation or removal of any Paying Agent, successor Paying Agents. Any such additional Paying Agent or successor Paying Agent shall signify its acceptance of the duties and obligations imposed upon it by this Bond Indenture by executing and delivering to the Issuer and the Bond Trustee a written acceptance thereof

Section 7.14 Successor Bond Trustee as Trustee, Paying Agent and Bond Registrar. In the event of a change in the office of Bond Trustee, the predecessor Bond Trustee which shall have resigned or shall have been removed shall cease to be Bond Trustee and Paying Agent on the Bonds and Bond Registrar, and the successor Bond Trustee shall become such Bond Trustee, Paying Agent and Bond Registrar.

Section 7.15 Co-Bond Trustee or Separate Bond Trustee. At any time, but subject to compliance with all applicable regulations, for the purpose of meeting any legal requirements of any jurisdiction in which any part of the Trust Estate may at the time be located or for the purpose of enforcing any provisions of this Bond Indenture or the Financing Agreement, the Issuer and the Bond Trustee shall have power to appoint an additional Person as a co-bond trustee or separate bond trustee (provided, however, that the total fee payable to the Bond Trustee and the co-bond trustee or the Bond Trustee and the separate bond trustee, may not exceed the fee payable to the Bond Trustee prior to that appointment), and upon the request of the Bond Trustee or of the Holders of at least 25% in aggregate principal amount of Outstanding Bonds the Issuer shall for such purpose join with the Bond Trustee in the execution, delivery and performance of all instruments and agreements necessary or proper to appoint such Person to act as co-bond trustee of all or any part of the Trust Estate, and to vest in such Person or institution, in such capacity, such title to the Trust Estate, or any part thereof, and such rights, powers, duties, trusts or obligations as the Issuer and the Bond Trustee may consider necessary or desirable, subject to the remaining provisions of this Section.

If the Issuer shall not have made such appointment within 30 days after the receipt by it of a request to do so, or in case an event of default shall have occurred and be continuing, the Bond Trustee alone shall have the power to make such appointment.

The Bond Trustee, the Issuer and the Borrower shall execute, acknowledge and deliver all such instruments as may be reasonably required by any such co-bond trustee or separate bond trustee for more fully confirming such title, rights, powers, trusts, duties and obligations to such co-bond trustee or separate bond

trustee.

Every co-bond trustee or separate bond trustee shall, to the extent permitted by law, but to such extent only, be appointed subject to the following terms, namely:

a) the Bonds shall be authenticated and delivered, and all rights, powers, trusts, duties and obligations by this Bond Indenture conferred upon the Bond Trustee in respect of the custody, control or management of money, papers, securities and other personal property shall be exercised solely by the Bond Trustee;

b) all rights, powers, duties and obligations conferred or imposed upon the Bond Trustee shall be conferred or imposed upon or exercised or performed by the Bond Trustee, or by the Bond Trustee and such co-trustee or separate trustee jointly, as shall be provided in the instrument appointing such co-bond trustee or separate bond trustee, except to the extent that under the law of any jurisdiction in which any particular act or acts are to be performed the Bond Trustee shall be incompetent or unqualified to perform such act or acts, in which., event such act or acts shall be performed by such co-bond trustee or separate bond trustee;

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c) any request in writing by the Bond Trustee to any co-bond trustee or separate bond trustee to take or to refrain from taking any action hereunder shall be sufficient warrant for the taking or the refraining from taking of such action by such co-bond trustee or separate bond trustee;

d) any co-bond trustee or separate bond trustee to the extent permitted by law may delegate to the Bond Trustee the exercise of any right, power, trust, duty or obligation, discretionary or otherwise;

e) the Bond Trustee at any time by an instrument in writing with the concurrence of the Issuer may accept the resignation of or remove any co-bond trustee or separate bond trustee appointed under this Section and in case an Event of Default shall have occurred and be continuing, the Bond Trustee shall have power to accept the resignation of or remove any such co-bond trustee or separate bond trustee without the concurrence of the Issuer, and, upon the request of the Bond Trustee, the Issuer shall join with the Bond Trustee in the execution, delivery, and performance of all instruments and agreement necessary or proper to effectuate such resignation or removal. A successor to any co-bond trustee or separate bond trustee so resigned or removed may be appointed in the manner provided in this Section;

f) no bond trustee hereunder shall be personally liable by reason of any act or omission of any other bond trustee hereunder;

g) any demand, request, direction, appointment, removal, notice, consent, waiver or other action in writing executed by the Holders and delivered to the Bond Trustee shall be deemed to have been delivered to each such co-bond trustee or separate bond trustee; and

h) any money, paper, securities or other items of personal property received by any such co-bond trustee or separate bond trustee hereunder shall forthwith, so far as may be permitted by law, be turned over to the Bond Trustee.



Upon the acceptance in writing of such appointment, any such co-bond trustee or separate bond trustee shall be vested with such title to the Trust Estate or any part thereof, and with such rights, powers, duties, trusts or obligations as shall be specified in the instrument of appointment jointly with the Bond Trustee (except insofar as local law makes it necessary for any such co-bond trustee or separate bond trustee to act alone) subject to all the terms of this Bond Indenture. Every such acceptance shall be filed with the Bond Trustee and the Issuer.

In case any co-bond trustee or separate bond trustee shall die, become incapable of acting, resign or be removed, the title to the Trust Estate and all rights, powers, trusts, duties and obligations of said co-bond trustee or separate bond trustee shall, so far as permitted by law, vest in and be exercised by the Bond Trustee unless and until a successor co-bond trustee or separate bond trustee shall be appointed in the manner herein provided.

Section 7.16 Representations by Bond Trustee. The Bond Trustee hereby represents and warrants that as of the date of execution of this Bond Indenture:

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a) It is duly organized and validly existing in good standing under the laws of the jurisdiction of its organization and has the power and authority to enter into and perform its obligations under this Bond Indenture;

b) this Bond Indenture has been duly authorized, executed and delivered by it; and

c) to the best of the Bond Trustee's knowledge, the execution of this Bond Indenture by the Bond Trustee does not violate laws, statutes, ordinances, regulations or agreements which are binding on the Bond Trustee.

Section 7.17 Interpretation of Intent. The Bond Trustee, in exercising its authority under this Bond Indenture, may interpret the intent of the parties hereunder. In exercising such authority, the Bond Trustee shall be held to a reasonable fiduciary standard subject to Section 7.01 hereof.

## **ARTICLE VIII SUPPLEMENTAL BOND INDENTURE**

Section 8.01 Supplemental Bond Indentures Not Requiring Consent of Bondholders. The Issuer and the Trustee, without the consent of or notice to any of the Bondholders, may enter into a bond indenture or bond indentures supplemental to this Bond Indenture as shall not be inconsistent with the terms and provisions hereof or materially adverse to the interest of the Holders of the Bonds for any one or more of the following reasons:

a) to cure any ambiguity or formal defect or omission in this Bond Indenture:

b) to subject to the lien and pledge of this Bond Indenture additional revenues, properties or

collateral;

c) to grant to or confer upon the Bond Trustee for the benefit of the Bondholders any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Bondholders or the Bond Trustee or any of them;

d) to modify, amend or supplement this Bond Indenture or any bond indenture supplemental hereto in such manner as to permit the qualification hereof and thereof under the Trust Indenture Act of 1939 or any similar federal statute hereafter in effect or under any state securities laws;

e) to permit the Bond Trustee to comply with any obligations imposed upon it by law;

f) to achieve compliance of this Bond Indenture with any applicable federal securities or tax laws or state securities laws;

g) to maintain the exclusion from gross income for federal income taxation of interest on the Bonds;

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(h) to obtain, improve or maintain the rating on the Bonds from any nationally recognized securities rating agency so long as such change does not affect the interest rates, maturities or redemption provisions of the Bonds and does not, in the opinion of Bond Counsel, adversely affect the exclusion from gross income for federal income taxation of interest on the Bonds; or

(i) in connection with any other change in this Bond Indenture which, in the judgment of the Bond Trustee, is not to the prejudice of the Bond Trustee or the Bondholders.

The Bond Trustee may rely upon an opinion of counsel as conclusive evidence that execution and delivery of a supplemental bond indenture have been effected in compliance with the provisions of this Article.

#### **Section 8.02 Supplemental Bond Indentures Requiring Consent of Bondholders.**

With the consent of the Holders of not less than a majority in aggregate principal amount of the Outstanding Bonds, the Bond Trustee, from time to time, may enter into supplemental bond indentures for the purpose of modifying, altering, amending, adding to or rescinding any of the terms or provisions contained in this Bond Indenture or in any supplemental bond indenture; provided, however, that nothing in this Article contained shall permit, or be construed as permitting without the consent of the Holders of 100% of the Bonds outstanding: (a) an extension of the stated maturity or a reduction in the principal amount or reduction in the rate, or extension of time of payment of interest on, or reduction of any premium payable on the redemption of, any Bonds; (b) the creation of any lien on the Trust Estate prior to or on a parity with the lien of this Bond Indenture; (c) a reduction in the amount of the Bonds, the Holders of which are required to approve any such supplemental bond indenture, without the consent of the Holders of all Bonds at the time Outstanding which would be affected by the action to be taken; (d) the modification of the rights, duties or immunities of the Bond Trustee without the consent of the Bond Trustee; (e) a privilege or priority of any Bond over any other Bonds; (f) any

reduction in the Borrower's obligations under the Mortgage Note, or change in the GNMA Issuer's obligations under (or GNMA's guaranty of) the GNMA Securities; (g) any amendment to Section 5.07 or Article VIII hereof, or (h) any action which may result in the denial of the exclusion of interest on the Bonds from gross income for federal income taxation.

If at any time the Issuer shall request the Bond Trustee to enter into any such supplemental bond indenture for any of the purposes of this Section, the Bond Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such supplemental indenture to be mailed, postage prepaid, to all Bondholders. Such notice shall briefly set forth the nature of the proposed supplemental bond indenture and shall state that copies thereof are on file at the corporate trust office of the Bond Trustee for inspection by all Bondholders. If, within 60 days or such longer period as shall be prescribed by the Issuer following the mailing of such notice, the Holders of not less than two-thirds in aggregate principal amount of Outstanding Bonds at the time of the execution of any such supplemental bond indenture shall have consented to and approved the execution thereof as herein provided, no Holder of any Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Bond Trustee or the Issuer from executing the

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same or from taking any action pursuant to the provisions thereof Upon the execution of any such supplemental indenture as in this Section permitted and provided, this Bond Indenture shall be and be deemed to be modified and amended in accordance therewith. The Bond Trustee may rely upon an opinion of counsel as conclusive evidence that execution and delivery of a supplemental bond indenture have been effected in compliance with the provisions of this Article.

Anything herein to the contrary notwithstanding, a supplemental bond indenture under this Article which affects any rights of the Borrower shall not become effective unless and until the Borrower shall have consented to the execution and delivery of such supplemental bond indenture. In this regard, the Bond Trustee shall cause notice of the proposed execution and delivery of any such supplemental bond indenture to be mailed by certified or registered mail to the Borrower at least 15 days prior to the proposed date of execution and delivery of any supplemental indenture. The Borrower shall be deemed to have consented to the execution and delivery of any such supplemental bond indenture if the Bond Trustee does not receive a letter of protest or objection thereto signed by or on behalf of the Borrower on or before the close of business of the Bond Trustee on the fifteenth day after the mailing of said notice and a copy of the proposed supplemental bond indenture.

Section 8.03 Amendments to Financing Agreement Not Requiring Consent of the Bondholders. The Issuer and the Borrower, without the consent of the Bondholders, may enter into any amendment, change or modification to the Financing Agreement as shall not be inconsistent with the terms of the Financing Agreement or materially adverse to the interests of the Holder of the Bonds for any one or more of the following purposes:

a) to cure any ambiguity or formal defect or omission in the Financing Agreement;

b) to grant to or confer upon the Issuer or the Bond Trustee for the benefit of the Bondholders any additional rights, remedies, powers or authority that may be lawfully granted to or conferred upon the Issuer or the Bond Trustee or either of them;

c) to maintain the exclusion from gross income for federal income taxation of interest of the Bonds;

d) to obtain, improve or maintain the rating on the Bonds so long as such change does not affect the interest rates, maturities or redemption provisions of the Bonds and does not, in the opinion of Bond Counsel, adversely affect the exclusion from gross income for federal income taxation of interest on the Bonds; or

e) in connection with any other change which, in the judgment of the Bond Trustee, is not to the prejudice of the Bond Trustee or the Bondholders.

The Bond Trustee may rely upon an opinion of counsel as conclusive evidence that such amendment, change or modification has been effected in compliance with the provisions of this Article.

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Section 8.04 Amendments to Financing Agreement Requiring Consent of Bondholders. With the consent of the Holders of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding, the Issuer, the Bond Trustee and the Borrower may from time to time enter into amendments, changes and modifications to the Financing Agreement for the purpose of modifying, altering, amending, adding to or rescinding any of the terms or provisions contained therein; provided, however, that no such amendment, change or modification shall permit or be construed as permitting: (a) any adverse effect on the security for the Bonds, (b) a reduction in the amount of Bonds, the Holders of which are required to approve any such amendment, change or modification without the consent of Holders of all Bonds at the time Outstanding which would be affected by the action to be taken; or (c) any action which may result in the denial of the exclusion of the interest on the Bonds from gross income for federal income tax purposes.

If at any time, the Borrower or the Issuer shall request the consent of the Bond Trustee to any such amendment, change or modification of the Financing Agreement, the Bond Trustee shall, upon being satisfactorily indemnified by the Borrower with respect to expenses, cause notice of such proposed amendment, change or modification to be given in the same manner as provided above with respect to supplemental bond indentures. Such notice shall briefly set forth the nature of such proposed amendment, change or modification and shall state that copies of the instrument embodying the same are on file at the corporate trust office of the Bond Trustee for inspection by all Bondholders. If, within 60 days following the giving of such notice the Holders of not less than two-thirds in aggregate principal amount of Outstanding Bonds at the time of the execution of any such amendment, change or modification shall have consented to and approved the execution thereof as described above, no Holder of any Bond shall have any right to object to the terms and provisions contained therein, or to the operation thereof, or in any manner to question the propriety of the execution thereof or to enjoin or to restrain the Issuer or the Bond Trustee from consenting to the execution thereof. The Bond Trustee may rely upon an opinion of counsel as conclusive evidence that such amendment, change or modification has been effected in compliance with the provisions of this Article.

Section 8.05 Modification of Mortgage Loan Documents. Nothing contained herein or in the Financing Agreement shall limit or impair the right of the GNMA Issuer to require or agree to any amendment, change or

modification of the Mortgage Loan Documents for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective or inconsistent provision contained therein, or in regard to matters or questions arising under said Mortgage Loan Documents so long as any such amendment, change or modification shall not adversely affect the payment terms of, the security for or the tax-exempt status of the Bonds.

## ARTICLE IX SATISFACTION AND DISCHARGE OF BOND INDENTURE

Section 9.01 Discharge of Lien. If the Issuer shall pay or cause to be paid to the Holders of the Bonds the principal, interest and premium, if any, to become due thereon at the times and in the manner stipulated therein and herein and shall have paid all fees and expenses of the Bond Trustee, and if the Issuer shall keep, perform and observe all and singular the covenants and promises in the Bonds and in this Bond Indenture expressed as to be kept, performed and observed by it or on its part, then these presents and the estate and rights hereby granted shall, at

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the option of the Issuer, cease, determine and be void, and thereupon the Bond Trustee shall cancel and discharge the lien of this Bond Indenture and execute and deliver to the Issuer such instruments in writing as shall be requisite to satisfy the lien hereof, shall reconvey to the Issuer the estate hereby conveyed, and shall assign and deliver to the Issuer (to the extent that the Issuer certifies to the Bond Trustee that the Issuer is owed money by the Borrower) or to Borrower (if no such certification of the Issuer is delivered to the Bond Trustee) any interest in property at the time subject to the lien of this Bond Indenture which may then be in its possession, except amounts held by the Bond Trustee for the payment of principal of and interest and premium, if any, on the Bonds. Prior to the issuance of the total aggregate principal amount of Bonds authorized to be issued hereunder, the Issuer shall not be deemed to have satisfied the provisions of this Section 9.01 unless it confirms in writing to the Bond Trustee that the Bond Trustee shall not be directed to authenticate and deliver any additional Bonds or increase the aggregate principal amount of the Bonds pursuant to Section 2.13(b) hereof subsequent to the date if discharged.

All Outstanding Bonds shall, prior to the maturity or redemption date thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this Section if, under circumstances which, in the opinion of Bond Counsel, do not cause interest on the Bonds to be includable in gross income for federal income purposes, the following conditions shall have been fulfilled: (a) in case any of the Bonds are to be redeemed on any date prior to their maturity, the Issuer shall have given to the Bond Trustee, in form satisfactory to it, irrevocable instructions to mail, as provided in Article III hereof, notice of redemption of such bonds on said date; and (b) there shall be on deposit with the Bond Trustee either money or direct non-callable obligations of, or non-callable obligations guaranteed by, the United States of America in an amount sufficient, as certified to the Bond Trustee by independent public accountants of national standing, to pay when due the principal or redemption price, if applicable, and interest due and to become due on the Bonds on and prior to the Redemption Date or maturity date thereof, as the case may be. Upon satisfaction and discharge of this Bond Indenture as aforesaid, the Bond Trustee shall provide notice of such discharge by first class mail to Holders of all Bonds Outstanding, provided that for any Bonds subject to optional redemption within 90 days of the discharge of this Bond Indenture no such notice need be given.

Section 9.02 Survival of Certain Provisions. Notwithstanding the foregoing, any provisions of this Bond Indenture which relate to the maturity of Bonds, interest payments and dates thereof, optional and mandatory

redemption provisions, credit against mandatory sinking fund requirements, exchange, transfer and registration of Bonds, replacement of mutilated, destroyed, lost or stolen Bonds, the safekeeping and cancellation of Bonds, non-presentment of Bonds, the holding of moneys in trust, and repayments of moneys in funds held hereunder, and the duties of the Bond Trustee and the Bond Registrar in connection with all of the foregoing, shall remain in effect and be binding upon the Bond Trustee, the Bond Registrar, the Paying Agent and the Holders notwithstanding the release and discharge of this Bond Indenture. The provisions of this Article shall survive the release, discharge and satisfaction of this Bond Indenture.

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**ARTICLE X  
MISCELLANEOUS**

Section 10.01 Consents and Other Instruments of Bondholders. Any consent, request, direction, approval, waiver, objection, appointment or other instrument required by this Bond Indenture to be signed and executed by the Bondholders may be signed and executed in any number of concurrent writings of similar tenor and may be signed or executed by such Bondholders in person or by agent appointed in writing. Proof of the execution of any such instrument, if made in the following manner, shall be sufficient for any of the purposes of this Bond Indenture and shall be conclusive in favor of the Trustee with regard to any action taken under such instrument, namely:

a) The fact and date of the execution by any Person of any such instrument may be proved by the affidavit of a witness of such execution or by the certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take acknowledgments of deeds, certifying that the Person signing such instrument acknowledged to him the execution thereof. Where such execution is by an officer of a corporation or association or a member of a limited liability company or a partner of a partnership on behalf of such corporation, association, limited liability company or partnership, such affidavit or certificate shall also constitute sufficient proof of his authority.

b) The ownership of Bonds shall be proven by the Bond Register.

c) Any request, consent or vote of the Holder of any Bond shall bind every future Holder of any Bond issued in exchange therefor or in lieu thereof, in respect of anything done or permitted to be done by the Trustee or the Issuer pursuant to such request, consent or vote.

d) In determining whether the Holders of the requisite amount of the principal amount of the Bonds then Outstanding have concurred in any demand, request, direction, consent or waiver under this Bond Indenture, Bonds which are owned by the Issuer or the Borrower or by any Person directly or indirectly controlling or controlled by, or under direct or indirect common control with the Issuer or the Borrower shall be disregarded and deemed not to be Outstanding for the purpose of determining whether the Bond Trustee shall be protected in relying on any such demand, request, direction, consent or waiver. Only Bonds which the Bond Trustee knows to be so owned shall be disregarded. Bonds so owned which have been pledged in good faith

may be regarded as Outstanding for the purposes of this Section if the pledgee shall establish to the satisfaction of the Bond Trustee the pledgee's right to vote such Bonds. In case of a dispute as to such right, any decision by the Bond Trustee taken upon the advice of counsel shall be full protection to the Bond Trustee.

Section 10.02 Limitation of Rights. With the exception of rights herein expressly conferred, nothing expressed or implied in this Bond Indenture or the Bonds is intended or shall be construed to give to any Person other than the parties hereto, the Borrower and the Holders of the Bonds, any legal or equitable right, remedy or claim under or in respect to this Bond Indenture or any covenants, conditions and provisions hereof.

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Section 10.03 Severability. If any provision of this Bond Indenture shall be held or deemed to be or shall in fact be inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions, or in all cases because it conflicts with any other provision or provisions hereof or any constitution, statute, rule of law or 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 circumstances, 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 in this Bond Indenture contained shall not affect the remaining portions of this Bond Indenture or any part thereof

Section 10.04 Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given three days after deposit by first-class mail, except any notice specifically required to be given by certified or registered mail shall be deemed given three days after being mailed by certified or registered mail, postage prepaid, and any notice dispatched by messenger, facsimile or telegram, addressed to the Notice Address of the person to whom such notices, certificates or other communications are given shall be deemed given when delivered.

Section 10.05 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 GNMA Securities, or the date fixed for redemption of any Bonds, shall be a Saturday, Sunday, legal holiday or a day on which banking institutions are authorized by law to close, then payment of interest or principal need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made on the date of maturity or the date fixed for redemption, and no interest shall accrue for the period after such date.

Section 10.06 Counterparts. This Bond Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 10.07 Governing Law. The laws of the State shall govern the construction of this Bond Indenture and of all Bonds issued hereunder, without reference to its conflict of laws principles.

Section 10.08 No Recourse. No recourse shall be had for the principal of, redemption premium, if any, and interest on any of the Bonds or for any claim based thereon or upon any obligation, covenant or agreement contained in the Bond Indenture or the Financing Agreement against any past, present or future official, officer or employee of the Issuer, as such, either directly or through the Issuer or any successor, under any rule of law,

statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability is hereby expressly waived and released as a condition of and consideration for the execution of the Bond Indenture and the Financing Agreement and the issuance of the Bonds.

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Section 10.09 Successors and Assigns. All the covenants and representations contained in this Bond Indenture, by or on behalf of the Issuer, shall bind and inure to the benefit of its successors and assigns, whether or expressed or not.

Section 10.10 Books, Records and Accounts. The Bond Trustee agrees to keep proper books, records and accounts in which complete and correct entries shall be made of all transactions relating to the receipt, disbursements, investment, allocation and application of the proceeds received from the sale of the Bonds, the revenues received in connection with the GNMA Security, the revenues received from the Funds created pursuant to this Bond Indenture and all other money held by the Bond Trustee hereunder. The Bond Trustee shall make such books, records and accounts available for inspection by the Issuer or the Holder of any Bond during reasonable hours and under reasonable conditions.

Section 10.11 HUD and GNMA Requirements to Control. Notwithstanding anything in this Bond Indenture to the contrary, the provisions of this Bond Indenture and the Financing Agreement are subject and subordinate to the National Housing Act, all applicable HUD insurance regulations and related administrative requirements and the Mortgage Loan Documents and all applicable GNMA regulations and related administrative requirements; and in the event of any conflict between the provisions of this Bond Indenture or the Financing Agreement and the provisions of the National Housing Act, any applicable HUD regulations, related administrative requirements and the Mortgage Loan Documents, any applicable GNMA regulations and related administrative requirements, the said National Housing Act, HUD regulations, related administrative requirements and Mortgage Loan Documents, and the said GNMA regulations and related administrative requirements shall be controlling in all respects.

Section 10.12 HUD Regulations. Notwithstanding anything in this Bond Indenture to the contrary, the Issuer, its designee or any person shall not and cannot acquire or succeed to Grand Boulevard Housing IV, LLC's interest as general partner of the Borrower or exercise Grand Boulevard Housing IV, LLC's rights or powers as such general partner unless and until the Issuer, its designee or any person first complies with all HUD requirements pertaining to transfers of physical assets and received HUD's written preliminary approval. Prior to satisfying the requirements pertaining to transfers of physical assets neither the Issuer, its designee nor any person will assert any claim or interest in the HUD Project (HUD Project No. 071-35889) by reasons of the provisions of this Bond Indenture. Except as otherwise set forth herein or in the Financing Agreement, any claim asserted against the Project shall not be a personal liability of the Borrower but shall instead be a limited obligation payable solely from the Borrower's interest in, and Surplus Cash (as defined in the HUD Regulatory Agreement) revenues derived from, the Project.

**Section 10.13 Enforcement Not to Affect Mortgage Loan or GNMA Security**

Notwithstanding any provision in this Bond Indenture to the contrary, enforcement of this Bond Indenture and the Financing Agreement will not result in any claim under the Mortgage Loan, or claim against the Project, the Mortgage Loan proceeds, any reserve or deposit made with the GNMA Issuer or another Person required



by HUD in connection with the Mortgage Loan, or against the rents or other income from the Project (other than available "Surplus Cash," as defined in the HUD Regulatory Agreement) for payment hereunder.

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IN WITNESS WHEREOF, the parties hereto have caused this Bond Indenture to be duly executed and their respective corporate seals to be hereunto affixed and attested, all as of the date and year first above written.

**CITY OF CHICAGO**

Chief Financial Officer

**SEAWAY BANK AND TRUST COMPANY,**  
as Bond Trustee

Authorized Officer

Authorized Officer

**EXHIBIT A**

**FORM OF SERIES 2016 BONDS**

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

**Multi-Family Housing Revenue Bonds (Paul G. Stewart Apartments  
Phase III Tower Project), Series 2016 (FHA Insured/GNMA)**

MAXIMUM PRINCIPAL AMOUNT:

No. R-1

\$

Maturity Date

Dated Date

Interest Rate

CUSIP No.

Registered Owner: CEDE & CO.

Maximum Principal Amount:

The City of Chicago, a municipality and home rule unit of government duly organized and validly existing under the Constitution and the laws of the State of Illinois (the "Issuer"), for value received, hereby promises to pay (but only from the revenues and other assets and in the manner hereinafter described) to the Registered Owner specified above or registered assigns (the "Pholder") (subject to any right of prior redemption provided for in the Bond Indenture referred to below), no later than the stated Maturity Date set forth above, the principal amount set forth on Appendix A hereto, which shall not exceed the principal amount set forth above and to pay interest on the principal amount set forth on Appendix A hereto as provided herein until said principal amount shall have been fully paid, at the rate per annum specified above on the principal amount outstanding on the last day of the preceding six-month period, payable on each

and \_\_\_\_\_, commencing \_\_\_\_\_, 201\_. Principal of the Bonds shall be payable on each Interest Payment Date to the extent amounts are available for such purpose, but shall in any event be payable on the stated maturity date. Principal payable on the Bonds on each Interest Payment Date shall be equal to the amounts in the Bond Fund representing principal payments received on the GNMA Security and available to pay the principal of the Bonds, until the entire principal amount of the Bonds has been paid. Principal payable on each Bond on each Interest Payment Date shall be the pro rata share of each such amount available to pay the principal of the Bonds on such Interest Payment Date. The principal balance of this Bond will bear interest until paid as stated below. No interest shall accrue on the principal amount of the Bond until that

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portion of the principal amount of the Bond is drawn down in accordance with the drawdown schedule attached to this Bond. Principal of, premium, if any, and interest on this Bond are payable, without deduction for exchange, collection or service charges, in lawful money of the United States of America. Principal due at maturity or upon earlier redemption in whole is payable at the principal corporate trust office of Seaway Bank and Trust Company, an Illinois state banking corporation having its principal corporate trust office in Chicago, Illinois, or its successors in trust (the "Bond Trustee" or "Trustee") upon presentation and surrender of this Bond. The interest so payable on any Interest Payment Date shall be calculated on a 30-day month, 360-day year basis, shall be in the amount of interest that accrued during the calendar month preceding each Interest Payment Date on the principal balance of the Bonds outstanding as of the last day of the calendar month preceding the subject Interest Payment Date, and shall, subject to certain exceptions provided in the Indenture referred to below, be paid to the Holder in whose name this Bond is registered at the close of business on the first day of the calendar month of such Interest Payment Date (the "Regular Record Date"). Payment of interest and principal (other than as set forth above) shall be made by check or draft mailed on that Interest Payment Date to the Holder hereof at the close of business on the Regular Record Date at the address shown on the registration records for the Bonds kept by the Bond Trustee, provided, however, that payment of interest on any Interest Payment Date shall be made by wire transfer to the Holder as of the close of business on the Regular Record Date upon written notice of such wire transfer address in the continental United States (which notice may provide that it will remain in effect until revoked), provided that such wire transfer shall only be made with respect to an owner of \$1,000,000 or more in aggregate principal amount of the Bonds as of the close of business on the Regular Record Date relating to such Interest Payment Date. If any interest is not timely paid or duly provided for, the Trustee is required to establish a Special Record Date for the payment of that overdue interest to the Holders as of that Special Record Date. Notice of the Special Record Date shall be mailed to

Holders not less than 10 days prior thereto. So long as this Bond is restricted to being registered in the registration books of the Issuer in the name of a Securities Depository (as defined in the Bond Indenture), the provisions of the Bond Indenture governing Book-Entry Bonds shall govern the payment of principal of, premium, if any, and interest on this Bond.

This Bond is one of a duly authorized series of bonds of the City designated as its Multi-Family Housing Revenue Bonds (Paul G. Stewart Apartments Phase III Tower Project), Series 2016 (FHA Insured/GNMA) (the "Bonds"), in the aggregate principal amount of \$ (the "Bonds"), pursuant to Article VII, Section 6 of the 1970 Constitution of the State of Illinois, and pursuant to the Ordinance adopted by the Issuer on , 2016. The Bonds are issued under and are equally and ratably secured as to principal, premium, if any, and interest by a Bond Indenture dated as of October 1, 2016, from the Issuer to the Bond Trustee (the "Bond Indenture"), to which Bond Indenture and all indentures supplemental thereto (copies of which are on file at the office of the Bond Trustee) reference is hereby made. By the acceptance of this Bond, the Holder hereof assents to all of the provisions of the Bond Indenture.

The Bonds are limited obligations of the Issuer payable solely from funds, moneys and securities held by the Bond Trustee under the Bond Indenture and amounts derived under the Financing Agreement (as defined in the Bond Indenture), including amounts derived from the GNMA Security described herein.

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The Bonds, together with premium, if any, and interest thereon, do not constitute an indebtedness, liability, general or moral obligation or a pledge of the full faith or loan of credit of the Issuer, the State of Illinois, or any political subdivision of the State of Illinois within the meaning of any constitutional or statutory provisions. None of the Issuer, the State of Illinois or any political subdivision thereof shall be obligated to pay the principal of, premium, if any, or interest on the Bonds or other costs incident thereto except from the revenues and assets pledged with respect thereto. Neither the full faith and credit nor the taxing power of the United States of America, the Issuer, the State of Illinois or any political subdivision thereof is pledged to the payment of the principal of, premium, if any, or interest on the Bonds or other costs incident thereto. The Bonds are not a debt of the United States of America or any agency thereof, and are not guaranteed by the United States of America or any agency thereof.

This Bond shall not be entitled to any benefit under the Bond Indenture or become valid or obligatory for any purpose until the certificate of authentication shall have been signed by the Bond Trustee.

The Bonds are being issued by the Issuer for the purpose of financing an FHA-insured mortgage loan (the "Mortgage Loan") to be made to PGS Bronzeville III Limited Partnership, an Illinois limited partnership (the "Borrower") for the purpose of financing a portion of the costs of acquisition, rehabilitation and equipping of a 20-story, residential apartment building containing approximately 180 residential dwelling units, along with common area, service and management offices on the 1<sup>st</sup> and 2<sup>nd</sup> floors and approximately 70 parking spaces (9 of which are handicapped accessible), for low and moderate income individuals and families, located at 401 East Bowen Avenue, Chicago, Illinois, and known as "Paul G. Stewart Apartments Phase III Tower (the "Project").

To secure payment of principal of and interest on the Bonds, the Borrower has arranged for the

acquisition by the Trustee of fully modified mortgage-backed securities (the "GNMA Security") to be issued by P/R Mortgage & Investment Corp. (the "GNMA Issuer"), which will be guaranteed as to timely payment of principal and interest by the Government National Mortgage Association ("GNMA").

Principal payable on this Bond on each Interest Payment Date shall be equal to the amounts in the Bond Fund representing principal payments received on the GNMA Security, including, without limitation, principal payments on the GNMA Security representing regularly scheduled payments of principal including, without limitation, principal payments on maturing CLCs.

This Bond shall be subject to mandatory redemption prior to maturity, as a whole or in part, on the earliest practicable date for which notice of redemption can be given by the Bond Trustee pursuant to the Bond Indenture, unless otherwise provided, at a redemption price equal to 100% of the principal amount hereof being redeemed plus accrued interest to the Redemption Date, and without premium:

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i) In whole on \_\_\_\_\_, 20\_\_\_\_ (or such later date upon the extension of the Initial CLC Delivery Date) if the Initial CLC in the amount of at least \$51,000 is not delivered to the Bond Trustee by the Initial CLC Delivery Date;

ii) In whole on the CLC Maturity Date if the PLC is not delivered to the Bond Trustee on or before \_\_\_\_\_, 20\_\_\_\_ (or such later date as shall be permitted under Section 4.03(d) of the Bond Indenture); and

(iii) In whole or in part, to the extent that the Bond Trustee receives payments on a GNMA Security in excess of regularly scheduled payments of principal thereof and interest thereon (except payments representing optional prepayments of the Mortgage Loan by the Borrower) (1) from insurance proceeds as a result of damage to the mortgaged premises or condemnation awards which is applied to reduce the

Mortgage

Note indebtedness pursuant to the terms and provisions of the Mortgage, (2) if the Federal Housing Commissioner determines that prepayment will avoid a mortgage insurance claim and is therefore in the best interest of the Federal Government (as defined in the Mortgage Note), or (3) from a prepayment of the Mortgage Loan made by the Borrower without notice or prepayment penalty while under supervision of a trustee in bankruptcy.

This Bond is also subject to redemption at the option and direction of the Borrower in whole or in part on an Interest Payment Date, on or after \_\_\_\_\_, 20\_\_\_\_ at the redemption prices (expressed as percentages of their principal amount) set forth in the table below plus accrued interest to the Redemption Date:

**Redemption Dates**

**Redemption Prices**

The Holder of this Bond shall have no right to enforce the provisions of the Bond Indenture, or to institute action to enforce the covenants therein, or to take any action with respect to any default thereunder, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Bond Indenture.

Neither the Issuer nor the Borrower shall be liable for an acceleration of the Bonds or payment of additional interest thereon in the event that interest on the Bonds is declared or becomes includable in gross income for federal income tax purposes.

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Modifications or alterations of the Bond Indenture or of any indenture supplemental thereto may be made only to the extent and in the circumstances permitted by the Bond Indenture.

This Bond is transferable by the Holder hereof in person or by his attorney duly authorized in writing at the principal corporate trust office of the Bond Trustee, but only in the manner and subject to the limitations provided in the Bond Indenture upon payment of any tax, fee or other governmental charge required to be paid with respect to such transfer, and upon surrender and cancellation of this Bond. Upon such transfer a new registered Bond or bonds of the same maturity and interest rate and of authorized denomination or denominations for the same aggregate principal amount will be issued to the transferee in exchange therefor.

The Issuer and the Bond Trustee may deem and treat the registered owner hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and interest due hereon and for all other purposes and neither the Issuer nor the Bond Trustee shall be affected by any notice to the contrary.

Subject to the limitations of the Bond Indenture and upon payment of any tax, fee or other governmental charge required to be paid with respect to such exchange, Bonds may be exchanged for a like aggregate principal amount of Bonds of the same maturity and interest rate.

The principal hereof may be declared or may become due on the conditions and in the manner and at the time set forth in the Bond Indenture upon the occurrence of an event of default as provided in the Bond Indenture.

No recourse shall be had for the payment of the principal of, premium, if any, or interest on this Bond, or for any claim based hereon, or otherwise in respect hereof, or based on or in respect of the Bond Indenture or any indenture supplemental thereto, against any trustee, officer or employee, as such, past, present or future, of the Issuer or any successor, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or

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otherwise, all such liability being, by the acceptance hereof and as part of the consideration for the issue hereof, expressly waived and released. The following abbreviations, when used in the inscription on the face of this Bond, shall be construed as though they were written out in full according to applicable laws or regulations:

UNIT GIFT MIN ACT --

Custodian  
(Cust) (Minor) Under Uniform Gift to  
Minors  
Act  
(State)

TEN COM - as tenants in common TEN ENT - as  
tenants by the entireties JT TEN - as joint tenants with  
right of

Survivorship and not as  
Tenants in common

Additional abbreviations may also be used though not in the above list.

It is hereby certified, recited and declared that all facts, conditions and things required to exist, happen and be performed precedent to and in the execution and delivery of the Indenture 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.

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IN WITNESS WHEREOF, the Issuer has caused this Bond to be executed in its name by the manual or facsimile signature of an authorized officer and its corporate seal to be hereunto impressed or imprinted hereon and attested to by the manual or facsimile signature of an authorized officer of the Issuer, all as of the Dated Date identified above.

CITY OF CHICAGO, ILLINOIS

By: .  
Authorized Officer

Attest:

By:  
Authorized Officer

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## **FORM OF CERTIFICATE OF AUTHENTICATION**

This Bond is one of the Bonds described in the Bond Indenture referred to in this Bond.

SEAWAY BANK AND TRUST COMPANY, As Bond  
Trustee

By:

Authorized Signature

Date of Authentication:

Date from which interest is payable:



Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the issuer or its agent for registration or transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is required by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as if required by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

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### **FORM OF ASSIGNMENT**

FOR VALUE RECEIVED, the undersigned hereby sells, assigns, and transfers unto

. (Please Print or Type Name and Address of Assignee)

Social Security or Taxpayer Identification Number:

The within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints

Attorney to transfer the said Bond on the books of the within-named Issuer maintained by the Trustee for the

registration thereof, with full power of substitution in the premises.

Notice: The signature to this assignment Must correspond with the name as it appears On the face of the within note in every Particular, without alteration or enlargement or any change whatever. The signature Must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.

Signature guaranteed by:

[Bank, Trust Company or Firm]

Authorized Signature

(Signature(s) must be guaranteed by a broker or other financial institution which is a participant in the Securities Transfer Agent's Medallion Program (STAMP, SEMP, MSP)).

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## **EXHIBIT B**

### **CERTIFICATE OF BORROWER REGARDING PRINCIPAL ADVANCE**

I am the [ ] of the Manager of the General Partner of PGS Bronzeville III Limited Partnership (the "Borrower"), and, as such, am familiar with the terms and provisions of the Bond Indenture dated as of October 1, 2016 (the "Bond Indenture") between the City of Chicago, Cook county, Illinois (the "Issuer") and Seaway Bank and Trust Company, as Bond Trustee (the "Bond Trustee") authorizing the issuance of the Issuer's Multi-Family Housing Revenue Bonds (Paul G. Stewart Apartments Phase III Tower Project), Series 2016 (FHA Insured/GNMA) in the maximum aggregate principal amount of \$10,596,000 in multiple principal advances (each, a "Principal Advance") from time to time (the "Bonds"). Capitalized terms used but not defined herein shall have the same meaning as in the Bond Indenture.

As Authorized Borrower Representative designated under the Bond Indenture, I hereby request a Principal Advance in the amount of \$ for the purpose of purchasing a CLC in a corresponding principal amount and hereby certify as follows with respect to such Principal Advance:

1. Each of the representations and warranties of the Borrower contained in the Bond Purchase Agreement with respect to the Bonds between the Issuer, the Borrower and Stifel, Nicolaus & Company, Incorporated (the "Purchaser"), are true and correct in all material respects as of the date hereof as if made on the date hereof.

2. Each of the Bond Purchase Agreement, the Tax Regulatory Agreement, the Financing Agreement, the Land Use Restriction Agreement and any other certificate executed and delivered by the Borrower in connection therewith, has not been amended or modified and is in full force and effect as of the date hereof. Each such agreement and certificate constitutes a legal, valid and binding obligation of the Borrower enforceable against the Borrower in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, arrangements, fraudulent conveyance, moratorium, or other laws or equitable principals relating to or affecting the enforcement of creditors' rights generally, by application of equitable principles.

3. The representations and warranties of the Borrower contained in the Financing Agreement, the Tax Regulatory Agreement, the Land Use Restriction Agreement, and any other certificates executed and delivered by the Borrower in connection therewith and in connection with the Bonds, are true and correct in all material respects as of this date or given on this date. All covenants of the Borrower contained therein have been duly performed, observed and complied with in all material respects. There is no Event of Default or any event which with the passage of time or giving of notice would constitute an Event of Default on the part of the Borrower with respect to the performance of any of the covenants, conditions, agreements or provisions contained in the Financing Agreement, the Tax Regulatory Agreement or the Land Use Restriction Agreement.

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4. The Borrower has not been notified, either directly or indirectly, by Polsinelli, PC, Bond Counsel, that its approving opinion dated the date of the initial delivery of the Bonds with respect to the validity of the Bonds and the exclusion from gross income for federal income tax purposes of interest thereon has been withdrawn or may no longer be relied upon without the substitution of a revised Opinion of Bond Counsel acceptable to the Bond Trustee, the Issuer, the GNMA Issuer and the Holders.

5. The request by the Borrower for a Principal Advance on the Bonds is being made in accordance with the representations of the Borrower in the Tax Regulatory Agreement and the Land Use Restriction Agreement in connection with the Initial Advance, as such documents may have been amended, modified or superseded as of the date hereof. The Principal Advance referenced herein is intended by the Borrower to be treated as being part of a single issue of Bonds for which the issue date is the date of the initial Principal Advance on the Bonds. The treatment of the Bonds, and all Principal Advances thereto, as a single issue, reflects the economic substances of the transaction and does not avoid Section 103 or any of Sections 141 through 150 of the Internal Revenue Code of 1986, as amended, or the general purposes thereof.

Dated:  
(Date of Principal Advance)

**PGS BRONZEVILLE III LIMITED  
PARTNERSHIP,**  
an Illinois limited partnership

By: Grand Boulevard Housing IV, LLC, an Illinois limited  
liability company, its General Partner

By: Peoples Co-Op for Affordable Elderly  
Housing, an Illinois not-for-profit corporation, its Manager

By:  
Name: Fred L. Bonner Title: Chief Executive  
Officer

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**EXHIBIT C**

**FORM OF**

**CERTIFICATE OF BOND TRUSTEE REGARDING PRINCIPAL ADVANCE**

The undersigned hereby certifies that he/she is the authorized representative of Seaway Bank and Trust Company, as Bond Trustee under a Bond Indenture dated as of October 1, 2016 (the "Bond Indenture"), between it and City of Chicago, Cook County, Illinois (the "Issuer"), pursuant to which the Issuer has issued its Multi-Family Housing Revenue Bonds (Paul G. Stewart Apartments Phase III Tower Project), Series 2016 (FHA Insured/GNMA) (the "Bonds"). This Certificate is delivered pursuant to Section 2.13(b) of the Bond Indenture and is delivered in connection with a Principal Advance to the Bonds. Capitalized terms not otherwise defined herein shall have the meaning specified in the Bond Indenture.

The undersigned hereby certifies as follows:

1. The Bond Trustee has received the executed Certificate of Borrower Regarding Principal Advance dated pursuant to Section 2.13(b) of the Bond Indenture, a copy of

which is attached hereto, with respect to the current Principal Advance.

2. The Bond Trustee has noted the increase in the outstanding principal amount of the Bonds on the drawdown schedule attached to the Bonds as Appendix A and continues to hold such Bonds as agent of DTC.

3. Upon receipt of the proceeds of the Principal Advance contemplated by the

3. Certificate of Borrower Regarding Principal Advance referenced above, the Bond Trustee will

3. deposit such net proceeds in [Specify Account].

4. The Bond Trustee has not received notice from the Issuer describing any change in law that prohibits the authentication of the Bonds with respect to the current Principal Advance.

Dated:

(Date of Principal Advance)

SEAWAY BANK AND TRUST COMPANY, As Bond  
Trustee

By: \_

Title:

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## **EXHIBIT D**

### **FORM OF SECTION 2.13 CERTIFICATE**

[Letterhead of GNMA Issuer] [Date]

Seaway Bank and Trust Company,  
As Bond Trustee under that certain  
Bond Indenture, dated as of  
[October 1, 2016], from the City of Chicago  
To the Trustee

Re: City of Chicago Multi-Family Housing Revenue Bonds (Paul G. Stewart Apartments Phase III  
Tower Project), Series 2016 (FHA Insured/GNMA)

Ladies and Gentlemen:

Reference is made to that certain Bond Indenture, dated as of October 1, 2016 (the "Bond Indenture"), from the City of Chicago to Seaway Bank and Trust Company, as Bond Trustee. The undersigned, P/R Mortgage & Investment Corp., an Indiana Corporation, is the GNMA Issuer (as defined in the Indenture). Pursuant to Section 2.13 of the Bond Indenture, the undersigned hereby certifies that it has sufficient commitment authority to issue the GNMA Securities (as defined in the Bond Indenture).

P/R MORTGAGE & INVESTMENT CORP.

By:

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Ordinance Exhibit C Form of Financing Agreement

See Attached

**C-1**

**CITY OF CHICAGO**

and

**SEAWAY BANK AND TRUST COMPANY,**

as Bond Trustee

and

**PGS BRONZEVILLE III LIMITED PARTNERSHIP,**

an Illinois limited partnership, as Borrower

## FINANCING AGREEMENT

Dated as of October 1, 2016

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## FINANCING AGREEMENT

**THIS FINANCING AGREEMENT (this "Agreement") dated as of October 1, 2016, by and among the CITY OF CHICAGO, a municipality and home rule unit of government duly organized and validly existing under the Constitution and the laws of the State of Illinois (the "Issuer"), PGS BRONZEVILLE III LIMITED PARTNERSHIP, an Illinois limited partnership (the "Borrower"), and SEAWAY BANK AND TRUST COMPANY, an Illinois state banking corporation having its principal corporate trust office in Chicago, Illinois, as trustee (the "Trustee" or "Bond Trustee") under that certain Bond Indenture dated as of October 1, 2016, from the Issuer to the Bond Trustee securing the Bonds described below (the "Bond Indenture").**

### WITNESSETH:

For and in consideration of the mutual covenants and representations hereinafter contained, the parties hereto agree as follows:

## ARTICLE I. DEFINITIONS

Section 1.1 Definitions. Terms used in this Agreement and defined in the Bond Indenture shall have the meanings given to such terms in the Bond Indenture. In addition, unless otherwise expressly provided herein, or unless the context clearly requires otherwise, the following terms shall have the respective meanings set forth below:

"Authorized Representative" means a representative of the Borrower, as appropriate, authorized to perform any act or discharge any duty under this Agreement.

"Bond Counser means Polsinelli PC or any attorney at law or firm of attorneys, of nationally recognized standing in matters pertaining to the federal tax exemption of interest on bonds issued by states and political subdivisions, and duly admitted to practice law before the highest court of any state of the United States of America or the District of Columbia.

"Bond Legal Reserve Fee" means the Bond Legal Reserve Fee payable by the Borrower to the Issuer, as described in Section 4.12 of the Bond Indenture.

"Bonds" means the Issuer's \$10,596,000 aggregate principal amount of Multi-Family Housing Revenue Bonds (Paul G. Stewart Apartments Phase III Tower Project), Series 2016 (FHA Insured/GNMA), issued under

and secured by the Bond Indenture.

"Bond Trustee" means Seaway Bank and Trust Company, in the City of Chicago, Illinois, and its successors in trust.

"Bond Trustee Fee" means an upfront fee of \$5,000 payable on the Closing Date, a first year administration fee of \$3,600 payable on the Closing Date, and an ongoing annual fee equal to 0.06% of the amount of Bonds outstanding, calculated and payable monthly (which includes any fees due to the Bond Trustee pursuant to any related Continuing Disclosure Agreement).

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"City Administrative Fee" means the City Administrative Fee to be paid by the Trustee on behalf of the Borrower to the Issuer, described in Section 4.12 of the Bond Indenture.

"Closing Date" means the date of delivery of the Bonds in exchange for the purchase price thereof.

"Code" means the Internal Revenue Code of 1986, as amended, and any regulations thereunder applicable to the Bonds.

"Continuing Disclosure Agreement" means the Continuing Disclosure Agreement dated as of the date hereof, between the Borrower and the Bond Trustee.

"FHA" means the Federal Housing Administration, an organizational unit within HUD.

"General Partner" means Grand Boulevard Housing IV, LLC, an Illinois limited liability company, the manager of which is Peoples Co-Op for Affordable Elderly Housing, an Illinois not-for-profit corporation, and its successors and assigns.

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

"HUD Regulatory Agreement" means the Regulatory Agreement for Multifamily Housing Projects (HUD-92466M) with respect to the Project between the Borrower and HUD, as the same may be amended, restated or supplemented from time to time.

"Inducement Ordinance" means the inducement ordinance adopted by the City Council of the Issuer on July 29, 2015 with respect to the Project.

"Issuer Fee" means the amount of \$ , which represents 1.5% of the par amount of the Bonds, paid by the Bond Trustee on behalf of the Borrower to the Issuer on the Closing Date in connection with, and as consideration for, the issuance of the Bonds.

"Land Use Restriction Agreement" means the Land Use Restriction Agreement dated as of the date hereof, between the Issuer and the Borrower with respect to the Project, the Notes and the Bonds.

"Mortgage" means the Mortgage executed by the Borrower, as mortgagor, to secure the Mortgage Loan.

"Mortgagee" means P/R Mortgage and Investment Corp., an Indiana corporation, and its successors and

assigns.

"Mortgage Insurance" means the mortgage insurance with respect to the Mortgage Loan issued by FHA under Section 221(d)(4) of the National Housing Act.

"Mortgage Loan" means the Mortgage Loan with respect to the Project endorsed for Mortgage Insurance by FHA pursuant to Section 221 (d) of the National Housing Act.

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"Mortgage Loan Documents" means, collectively, the Mortgage Note, the Mortgage, the HUD Regulatory Agreement, the Building Loan Agreement and other documents required by FHA in connection with the closing of the Mortgage Loan, as the same may be amended, restated or supplemented from time to time.

"Mortgage Note" means the promissory note executed by the Borrower, as maker, to evidence the Mortgage Loan.

"Notes" means the Multi-Family Housing Revenue Notes (Paul G. Stewart Apartments Phase III Tower Project), Series 2016 of the Issuer issued on the Closing Date in connection with the Project..

"Ordinance" means the ordinance adopted by the City Council of the Issuer on , 2016, authorizing the issuance, sale and delivery of the Bonds and the Notes.

"Permitted Encumbrances" means, as of any particular date, those encumbrances approved by FHA in connection with the initial or final endorsement of the Mortgage Note for Mortgage Insurance.

"Project" means the acquisition of the Property located at 401 East Bowen Avenue, Chicago, Illinois, which is commonly known as the Paul G. Stewart Apartments Phase III Tower, which Site contains a 20-story, residential apartment building containing approximately one hundred and eighty (180) residential dwelling units, along with (1) common area, (2) service and management offices on the 1<sup>st</sup> and 2<sup>nd</sup> floors and (3) approximately 70 surface parking spaces (9 of which are handicapped accessible), and the making of extensive repairs thereto, including repairs to the Property's exterior masonry walls, installation of a new fire safety system, plumbing system, boiler and heating system, electrical service, exterior ramp, interior ramp, laundry room and elevators, and other rehabilitation of and improvement to the dwelling units and the Property so that it can continue to serve as a source of quality, affordable rental housing for low and moderate-income senior individuals and families of the City of Chicago.

"Project Fund" means the Project Fund established under the Bond Indenture for the purpose of acquiring GNMA Securities (as defined in the Bond Indenture).

"Schedule of Subscribers and GNMA Guaranty Agreement" means HUD form of Schedule of Subscribers and GNMA Guaranty Agreement (HUD-11705) or any replacement form issued by HUD.

"State" means the State of Illinois.

"Tax Regulatory Agreement" means the Tax Regulatory Agreement dated the Closing Date, among the Borrower, the Issuer and the Bond Trustee relating to the Bonds.

Section 1.2 Interpretation. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Words importing the singular number shall include the plural number, and vice versa, unless the context shall otherwise indicate. References to Articles, Sections and other subdivisions of this Agreement are to the Articles, Sections and other subdivisions of this Agreement as originally executed. The

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headings of this Agreement are for convenience and shall not define or limit the provisions hereof.

## **ARTICLE II. REPRESENTATIONS AND WARRANTIES**

Section 2.1 Representations and Warranties of Issuer. The Issuer represents and warrants that:

a) The Issuer is a municipality and home rule unit of government duly organized and validly existing under the Constitution and the laws of the State. The Issuer is authorized to execute and deliver this Agreement, the Land Use Restriction Agreement and the Indenture, and to carry out its obligations hereunder and thereunder.

b) The Issuer has issued the Bonds for the purpose of financing a portion of the Project Costs.

c) To the knowledge of the undersigned representatives of the Issuer, neither the execution and delivery of the Bonds, this Agreement, the Land Use Restriction Agreement or the Bond Indenture, the consummation of the transactions contemplated hereby and thereby, nor the fulfillment of or compliance with the terms, conditions or provisions of the Bonds, this Agreement, the Land Use Restriction Agreement or the Bond Indenture conflict with or result in a material breach of any of the terms, conditions or provisions of any agreement, instrument, judgment, order, or decree to which the Issuer is now a party or by which it is bound, or constitute a material default under any of the foregoing.

Section 2.2 Representations and Warranties of Borrower. The Borrower represents and warrants that:

a) The Borrower (i) is a limited partnership duly organized and validly existing under the laws of the State, and is qualified to transact business under the laws of the State, and (ii) has the power and authority to carry on its properties and assets, and to carry out its business as now being conducted by it, and as contemplated by this Agreement, the Tax Regulatory Agreement, the Land Use Restriction Agreement, the Continuing Disclosure Agreement and the Mortgage Loan Documents.

b) The Borrower has been duly authorized to execute and deliver this Agreement, the Land Use Restriction Agreement, the Tax Regulatory Agreement, the Continuing Disclosure Agreement and the Mortgage Loan Documents.

c) The execution and delivery by the Borrower of this Agreement, the Land Use Restriction Agreement, the Tax Regulatory Agreement, the Continuing Disclosure Agreement and the

Mortgage Loan Documents will not violate any provision of any presently existing law, rule or regulation, any order of any court or other agency or government, or any provision of any document or instrument to which the Borrower is a party the effect of which would materially and adversely affect the ability of Borrower to perform its obligations under this Agreement.

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d) There is no action, suit or proceeding at law or in equity, or by or before any governmental instrumentality or other agency, now pending, or, to the best knowledge of the Borrower, threatened against or affecting the Borrower, or any of the properties or rights of the Borrower, which, if adversely determined, would materially impair the right of the Borrower to carry on its business substantially as now being conducted by it, and as contemplated by this Agreement, the Land Use Restriction Agreement, the Tax Regulatory Agreement, the Continuing Disclosure Agreement and the Mortgage Loan Documents, or would materially and adversely affect the financial condition of the Borrower.

e) The operation of the Project in the manner presently contemplated and as described in this Agreement, the Land Use Restriction Agreement, the Tax Regulatory Agreement and the Mortgage Loan Documents will not conflict with any existing zoning, water, air pollution or other existing ordinance, order, law or regulation applicable thereto.

f) The Borrower has filed or caused to be filed all federal, state and local tax returns which are required to be filed, and has paid or caused to be paid all taxes as shown on said returns or on any assessment received by it, to the extent that such taxes have become due.

g) The Borrower is not in material default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any agreement or instrument to which it is a party, which default would materially adversely affect the Project or adversely affect the Borrower's ability to perform its obligations under any agreement related to the financing of the Project.

h) The estimated cost of acquiring, rehabilitating and equipping the Project,

h) inclusive of financing costs, is in excess of [\$ ].

(i) At least 95% of the net proceeds of the Bonds will be used to finance

Qualified Project Costs which constitute a "qualified residential rental project" within the

meaning of Section 142(d) of the Code and such costs either (1) will have been paid with respect to work performed or materials purchased after , 2015 (which date is sixty days prior to the adoption of the Inducement Ordinance) or (2) will constitute "Preliminary Expenditures" not in excess of twenty (20%) percent of the sale proceeds of the Bonds as defined in Section [3.13.6] of the Tax Regulatory Agreement executed by the City, the Borrower and the Bond Trustee in connection with the Bonds.

(j) The average maturity of the Bonds does not exceed 120% of the average reasonably expected economic life of the Project determined in accordance with Section 147(b) of the Code.

(k) Neither the Borrower nor any "related person" (within the meaning of the Code) will acquire, pursuant to any arrangement, formal or informal, any of the Bonds in an amount related to the amount of the Mortgage Loan to be funded by the Issuer for the Borrower.

(l) Less than 25% of the net proceeds of the Bonds will be used for the acquisition of the land on which the Project is located.

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(m) None of the proceeds of the Bonds will be used to provide any airplane, skybox or other private luxury box, 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, and none of the proceeds of the Bonds will be used for the acquisition of land to be used for farming or industrial park purposes.

(n) Until payment in full of all of the Bonds, unless the Bond Trustee shall otherwise consent in writing, it will not incur, create, assume or suffer to exist any mortgage, pledge, security interest, lien, charge or other encumbrance of any nature on the Project or the Trust Estate other than (i) any liens, taxes or other governmental charges which are not yet due and payable, (ii) any pledge relating to syndication of ownership interests in the Project, (iii) any lien, including, but without limiting the generality of the foregoing, mechanics' liens, or other liens resulting from a good-faith dispute on the part of the Borrower, which dispute the Borrower agrees to resolve diligently, or which liens are insured over by a title insurance company reasonably acceptable to FHA, (iv) the Mortgage Loan Documents, the Land Use Restriction Agreement and the other "permitted exceptions" identified in the HUD Regulatory Agreement, (vi) other liens or encumbrances contemplated by the approving ordinance adopted by the Issuer in connection with the issuance of the Bonds or otherwise approved by FHA, and (vii) such other pledges as may be approved in writing by the Bond Trustee.

(o) The Bond Indenture has been submitted to the Borrower for its examination, and the Borrower acknowledges, by execution of this Agreement, that it has reviewed and approved the Bond Indenture.

(p) The Borrower has not taken, or permitted to be taken on its behalf, and agrees that it will not take, or permit to be taken on its behalf, any action which would adversely affect the exclusion from gross income for federal income tax purposes of the interest paid on the Bonds, and that it will make and take, or require to be made and taken, such acts and filings as may from time to time be required under the Code to maintain the exclusion from gross income for federal income tax purposes of the interest on the Bonds, including maintaining continuous compliance with the requirements of Section 142 of the Code.

(q) If the Borrower becomes aware of any situation, event or condition which would result in the interest of the Bonds becoming includable in gross income for federal income tax purposes, the Borrower shall promptly give written notice thereof to the Issuer and the Bond Trustee.

### **ARTICLE III. BOND PROCEEDS**

Section 3.1 Application of Bond Proceeds. In order to enable the Issuer to provide funds to finance the Mortgage Loan made to finance the Project, the Issuer will issue and deliver from time to time Bonds in

accordance with and subject to the terms of the Bond Indenture to the purchasers thereof, and will cause to be deposited the net proceeds thereof with the Bond Trustee for application in accordance with the provisions of the Bond Indenture and this Agreement.

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### **Section 3.2 The GNMA Security; Disbursements from the Project Fund.**

a) Initial CLC. The obligation of the Bond Trustee to acquire the Initial CLC on behalf of the Issuer is subject to Section 4.03(b) of the Bond Indenture and receipt on or before the date of acquisition of such Initial CLC by the Bond Trustee of the following:

i) the Initial CLC issued to the Bond Trustee in a principal amount not to exceed amounts available in the Project Fund as of the date of delivery of the CLC, bearing interest at the Pass-Through Rate, maturing on the CLC Maturity Date, and delivered to the Bond Trustee within 30 days of its dated date (which shall be the first day of a month);

ii) a certificate in the form attached hereto as Exhibit A executed by an Authorized Borrower Representative certifying, among other things, that 95% of the amount of the CLC represents Qualified Project Costs, that purchase of the CLC is a proper charge against the Project Fund and the Reserve Fund and that the costs incurred by the Borrower are presently due and have not been previously paid or requisitioned;

iii) a copy of the Application for Insurance of Advances of Mortgage Proceeds pertaining to the Initial Advance, executed by the Mortgagee and approved by FHA;

iv) a GNMA prospectus relating to the GNMA Security;

v) a copy of the executed and recorded Mortgage certified by the title company;

vi) a copy of the executed Mortgage Note initially endorsed by FHA evidencing the Mortgage Loan;

vii) a copy of an ALTA Lender's Policy of title insurance issued with respect to the Project showing the Land Use Restriction Agreement to have a priority immediately subordinate to the Mortgage, the HUD Regulatory Agreement and any related UCC Financing Statements and assignment of rents and leases to the GNMA Issuer;

viii) the Schedule of Subscribers and GNMA Guaranty Agreement; and

ix) the original or a copy of the executed and recorded Land Use Restriction Agreement certified by the title company.

b) Subsequent CLCs. After acquisition of the Initial CLC, the Bond Trustee shall increase the outstanding principal amount of the Bonds, and deposit the proceeds resulting from such increase in



accordance with the terms of the Bond Indenture in the Project Fund, and shall make periodic advances of moneys available in the Project Fund and the Reserve Fund to the GNMA Issuer, on behalf of the Borrower, to acquire subsequent CLCs, but only in accordance with the conditions of Section 4.03(b)(iii) of the Bond Indenture and the terms and provisions of the Trade Agreement and this Agreement.

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The obligation of the Bond Trustee to make interim advances to acquire subsequent CLCs is further subject to the timely receipt by the Bond Trustee of all payments due on previously delivered CLCs, and is also subject to the receipt of the following documents, on or before the date any interim advance is made by the Bond Trustee:

i) a certificate in the form attached hereto as Exhibit A executed by an Authorized Borrower Representative certifying, among other things, that 95% of the amount of the CLC to be acquired represents Qualified Project Costs, that purchase of such CLC is a proper charge against the Project Fund and the Reserve Fund, that the costs incurred by the Borrower are presently due and payable and have not been previously paid or requisitioned; and

ii) the relevant CLC (which shall be delivered simultaneously with such interim advance).

The Bond Trustee shall review each CLC delivered to it in connection with the initial advance and each interim advance to ensure that (i) the amount of such CLC, when added to all previous CLCs issued to the Bond Trustee, does not exceed \$ , (ii) such CLC bears interest at the Pass-Through Rate, (iii) such CLC matures on , 20 , and (iv) such CLC is delivered to the Bond Trustee by the last day of the month in which it was issued. With respect to the final CLC to be delivered to the Bond Trustee, the Bond Trustee shall also receive (i) a copy of the executed and approved Application for Insurance of Advances of Mortgage Proceeds pertaining to such final advance, (ii) a Schedule of Subscribers and GNMA Guaranty Agreement and (iii) written assurance from the GNMA Issuer that it will proceed to submit to GNMA-approved document custodian the finally endorsed Mortgage Note.

(c) Delivery of PLC. The Bond Trustee shall deliver as requested by the GNMA Issuer its authorization to cancel all CLCs held by it upon issuance by the GNMA Issuer and delivery to the Bond Trustee of the PLC on or before the PLC Delivery Date and upon receipt by the Bond Trustee of a Schedule of Subscribers and GNMA Guaranty Agreement and written assurance from the GNMA Issuer that it will proceed to submit to GNMA the finally endorsed Mortgage Note; provided, however, that the CLCs shall not be so cancelled if the principal balance of the Mortgage Note as of the PLC Delivery Date is less than the aggregate principal amount of such CLCs unless the GNMA Issuer has paid to the Bond Trustee, as a partial prepayment of such CLCs, an amount equal to the difference between the then current outstanding principal balance of the Mortgage Note as of the PLC Delivery Date and the aggregate principal amount of the CLCs.

The obligation of the Bond Trustee to acquire the PLC is subject to Section 4.03(b)(iv) of the Bond Indenture and receipt of the following documents:

(i) written evidence from the GNMA Issuer that the PLC will be issued to the Bond Trustee in the principal amount equal to the unamortized portion of the Mortgage Loan with a final maturity date no later than , 20 , will be

dated no later than the first day of the month in which the CLCs mature and will be delivered no later than the last day of the month in which it is issued and will bear interest at the Pass-Through Rate;

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ii) a Schedule of Subscribers and GNMA Guaranty Agreement [and a certificate of the GNMA Issuer to the effect that, to the best of the GNMA Issuer's knowledge, such Schedule of Subscribers and GNMA Guaranty Agreement has been duly authorized, executed and delivered by the GNMA Issuer, and constitutes a valid and binding obligation of the GNMA Issuer and GNMA and (B) the PLC upon its issuance will constitute a valid and binding obligation of GNMA, enforceable in accordance with its terms; and

iii) a GNMA prospectus relating to the GNMA Security.

Section 3.3 Payments by Borrower. In addition to all payments required to be made with respect to the Mortgage Note, the Borrower agrees to make the following additional payments, to the extent not paid pursuant to the Mortgage Note:

- a) To the Bond Trustee on the date of delivery of the Bonds from other
- a) amounts received from Stifel, Nicolaus & Company, Incorporated in connection with the sale of
- a) the Bonds, [\$ ] for deposit in the Reserve Fund.
- b) All taxes and assessments of any type or character charged to the Issuer or to the Bond Trustee affecting the amount available to the Issuer or the Bond Trustee to pay the principal of or interest on the Bonds or in any way arising due to the transactions contemplated hereby (including taxes and assessments assessed or levied by any public agency or governmental issuer of whatsoever character having power to levy taxes or assessments) but excluding franchise taxes based upon the capital and/or income of the Bond Trustee and taxes based upon or measured by the net income of the Bond Trustee; provided, however, that the Borrower shall have the right to protest any such taxes or assessments and to require the Issuer or the Bond Trustee, at the Borrower's expense, to protest and contest any such taxes or assessments assessed or levied upon them and that the Borrower shall have the right to withhold payment of any such taxes or assessments pending disposition of any such protest or contest unless such withholding, protest or contest would adversely affect the rights or interests of the Issuer or the Bond Trustee or the respective liens of the Bond Indenture or the Mortgage.
- c) The Bond Trustee Fee, the Issuer Fee, the Issuer's Legal Reserve, the Issuer's financial advisor fee, the City Administrative Fee, and the Rebate Analyst Fee;
- d) To the extent the amounts on deposit in the Bond Fund (and available to pay the Bond Trustee in accordance with Section 4.04 of the Bond Indenture) are insufficient to pay the Bond Trustee Fee, the fee of the dissemination agent under the Continuing Disclosure Agreement or the Rebate Analyst Fee, the Borrower shall, not later than five days after notification from the Bond Trustee of such deficiency, pay such amount to the Bond Trustee, the dissemination agent or the rebate analyst, as appropriate.

e) All fees, expenses and responsibilities of the Borrower to the GNMA Issuer or the Borrower to FHA or GNMA in connection with the Mortgage Loan, which obligations shall be the obligations of the Borrower and shall not be the obligations of the Issuer.

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f) All fees and expenses required to obtain an extension of the PLC Delivery Date under Section 4.03(d) of the Indenture, and Borrower agrees to deposit with the Bond Trustee for deposit in the Bond Fund such required amounts at the time of the request for the extension.

g) In the event the Borrower is in default under any provision of this Agreement, the Mortgage Loan Documents (subject to the nonrecourse, notice and cure provisions thereof) or the Land Use Restriction Agreement, to the Issuer, the Bond Trustee and the GNMA Issuer all reasonable fees and disbursements by such persons and their agents (including attorneys' fees and expenses) which are reasonably connected therewith or incidental thereto, except to the extent such fees and disbursements are paid from moneys available therefor under the Bond Indenture.

h) Upon the written demand of the Bond Trustee, to the Bond Trustee, on behalf of the Issuer, any amount required to be rebated to the United States of America pursuant to Sections 4.07 and 5.06 of the Bond Indenture, to the extent that funds are not available therefor under the Bond Indenture; provided, however, that such obligation shall be payable from "Surplus Cash" (as defined in the HUD Regulatory Agreement) and from no other source. If "Surplus Cash" is not available for such purpose, the General Partner shall pay such amounts. The obligation of the General Partner to make such payments shall be a recourse obligation of the General Partner, and no lien or claim shall be made by such General Partner against the revenues and assets of the Project except from "Surplus Cash" to the extent available. The General Partner's obligation to make such payments shall be evidenced by the General Partner's execution and acceptance of this Agreement.

(i) Any amounts required to be paid in connection with the redemption of Bonds pursuant to Section 3.01 of the Bond Indenture.

Section 3.4 Sufficiency of the Project Fund. THE ISSUER DOES NOT MAKE ANY WARRANTY, EITHER EXPRESS OR IMPLIED, THAT THE MONEYS DEPOSITED UNDER THE BOND INDENTURE AND AVAILABLE FOR THE PURPOSES THEREIN SPECIFIED WILL BE SUFFICIENT TO PAY ALL OF THE COST THEREOF. The Borrower agrees that if after disbursement of all the moneys in the Project Fund, the Borrower should pay any cost relating to the Project, the Borrower shall not be entitled to any reimbursement therefor from the Issuer, the Bond Trustee, or the holders of the Bonds, except to the extent the Issuer has , agreed in writing.

Section 3.5 Investment of Moneys. Any moneys held as part of the Project Fund, the Bond Fund, the Reserve Fund or the Costs of Issuance Fund under the Bond Indenture shall initially be invested and reinvested by the Bond Trustee in Qualified Investments, as provided in Section 4.08 of the Bond Indenture. The Borrower has reviewed those provisions of the Bond Indenture relating to investment of funds held under the Bond Indenture and the use of such investment earnings, and has directed the initial investment of funds

deposited to the Project Fund, the Bond Fund, the Reserve Fund or the Costs of Issuance Fund, and hereby approves of the same. The Issuer, the Bond Trustee and the Borrower jointly and severally covenant (to the extent of their control over such matters) that the use of the proceeds of the Bonds, including any moneys held as part of any fund under the Bond Indenture and any other amounts received by

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the Issuer in respect to property directly or indirectly financed with the proceeds of the Bonds and proceeds from interest earned on the investment and reinvestment of such fund and proceeds, shall be invested or otherwise used and shall be restricted in such manner and to such extent, if any, as may be necessary, after taking into account reasonable expectations at the time of issuance of the Bonds, so that the Bonds will not constitute "arbitrage bonds" within the meaning of Section 148 of the Code.

**ARTICLE IV. ADDITIONAL COVENANTS AND AGREEMENTS**

Section 4.1 FHA Regulations Control. In the event of any conflict between the provisions of this Agreement and the applicable rules and regulations of FHA, such rules and regulations of FHA shall control. In the event that the consent of FHA is required by such rules and regulations in order for the Issuer or the Bond Trustee to exercise any remedy hereunder, such consent shall be obtained prior to the exercise of such remedy.

Section 4.2 Inspections. All equipment, buildings, plans and specifications, offices, apparatus, devices, books, contracts, records, documents, and other papers relating to the Project shall at all times be maintained in reasonable condition for proper audit, and shall, upon at least 48 hours prior written notice and during regular business hours, be subject to examination and inspection at any reasonable time by the Issuer, the Bond Trustee or their authorized agents.

Section 4.3 Reports and Information. At the request of the Issuer or the Bond Trustee, their agents, employees or attorneys, the Borrower shall furnish to the Issuer and the Bond Trustee, concurrently with delivery to FHA or HUD, copies of any reports and information furnished to FHA or HUD pursuant to the Mortgage Loan Documents. Additionally, the Borrower shall furnish to the Issuer and the Bond Trustee, if so requested, such information as may be reasonably requested in writing from time to time relative to compliance by the Borrower with the provisions of this Agreement and the Land Use Restriction Agreement.

Section 4.4 Assignment. No transfer of title to the Project shall be made unless (1) FHA consents to such transfer, as long as the Mortgage Loan is insured or held by FHA, (2) the GNMA Issuer consents to such transfer, as long as the Mortgage Loan is outstanding, and (3) the transferee assumes all of the duties of the Borrower under this Agreement, the Continuing Disclosure Agreement, the Land Use Restriction Agreement and the Mortgage Loan Documents, provided that such assumption may contain an exculpation of the assignee from liability with respect to any obligation hereunder except for the General Partner's obligations under Section 3.3(h) hereunder. Upon the assumption of the duties of the Borrower, the Borrower shall be released from all executory obligations so assumed.

Section 4.5 Use of Proceeds. The Borrower shall not take any action or omit to take any action within its control, which action or omission would in any way cause the Bond Trustee to apply the proceeds from the sale of the Bonds in a manner contrary to that provided for in the Bond Indenture or the Mortgage Loan Documents.

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#### **Section 4.6 Indemnification.**

a) The Borrower hereby assumes liability for and at its expense agrees to indemnify, protect, have and keep harmless, the Issuer and the Bond Trustee, their respective successors, assigns, agents, advisors and servants ("Indemnified Persons"), from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including reasonable legal and paralegal fees and disbursements) of whatsoever kind and nature which arise out of or are based upon the alleged inaccuracy of information furnished to the Issuer or the Bond Trustee by the Borrower for inclusion in the Official Statement relating to the Bonds.

b) The Borrower will pay, and will protect, indemnify and save the Indemnified Persons harmless from and against, any and all liabilities, losses, damages, costs and expenses (including reasonable attorneys' and paralegal fees and expenses of the Issuer), causes of action, suits, claims, demands and judgments of whatsoever kind and nature (including those arising or resulting from any injury to or death of any person or damage to property) arising out of the following, to the extent permitted by law:

i) the design, construction and installation of the Project;

ii) the use of the Project by the Borrower;

iii) violation by the Borrower of any agreement, warranty, covenant or condition of this Agreement, the Tax Regulatory Agreement, the Land Use Restriction Agreement or the Mortgage Loan Documents;

iv) violation by the Borrower of any other contract, agreement or restriction relating to the Project; and

v) violation by the Borrower of any law, ordinance, regulation or court order affecting the Project or the ownership, occupancy or use thereof.

c) The Borrower will pay, and will protect, indemnify and save the Trustee harmless from and against, any and all liabilities, losses, damages, costs, and expenses (including reasonable attorneys' fees and expenses of the Bond Trustee), causes of action, suits, claims, demands and judgments of whatsoever kind and nature arising out of the violation by the Borrower of any agreement, warranty, covenant or condition of the Land Use Restriction Agreement, except when caused by the Bond Trustee's own negligence or willful misconduct or by the joint negligence or willful misconduct of the Bond Trustee and any other person (other than the Borrower and related entities).

d) The Issuer or the Bond Trustee, as the case may be, shall notify the Borrower in writing of any claim or action brought against the Issuer or the Bond Trustee (or any of their respective Indemnified Persons), as the case may be, in respect of which indemnity may be sought against the Borrower, setting forth the particulars of such claim or action, and the Borrower will assume the defense thereof, including the

employment of counsel, and the payment of all reasonable expenses. The Issuer or the Bond Trustee, as the case may be, may employ separate counsel in any such action and participate in the defense thereof. The fees and

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expenses of such separate counsel so incurred shall be at the expense of the Borrower without regard to any authorization of such employment by the Borrower.

Section 4.7 Fees. Reference is hereby made to Section 7.07 of the Bond Indenture which sets forth the compensation and reimbursement to which the Bond Trustee is entitled for ordinary fees and expenses. The Borrower agrees to pay, whether out of the proceeds of the Mortgage Loan or other funds, the fees and reasonable expenses of the Bond Trustee (to the extent not paid in accordance with Section 7.07 of the Bond Indenture), the rebate analyst and the dissemination agent (including the reasonable fees and expenses of their counsel) in connection with the issuance of the Bonds and the performance of their duties in connection with the transactions contemplated hereby, including, without limitation, all costs of recording and filing, to the extent such fees and expenses are not otherwise paid from the Costs of Issuance Fund in accordance with Section 4.06 of the Bond Indenture. All such amounts shall be paid directly to the parties entitled thereto for their own account as and when such amounts become due and payable. The Borrower will also pay any reasonable expenses in connection with any redemption of the Bonds. Specifically, and without limiting the foregoing, the Borrower agrees to pay to the Issuer or to any payee designated by the Issuer, within 30 days after receipt of request for payment thereof, all expenses of the Issuer related to the Project and the financing thereof which are not paid from the funds held under the Bond Indenture, including, without limitation, legal fees and expenses incurred in connection with the interpretation, performance, enforcement or amendment of any documents relating to the Project or the Bonds or in connection with questions or other matters arising under such documents.

The obligations of the Borrower under this Section shall survive the termination of this Agreement and the payment and performance of all of the other obligations of the Borrower hereunder and under the Mortgage Loan Documents, the Tax Regulatory Agreement and the Land Use Restriction Agreement.

Section 4.8 Establishment of Completion Date. Within 60 days after the Completion Date, the Borrower shall furnish to the Issuer and the Bond Trustee a certificate stating that the Project has been completed.

Section 4.9 Continuing Disclosure. The Borrower hereby covenants and agrees to enter into and comply with the provisions of the Continuing Disclosure Agreement. Notwithstanding any other provision of this Agreement, failure of the Borrower to comply with the Continuing Disclosure Agreement shall not be considered an event of default under this Agreement; however, the Bond Trustee, at the written request of the Holders of at least 25% aggregate principal amount of Outstanding Bonds, shall (only to the extent the Bond Trustee has been provided indemnity satisfactory to it from any costs, liabilities or expenses, including reasonable fees and expenses of its attorneys), or any Bondholders may, take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Borrower to comply with its obligations pursuant to this Section 4.9.

Section 4.10 Recordation and Filing. The Borrower shall cause financing statements with respect to the Trust Estate described in the Bond Indenture to be at all times filed in such manner and in such places if required by law in order to fully preserve and protect the rights of the Issuer and the Bond Trustee hereunder and to perfect the security interest created by the Bond Indenture in the Trust Estate described herein. To the extent possible under applicable law, as in the effect in the jurisdiction(s) in which the Trust Estate is located, the Borrower will maintain the priority of the security interest herein created in the Trust Estate as a first lien thereon, and warrant, protect, preserve and defend its interest in the Trust Estate and the security interest of the Bond Trustee herein and all rights of the Bond Trustee under the Bond Indenture against all actions proceedings, claims and demands of all Persons, all paid for by the Borrower.

Section 4.11 Purchase of Issuer's Bonds. The Borrower agrees that neither it, nor any "related person" (within the meaning of the Code) will acquire, pursuant to any arrangement, formal or informal, any of the Bonds in an amount related to the amount of the Mortgage Loan to be funded by the Issuer for the Borrower.

## **ARTICLE V. EVENTS OF DEFAULT; REMEDIES**

Section 5.1 Events of Default; Remedies. Upon violation of any of the provisions of this Agreement by the Borrower, the Issuer or the Bond Trustee shall give written notice thereof to the Borrower by messenger, overnight courier or registered or certified mail, postage prepaid, return-receipt requested. If such violation is not corrected or action commenced and diligently pursued to effect such correction to the reasonable satisfaction of the Issuer and the Bond Trustee within 30 days after the date such notice is received by Borrower, or within such further time as the Issuer or the Bond Trustee permits, which permission shall not be unreasonably withheld, without further notice the Issuer or the Bond Trustee may declare a default under this Agreement effective on the date of such declaration of default, and upon such default the Issuer or the Bond Trustee may apply to any state or federal court having jurisdiction for specific performance of this Agreement, for an injunction against any violation of this Agreement, for the appointment of a receiver to take over and operate the Project in accordance with the terms of this Agreement, or for such other relief in law or equity as may be appropriate, since the injury to the Issuer and the Bond Trustee arising from a default under any of the terms of this Agreement would be irreparable, and the amount of damage would be difficult to ascertain; provided, however, that nothing herein is intended to affect or extend any period of time established by the Mortgage or to impose any personal liability upon the Borrower or any of the partners of the Borrower or to constitute a default under the Mortgage Loan Documents, except as provided therein.

The prevailing party in any suit, in law or equity, against the Borrower with respect to any breach of this Agreement shall be entitled to reimbursement from the other party to such suit for all attorneys' fees and disbursements of the prevailing party reasonably connected therewith or incidental thereto except, in the case of fees and disbursements due the Issuer or the Bond Trustee, to the extent such attorneys' fees are paid from moneys available therefor under the Bond Indenture.

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**ARTICLE VI.  
MISCELLANEOUS**

Section 6.1 Notice. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given and received: (i) three days after deposit in the United States mail and sent by first class mail, postage prepaid, or (ii) when delivered, in each case, to the parties at the addresses set forth below or at such other address as a party may designate by notice to the other parties:

If to the Issuer:                      City of Chicago  
Department of Housing and Economic Development City Hall  
121 N. LaSalle Street, Room 1006 Chicago, IL  
60602

with a copy to:

City of Chicago  
Office of the Corporation Counsel City Hall - Room  
600 121 North LaSalle Street Chicago, Illinois  
60602

Attention: Finance and Economic Development Division and to:

City of Chicago  
Department of Finance - Financial Policy 33 North  
LaSalle Street, 6<sup>th</sup> Floor Chicago, Illinois 60602

If to the Borrower:                      PGS Bronzeville III Limited Partnership  
400 East 41<sup>st</sup> Street, Suite 100 Chicago, IL  
60653 Attention: Fred L. Bonner

with a copy to:

Kutak Rock LLP One S. Wacker Drive, Suite  
2050 Chicago, Illinois 60606 Attention: Jay  
Gilbert

If to the Lender:                      P/R Mortgage and Investment Corp.  
11555 North Meridian Street, Suite 400 Carmel, Indiana  
46032 Attention: Michael F. Petrie

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With a copy to:

P/R Mortgage and Investment Corp.



If to the Bond Trustee:        Seaway Bank and Trust Company  
645 East 87<sup>th</sup> Street, Suite 500  
Chicago, Illinois 60619  
Attention:                        —

Copies of each notice, certificate of other communication given hereunder by any party hereto shall be given to all parties hereto.

Section 6.2 Successors and Assigns. Whenever in this Agreement any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party; and all covenants, premises and agreements which are contained in this Agreement shall bind the successors and assigns of the party so covenanting, promising or agreeing, and shall inure to the benefit of the successors and assigns of the other parties hereto.

Section 6.3 Governing Law. The laws of the State shall govern the construction of this Agreement, without reference to its conflict of laws principles.

Section 6.4 Captions. The section headings contained herein are for reference purposes only, and shall not in any way affect the meaning or interpretation of this Agreement.

Section 6.5 Severability. In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 6.6 Counterparts. This Agreement may be signed in any number of counterparts with the same effect as if the signatures thereto and hereto were upon the same instrument.

Section 6.7 Limited Liability of Borrower. The obligations of the Borrower contained in this Agreement shall be limited obligations payable solely from "Surplus Cash" (as defined in the HUD Regulatory Agreement) and except as expressly provided in Section 3.3(h) hereof solely with respect to the General Partner, no partner of the Borrower shall have personal liability for the satisfaction of any obligation of the Borrower or claim arising out of this Agreement against the Borrower; provided that nothing herein is intended to affect the Borrower's liability under the Mortgage Loan Documents.

Section 6.8 No Liability of Issuer. The Bonds are issued pursuant to Article VII, Section 6 of the 1970 Constitution of the State and pursuant to the Ordinance and shall be limited obligations of the Issuer payable solely as provided in the Indenture. No owner of any Bond has

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the right to compel any exercise of the taxing power of the Issuer to pay the principal of, interest on, or premium, if any, on, the Bonds and the Bonds shall not constitute an indebtedness of the Issuer or a loan of credit thereof within the meaning of any constitutional or statutory provisions. No covenant or agreement

contained in the Bond Indenture, the Bonds or this Agreement shall be deemed to be a covenant or agreement of any official or of any officer or employee of the Issuer in his or her individual capacity, and neither the members of the governing body of the Issuer nor any officer of the Issuer signing the Bond Indenture, the Bonds, the Tax Regulatory Agreement, the Land Use Restriction Agreement, the HUD Regulatory Agreement or this Agreement shall be liable personally or be subject to any personal liability or accountability by reason of the execution thereof.

**Section 6.9 Enforcement Not to Affect Mortgage Loan or GNMA Security.**

Notwithstanding any provision in this Agreement to the contrary, enforcement of this Agreement will not result in any claim under the Mortgage Loan or the GNMA Security, or claim against the Project, the Mortgage Loan proceeds, any reserve or deposit made with the Mortgagee or another Person required by HUD in connection with the Mortgage Loan or the GNMA Security, or against the rents or other income from the Project (other than available "Surplus Cash," as defined in the HUD Regulatory Agreement) for payment hereunder.

[Remainder of page intentionally left blank]

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement and caused their corporate seals to be affixed hereto and to be attested, all as of the day and year first written above.

**CITY OF CHICAGO**

By:  
Chief Financial Officer

**PGS BRONZEVILLE III LIMITED PARTNERSHIP**  
an Illinois limited partnership

By: Grand Boulevard Housing IV, LLC an  
Illinois limited liability company Its: General Partner

By: Peoples Co-Op for Affordable Elderly Housing,  
an Illinois not-for-profit corporation Its: Manager

By:  
Fred L. Bonner  
Its: Chief Financial Officer

**SEAWAY BANK AND TRUST COMPANY,**  
as Bond Trustee

Attest: By:

Its:

By:  
Its:

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Acknowledged and Agreed Solely with Respect to Section 3.3(h) hereof:

Grand Boulevard Housing IV, LLC An Illinois limited liability company

By: Peoples Co-Op for Affordable Elderly Housing, an Illinois not-for Profit corporation

Its: Manager

By:

Fred L. Bonner Its: Chief Executive Officer

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## **Exhibit A**

### **Borrower's Certificate to GNMA Issuer and Bond Trustee**

Reference is made to that certain Financing Agreement dated as of October 1, 2016 (the "Financing Agreement"), by and among City of Chicago (the "Issuer"), PGS Bronzeville III Limited Partnership, an Illinois limited partnership (the "Borrower"), and Seaway Bank and Trust Company (the "Bond Trustee"). Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Financing Agreement.

To induce the GNMA Issuer to consent to the disbursement under the Mortgage Loan as shown on Schedule 1 attached hereto, and to induce the Bond Trustee to purchase a CLC, the undersigned represents, warrants and certifies to the GNMA Issuer and the Bond Trustee:

a) the costs set forth in schedule 1 hereto are presently due and payable, have been properly incurred by the Borrower in connection with the Project being financed with the proceeds of the Mortgage Loan, are reimbursable Project Costs properly chargeable against the Mortgage Loan and have not been the basis of any prior disbursement;

b) the costs specified in Schedule 1 hereto, when added to all previous disbursements under the Mortgage Loan, will result in at least 95% of the aggregate amount of all disbursements having been used to pay or reimburse the Borrower for amounts that are Qualified Project Costs;

c) none of the costs set forth in Schedule 1 hereto are Costs of Issuance; and

d) at least 95% of the amount of the CLC being purchased by the Trustee in reliance of this Borrower's Certificate represents Qualified Project Costs and the purchase of such CLC is a proper charge against the Project Fund and the Reserve Fund; and

e) the Borrower is not in default under the Financing Agreement or the Mortgage Loan Documents.

Dated: , 20\_\_.

**PGS BRONZEVILLE III LIMITED PARTNERSHIP**

An Illinois limited partnership

By: Grand Boulevard Housing IV, LLC, an Illinois limited liability company  
Its: General Partner

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By: Peoples Co-Op for Affordable Elderly Housing, An Illinois not-for-profit corporation  
Its: Manager

By:  
Fred L. Bonner  
Its: Chief Executive Officer

**SCHEDULE 1 ITEMIZATION OF REQUESTED DISBURSEMENT**

**Ordinance Exhibit D Form of Note Indenture**

See Attached

D-1

**NOTE INDENTURE**

**Between**

**CITY OF CHICAGO, COOK COUNTY, ILLINOIS,**

**and**

**SEAWAY BANK AND TRUST COMPANY,**

**as Note Trustee**

**with respect to**

**§ Multi-Family Housing Revenue Notes  
(Paul G. Stewart Apartments Phase III Tower Project)  
Series 2016**

**Dated as of October 1, 2016**

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**NOTE INDENTURE**

THIS NOTE INDENTURE (this "Note Indenture" or "Indenture") is entered into as of October 1, 2016 between City of Chicago, a municipality and home rule unit of government duly organized and validly existing under the Constitution and laws of the State of Illinois (the "Issuer"), and Seaway Bank and Trust Company, an Illinois state banking corporation having its principal corporate trust office in Chicago, Illinois, as Note Trustee (such trustee or any of its successors in trust being the "Note Trustee" or "Trustee").

**RECITALS**

WHEREAS, pursuant to Article VII, Section 6 of the 1970 Constitution of the State of Illinois (the "Constitution"), and pursuant to the hereinafter defined Ordinance of the Issuer, the Issuer is authorized to exercise any power and perform any function pertaining to its government and affairs, including the power to issue its revenue notes 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 by the Issuer; and

WHEREAS, the Issuer has determined to issue, sell and deliver aggregate principal amount of its Multi-Family Housing Revenue Notes (Paul G. Stewart Apartments Phase III Tower Project), Series 2016 (the "Notes") and to lend the proceeds thereof to PGS Bronzeville III Limited Partnership, an Illinois limited partnership (the "Borrower"), of which Grand Boulevard Housing IV, LLC, an Illinois limited liability company, is General Partner (the "General Partner") upon the terms and conditions of a promissory note dated the Closing Date from the Borrower to the Issuer in the original principal amount of \$ (the "Promissory Note") and a loan agreement dated as of the same date as this Note Indenture between the Issuer and the Borrower (the "Loan Agreement"), for the purpose of financing or providing financial assistance for a portion of the costs of the acquisition of the Property located at 401 East Boweri Avenue, Chicago, Illinois, which is commonly known as the Paul G. Stewart Apartments Phase III Tower (the "Site"), which Site contains a 20-story, residential apartment building containing approximately one hundred and eighty (180) residential dwelling units, along with (1) common area, (2) service and management offices on the 1<sup>st</sup> and 2<sup>nd</sup> floors and (3) approximately 70 surface parking spaces (9 of which are handicapped accessible), and the making of extensive repairs thereto, including repairs to the Property's exterior masonry walls, installation of a new fire safety system, plumbing system, boiler and heating system, electrical service, exterior ramp, interior ramp, laundry room and elevators, and other rehabilitation of and improvement to the dwelling units and the Property so that it can continue to serve as a source of quality, affordable rental housing for low and moderate-income senior individuals and families of the City of Chicago (the "Project"); and

WHEREAS, Pursuant to an ordinance adopted by the City Council on March 27, 2002, a certain redevelopment plan and project (the "47<sup>th</sup> and Martin Luther King Drive Redevelopment Plan") for the 47<sup>th</sup> and Martin Luther King Drive Redevelopment Project Area (the "47<sup>th</sup> and King Drive Redevelopment Area" or "Redevelopment Area") was approved pursuant to the Illinois Tax Increment Allocation Redevelopment Act, as amended (65 ILCS 5/11-74-4.1, et seq.) (the "Act"); and

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WHEREAS, Pursuant to an ordinance adopted by the City Council on March 27, 2002, the 47<sup>th</sup> and King Drive Redevelopment Area was designated as a "redevelopment project area" pursuant to the Act; and

WHEREAS, Pursuant to an ordinance (the "TIF Adoption Ordinance") adopted by the City Council on March 27, 2002, tax increment allocation financing was adopted pursuant to the Act as a means of financing certain 47<sup>th</sup> and King Drive Redevelopment Area redevelopment project costs (the "Redevelopment Project Costs"), as such term is defined in Section 5/11-7.4.4-3(q) of the Act, incurred pursuant to the 47<sup>th</sup> and King Drive Redevelopment Plan; and

WHEREAS, Pursuant to Section 5/11-7.4.4-8(b) of the Act and the TIF Adoption Ordinance, incremental taxes ("Incremental Taxes") are allocated to, and when collected are paid to, the Treasurer of the

City of Chicago (the "Treasurer") for deposit by the Treasurer into the "[47<sup>th</sup> and Martin Luther King Drive] Redevelopment Project Area Special Tax Allocation Fund" (the "Fund") established pursuant to the TIF Ordinance to pay Redevelopment Project Costs and obligations incurred in the payment thereof; and

WHEREAS, concurrently with the issuance of the Notes and the execution of the Loan Agreement, the Issuer will enter into the PGS Bronzeville III Limited Partnership Redevelopment Agreement, dated October 1, 2016, by and among the Issuer through its Department of Housing and Economic Development, the Borrower and the General Partner (the "Redevelopment Agreement") pursuant to which the Issuer will provide Available Incremental Taxes (the "TIF Funds") to Borrower, General Partner and/or Bronzeville Housing and Community Development Corporation, an Illinois not-for-profit corporation and a member of the General Partner ("BHCDC" and collectively with Borrower and General Partner, the "TIF Developer Parties"), in the aggregate principal amount of not more than \$4,299,179 (in three installments, as described in the Redevelopment Agreement), the proceeds of which will be used to reimburse the appropriate Developer Party for amounts expended by said Developer Party for TIF-eligible costs incurred in connection with the Project or to repay the TIF Bridge Loan (as hereinafter defined), and General Partner or BHCDC may make a loan (the "TIF Loan") of such funds each has received to the Borrower to finance such TIF-eligible costs of the Project or to repay the Bridge Loan;

WHEREAS, the TIF Funds and the TIF Loan to the Borrower will facilitate the development of the Project;

WHEREAS, all things necessary to make the Notes, when authenticated by the Note Trustee and issued as in this Note Indenture provided, the valid, binding and legal limited obligations of the Issuer according to the import thereof, and to constitute this Note Indenture a valid assignment and pledge of the amounts assigned and pledged to the payment of the principal of, premium, if any, and interest on the Notes and the creation, execution and delivery of this Note Indenture, and the creation, execution and issuance of the Notes, subject to the terms hereof, have in all respects been duly authorized;

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WHEREAS, the Borrower has delivered the Promissory Note to the Issuer, evidencing the Borrower's obligation to repay the Issuer under the Loan Agreement (the "Loan"); and the Issuer has made the Loan to the Borrower, subject to the terms and conditions of the Loan Agreement and this Note Indenture, including the terms and conditions thereof and hereof governing the disbursement of advances and the investment earnings thereon, and the Promissory Note has been endorsed by the Issuer to the Note Trustee; and

WHEREAS, the obligations of the Borrower under the Loan Agreement and the Promissory Note will be secured by (i) the proceeds of the Notes deposited in the Project Fund created pursuant to Section 4.01 of this Note Indenture; (ii) TIF Funds to be provided by the Issuer pursuant to the Redevelopment Agreement that are required to be deposited into the Collateral Fund created pursuant to Section 4.01 of this Indenture, as further described in section 4.08 of this Note Indenture; and (iii) the below-defined Trust Estate; and

WHEREAS, the issuance, sale and delivery of the Notes and the execution and delivery of this Note Indenture, the Loan Agreement and the Redevelopment Agreement have been in all respects duly and validly authorized in accordance with applicable State law.

## AGREEMENTS

NOW, THEREFORE, in consideration of the premises and the acceptance by the Note Trustee of the trusts hereby created and of the purchase and acceptance of any or all of the Notes issued and sold by the Issuer from time to time under this Note Indenture by those who shall hold the same from time to time, and of the sum of one dollar, lawful money of the United States of America, duly paid to the Issuer by the Note Trustee at or before the execution and delivery of these presents, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, in order to secure the payment of the principal of and interest on the Notes according to their tenor and effect and the performance and observance by the Issuer of all the covenants expressed or implied herein and in the Notes and the payment and performance of all other of the Issuer's Obligations, the Issuer does hereby grant, bargain, sell, convey, pledge and assign, without recourse, unto the Note Trustee and unto its successors in trust forever, and grants to the Note Trustee and to its successors in trust, a security interest in, the following (such property being herein referred to as the "Trust Estate"):

a) All right, title and interest of the Issuer in and to all Revenues, derived or to be derived by the Issuer or the Note Trustee for the account of the Issuer under the terms of this Note Indenture and the Loan Agreement (other than the Reserved Rights of the Issuer), together with all other Revenues received by the Note Trustee for the account of the Issuer arising out of or on account of the Trust Estate;

b) All right, title and interest of the Issuer in and to the Promissory Note (other than the Reserved Rights of the Issuer) including all payments and proceeds with respect thereto or replacement thereof;

c) Any fund or account created under this Note Indenture;

d) All moneys which are provided to the Project pursuant to the Redevelopment Agreement and any other moneys which are at any time or from time to time on deposit in the

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Collateral Fund or the Earnings Account (established in the Project Fund) and all right, title and interest of the Issuer in and to, and remedies under, the Loan Agreement; and

(e) All funds, moneys and securities and any and all other rights and interests in property whether tangible or intangible 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 for the Notes by the Issuer or by anyone on its behalf or with its written consent to the Note Trustee, which 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;

PROVIDED, HOWEVER, that there shall be excluded from the granting clauses of this Note Indenture all the Reserved Rights of the Issuer, including all amounts paid or collected by the Issuer in connection therewith;

TO HAVE AND TO HOLD all the same with all privileges and appurtenances hereby conveyed and assigned, or agreed or intended so to be, to the Note Trustee and its successors in trust forever.

IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth, for the equal and proportionate benefit, security and protection of all Holders from time to time of the Notes issued under and

secured by this Note Indenture without privilege, priority or distinction as to the lien or otherwise of any of the Notes over any of the other Notes.

AND IT IS EXPRESSLY DECLARED that all Notes issued and secured hereunder are to be issued, authenticated and delivered and all such property, moneys, revenues and receipts hereby 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 Note Trustee and with the respective Holders from time to time of the Notes, or any part thereof, as follows:

## **ARTICLE I**

### **DEFINITIONS AND CONSTRUCTION**

Section 1.01 Definitions. Certain terms used in this Note Indenture are defined in the Loan Agreement and when and if used herein, such terms shall have the meanings given to them by the Loan Agreement unless the context clearly indicates otherwise. In addition, when used in this Note Indenture, the following terms shall have the meanings given to them in this Section unless the context clearly indicates otherwise:

"Agreement" or "Loan Agreement" means the Loan Agreement dated as of the same date as this Note Indenture, between the Issuer and the Borrower and any and all Supplements thereto.

"Assumption Agreement" has the meaning set forth in Section 6.01(k)(iii) of the Loan Agreement.

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"Authorized Denominations" means any minimum denomination of \$5,000 and any integral multiple thereof, as agreed upon in the Loan Agreement.

"Authorized Issuer Representative" means any person or persons specifically authorized by ordinance to take the action intended on behalf of the Issuer.

"Bond Counsel" means nationally recognized bond counsel who is under contract to provide such services to the Issuer.

"Bond Legal Reserve Fee" means the Bond Legal Reserve Fee payable by the Borrower to the Issuer, as described in Section 4.11 of this Note Indenture.

"Bonds" means the Issuer's \$10,596,000 Multi-Family Housing Revenue Bonds (Paul G. Stewart Apartments Phase III Tower Project), Series 2016 (FHA Insured/GNMA), which Bonds are being issued, together with the Notes, on the Closing Date to finance costs of the Project.

"Book-Entry Form" or "Book-Entry System" means a form or system, as applicable, under which (i) the ownership of beneficial interests in the Notes may be transferred only through a book entry and (ii) physical note certificates in fully registered form are registered only in the name of a Securities Depository or its nominee as holder, with the physical note certificates "immobilized" in the custody of the Securities Depository.

"Borrower" means PGS Bronzeville III Limited Partnership, an Illinois limited partnership, of which Grand Boulevard Housing IV, LLC, an Illinois limited liability corporation, is the general partner.

"Borrower Documents" means the Loan Agreement, the Promissory Note, the Tax Regulatory Agreement, the Land Use Restriction Agreement, the Continuing Disclosure Agreement and any and all documents, agreements or instruments executed by the Borrower in connection with the Loan evidenced by the Loan Agreement.

"Borrower Obligations" means the obligations of the Borrower under the Loan Agreement, the Promissory Note, and the other Borrower Documents to (a) pay the principal of, and interest on the Notes, when and as the same shall become due and payable (whether on any Interest Payment Date, at the stated maturity thereof, upon prior optional redemption), or by acceleration of the maturity thereof or otherwise), (b) pay all other amounts required by the Loan Agreement, the Promissory Note, and the other Borrower Documents to be paid by the Borrower to the Issuer, as and when the same shall become due and payable, and (c) timely perform, observe and comply with all of the terms, covenants, conditions, stipulations, and agreements, express or implied, which the Borrower is required by the Loan Agreement, the Promissory Note, the Tax Regulatory Agreement, and any of the other Borrower Documents, to perform or observe.

"Borrower Representative" means a person at the time designated and authorized to act on behalf of the Borrower by a written certificate furnished to the Issuer and the Note Trustee containing the specimen signature of such person and signed on behalf of the Borrower by one of its officers, which certificate may designate an alternate or alternates.

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"Business Day" or "business day" means a day, other than a Saturday or Sunday, on which (a) banks located in New York, New York or Chicago, Illinois, are not required or authorized by law or executive order to close for business, and (b) the New York Stock Exchange is not closed.

"Certificate of Occupancy" means the certificate of occupancy issued by the Issuer.

"City Administrative Fee" means the City Administrative Fee paid by Borrower to the Issuer, described in Section 4.12 of this Note Indenture.

"Closing Date" means the date of delivery of the Notes in exchange for the purchase price thereof

"Code" means the Internal Revenue Code of 1986, including applicable final, temporary and proposed regulations and revenue rulings applicable thereto, as amended from time to time.

"Collateral Fund" means the Collateral Fund created in Section 4.01 of this Note Indenture.

"Completion Certificate" means a certificate submitted by the Borrower Representative to the Issuer and the Note Trustee as provided in Section 3.05 of the Loan Agreement.

"Completion Date" means the date upon which the Completion Certificate and the Certificate of Occupancy are delivered by the Borrower to the Issuer and the Note Trustee.



"Construction Contract" means that certain construction contract executed between the Contractor and the Borrower relating to the rehabilitation of the Project, as that contract may be amended from time to time.

"Contractor" means the entity identified as the general contractor under the Construction Contract.

"Costs" with respect to the Project shall be deemed to include all items permitted to be financed under the provisions of the Code and the Ordinance.

"Costs of Issuance" means all fees, costs and expenses payable or reimbursable directly or indirectly by the Issuer or the Borrower and related to the authorization, issuance and sale of the Notes.

"Costs of Issuance Deposit" means the deposit in the amount of \$ \_\_\_\_\_ to be funded from Borrower equity at Closing.

"Costs of Issuance Fund" means the Costs of Issuance Fund created pursuant to Section 4.01 of this Note Indenture.

"Dated Date" means October 1, 2016.

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"Default" means any Default under the Loan Agreement as specified in and defined by Section 8.01 thereof.

"Determination of Taxability" means a final decree or judgment of any Federal court or a final action of the Internal Revenue Service determining that interest paid or payable on any Note is or was includable in the gross income of a Holder of the Notes for Federal income tax purposes (other than any Holder who is a "substantial user" or "related person" to a "substantial user" within the meaning of Section 147(a) of the Code); provided, that no such decree, judgment, or action will be considered final for this purpose unless the Borrower has been given written notice and, if it is so desired and is legally allowed, has been afforded the opportunity to contest the same, either directly or in the name of any Holder of a Note, and until the conclusion of any appellate review, if sought.

"Dissemination Agent" means Seaway Bank and Trust Company, an Illinois state banking corporation having its principal corporate trust office in Chicago, Illinois, and its permitted successors and assigns.

"Documents" means and shall include (without limitation), with respect to the Notes, this Note Indenture, the Loan Agreement, the Promissory Note, the Tax Regulatory Agreement, the Land Use Restriction Agreement and any and all other documents which the Issuer, the Borrower or any other party or parties or their representatives, have executed and delivered, or may hereafter execute and deliver, to evidence or secure the Issuer's Obligations or the Borrower's Obligations, or any part thereof, or in connection therewith, and any and all Supplements thereto.

"Event of Default" or "Default" means when used in this Note Indenture, those events of default or defaults specified in Section 9.01 hereof and, when used in the Loan Agreement, those events of default or

defaults specified in Section 8.01 thereof.

"GNMA " means the Government National Mortgage Association, and its successors and assigns.

"Government Obligations" means bonds, notes and other evidences of indebtedness of the United States of America or any agency or instrumentality thereof backed by the full faith and credit of the United States of America.

"Governmental Authority" means any federal, State or local governmental or quasi-governmental entity, including, without limitation, any agency, department, commission, board, bureau, administration, service, or other instrumentality of any governmental entity.

"Governmental Requirements" means all laws, ordinances, orders, rules or regulations of all Governmental Authorities applicable to the Project, the Issuer, the Borrower or any of the Borrower's assets or other properties, including without limitation, laws, ordinances, orders, rules and regulations relating to securities or other public disclosures, zoning, licenses, permits, subdivision, building, safety, health, and fire protection and all environmental laws.

"Hazardous Materials" means petroleum and petroleum products and compounds containing them, including gasoline, diesel fuel and oil; explosives; flammable materials;

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radioactive materials; polychlorinated biphenyls ("PCBS") and compounds containing them; lead and lead-based paint; asbestos or asbestos-containing materials in any form that is or could become friable; underground or above-ground storage tanks, whether empty or containing any substance; any substance the presence of which at the Project is prohibited by any federal, state or local authority; any substance that requires special handling under any Hazardous Materials Law; and any other material or substance now or in the future defined as a "hazardous substance," "hazardous material," "hazardous waste," "toxic substance," "toxic pollutant," "contaminant," or "pollutant" within the meaning of any Hazardous Materials Law, but does not include any such substance that is a customary and ordinary household, cleaning, office, swimming pool or landscape maintenance product used on the Project by the Borrower or any tenant or agent of the Borrower, or customary construction materials used during the course of construction of the Project by the Borrower or the Contractor, provided such use is in accordance with applicable hazardous material laws.

"Hazardous Materials Law" means all federal, state, and local laws, ordinances and regulations and standards, rules, policies and other governmental requirements, administrative rulings and court judgments and decrees in effect now or in the future and including all amendments, that relate to Hazardous Materials and apply to Borrower or to the Project. Hazardous Materials Laws include, but are not limited to, the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Section 9601, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., the Toxic Substance Control Act, 15 U.S.C. Section 2601, et seq., the Clean Water Act, 33 U.S.C. Section 1251, et seq., and the Hazardous Materials Transportation Act, 49 U.S.C. Section 5101, and their state analogs, including laws of the State.

"HUD" means the United States Department of Housing and Urban Development, and its successors.

"Independent" means any person not an employee or officer of the Borrower or its affiliates.

"Interest Payment Date" means each \_\_\_\_\_ and \_\_\_\_\_, commencing on \_\_\_\_\_, 201\_..

"Issuer" means City of Chicago, Illinois.

"Issuer Documents" means the Loan Agreement, this Note Indenture, the Tax Regulatory Agreement, the Note Purchase Agreement, the Land Use Restriction Agreement and any and all documents, agreements or instruments executed by the Issuer in connection with the Loan evidenced by the Loan Agreement.

"Issuer Fee" means the amount of \_\_\_\_\_, which represents 1.5% of the par amount of the Notes, paid by the Borrower to the Issuer on the Closing Date in connection with, and as consideration for, the issuance of the Notes.

"Issuer Indemnified Party" means City of Chicago, its past, present and future members of the City Council of the City, employees and agents, individually and collectively.

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"Issuer's Obligations" means the obligations of the Issuer under the Notes, this Note Indenture, and the other Documents to (a) pay the principal of and interest on the Notes when and as the same shall become due and payable (whether at the stated maturity thereof, or by acceleration of maturity or after notice of prepayment or otherwise) and, (b) timely perform, observe and comply with all of the terms, covenants, conditions, stipulations, and agreements, express or implied, which the Issuer is required, by the Notes, this Note Indenture, or any of the other Documents, to perform and observe.

"Land Use Restriction Agreement" means the Land Use Restriction Agreement" dated as of October 1, 2016, between the Issuer and the Borrower with respect to the Project, the Notes and the Bonds.

"LIHTC Placed in Service Date" means the date specified in a notice, signed by the Borrower and \_\_\_\_\_, a[n] \_\_\_\_\_ [limited liability company], and delivered to the Trustee, to the effect that: (a) a temporary or permanent certificate of occupancy for the Project has been issued by the City of Chicago Department of Buildings; and (b) all events resulting in the Project's rehabilitation being completed and being placed in service for purposes of Section 42 of the Code and Internal Revenue Service revenue rulings and notices thereunder have occurred.

"Limited Offering Memorandum" means the Limited Offering Memorandum dated \_\_\_\_\_ October \_\_\_\_\_, 2016 relating to the Notes.

"Loan" means the Loan in the principal amount of \$ \_\_\_\_\_ made by the Issuer to the Borrower evidenced by the Promissory Note, described in the Loan Agreement and made in connection with the issuance of the Notes.

"Loan Agreement" means the Loan Agreement, dated as of October 1, 2016, by and among the Issuer, the Borrower and the Note Trustee relating to the Loan, and any and all supplements thereto.

"Manager" means Peoples Co-Op for Affordable Elderly Housing, an Illinois not-for-profit corporation,

in its capacity as manager of the General Partner of the Borrower.

"Maturity Date" means , 20 .

"Note Indenture" means this Note Indenture, dated as of October 1, 2016, between the Issuer and the Note Trustee, and any and all Supplements thereto.

"Notes" means the Multi-Family Housing Revenue Notes (Paul G. Stewart Apartments Phase III Tower Project), Series 2016 of the Issuer issued, authenticated and delivered under this Note Indenture, which are identified as such in Section 2.01 hereof.

"Note Purchase Agreement" means the Note Purchase Agreement, dated October 1, 2016 among the Issuer, the Borrower and the Underwriter.

"Note Year" has the meaning as set forth in the Tax Regulatory Agreement.

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"Note Payment Fund" means that Note Payment Fund created pursuant to this Note Indenture.

"Noteholder" or "Holder of the Notes" or "Holder" or "Owner of the Notes" or "Owner" when used with respect to any Note, means the person or persons in whose name such Note is registered as the owner thereof on the books of the Issuer maintained at the Trust Office of the Note Trustee for that purpose.

"Notice Address" means, unless otherwise designated pursuant to Section 12.05 hereof:

- a) As to the Issuer: City of Chicago  
Department of Housing and Economic Development 121 N. LaSalle Street,  
Suite 1006 Chicago, IL 60602

with a copy to:

City of Chicago  
Office of the Corporation Counsel City Hall - Room  
600 121 North LaSalle Street Chicago, Illinois  
60602

Attention: Finance and Economic Development Division and to:

City of Chicago  
Department of Finance - Financial Policy 33 North  
LaSalle Street, Suite 600 Chicago, Illinois 60602  
Attention: Deputy Comptroller

- b) As to the GNMA Issuer:  
  
P/R Mortgage & Investment Corp. 11555 North

Meridian Street, Suite 400 Carmel, Indiana 46032  
Attention: Michael F. Petrie

- c) As to the Trustee:

Seaway Bank and Trust Company 645 East 87<sup>th</sup>  
Street, Suite 500 Chicago, Illinois 60619 Attention:  
Corporate Trust Division

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- (d) As to the Borrower:

PGS Bronzeville III Limited Partnership 400 East 41<sup>st</sup>  
Street, Suite 100 Chicago, Illinois 60653 Attention: Fred  
L. Bonner

With a copy to:

Kutak Rock LLP One S. Wacker Drive, Suite  
2050 Chicago, Illinois 60606 Attention: Jay  
Gilbert, Esq.

With a copy to:

- (e) As to the Rating Agency:

Standard & Poor's Ratings Services 55 Water Street,  
38th Floor New York, New York 10041 Attention:  
Public Finance Surveillance

"Ordinance" means the ordinance adopted by the City Council of the Issuer on \_\_\_\_\_, 2016, authorizing the issuance, sale and delivery of the Notes and the sale and delivery of the Issuer's Bonds, which Bonds are also being issued on the Closing Date in connection with the financing of costs of the Project.

"Permitted Investments" means any of the following which at the time of investment are legal investments under the laws of the State for the investment of the Issuer's funds:

- a) Government Obligations;

b) Obligations issued or guaranteed by the Resolution Funding Corporation, Fannie Mae, the Federal Home Loan Bank, the Federal Farm Credit Bank or the Federal Home Loan Mortgage Corporation, or obligations, participations or other instruments issued by or fully guaranteed as to interest and principal by,

the Government National Mortgage Association (excluding stripped mortgage-backed securities which are valued at greater than par on the unpaid principal);

c) Bonds or other obligations issued by any public housing agency or municipality in the United States of America, which bonds or obligations are assigned a rating of "AAA" or better by the Rating Agency and are fully secured as to the payment of both principal and interest by a pledge of annual contributions under an annual contributions contract or

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contracts with the United States of America government, or project notes issued by any public housing agency, urban renewal agency or municipality in the United States assigned a rating of "AAA" or better by the Rating Agency and fully secured as to payment of both principal and interest by a requisition, loan or payment agreement with the United States government;

d) Interest-bearing time deposits, repurchase agreements, rate guarantee agreements or other similar banking arrangements with a bank or trust company having capital and surplus aggregating at least \$50 million or with any government bond dealer reporting to, trading with and recognized as a primary dealer by the Federal Reserve Bank of New York having capital aggregating at least \$50 million or with any corporation which is subject to registration with the Board of Governors of the Federal Reserve System pursuant to the requirements of the Bank Holding Company Act of 1956 and whose unsecured or uncollateralized long-term debt obligations are assigned a rating by the Rating Agency of "AAA" or better for agreements of more than one year or whose unsecured and uncollateralized short-term debt obligations are assigned a rating by the Rating Agency of "A-1+" or better for agreements of one year or less, provided that each such interest-bearing deposit, repurchase agreement, guarantee agreement or other similar banking arrangement shall permit the moneys so placed to be available for use at the time provided with respect to the investment or reinvestment of such moneys; and

e) No-load, open-end money market mutual funds (including those of the Trustee and its affiliates) registered under the Investment Company Act of 1940, provided the portfolio of such fund is limited to Government Obligations and such fund has been assigned a rating by the Rating Agency of "AAAm" or "AAAmG."

Permitted Investments shall not include the following: (i) any investments with a final maturity, or any agreements with a term greater than 365 days from the date of the investment (except (A) obligations that provide for the optional or mandatory tender, at par, by the holder thereof at least once within 365 days of the date of purchase, (B) any investments listed in subparagraphs (a) or (b) above that are irrevocably deposited with the Note Trustee for payment of Notes pursuant to Section 8.01, and (C) agreements listed in subparagraph (d) or (e) above), (ii) any obligation with a purchase price greater than the par value of such obligation (except for obligations described in subparagraph (A) or (B) above which are noncallable by the issuer thereof), (iii) mortgage-backed securities, real estate mortgage investment conduits or collateralized mortgage obligations, (iv) interest-only or principal-only stripped securities, (v) obligations bearing interest at inverse floating rates, (vi) investments which may be prepaid or called at a price less than its purchase price prior to stated maturity or (vii) any investment the interest rate on which is variable and is established other than by reference to a single index plus a fixed spread, if any, and which interest rate moves proportionately with that index, and provided further that if any such investment described in subparagraphs (a) through (e) above is required to be rated, such rating requirements will not be satisfied if such rating is evidenced by the

designation of an "r" or "t" highlighter affixed to its rating.

"Person" shall include an individual, association, unincorporated organization, corporation, partnership, limited liability company, joint venture, or government or agency or political subdivision thereof.

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"Plans and Specifications" means the plans and specifications for the Project approved in writing by the Issuer, together with such amendments thereto as are made from time to time in accordance with Section 5.06 of the Loan Agreement.

"Project" means the acquisition, rehabilitation and equipping of a 20-story, residential apartment building containing approximately 180 residential dwelling units, along with a common area, service and management offices on the 1<sup>st</sup> and 2<sup>nd</sup> floors and approximately 70 parking spaces (9 of which are handicapped accessible), for low and moderate income senior individuals and families, located at 401 East Bowen Avenue, Chicago, Illinois, and known as the Paul G. Stewart Apartments Phase III Tower.

"Project Draw Date" means the date on which a disbursement from the Project Fund shall be made solely to pay or reimburse construction costs of the Project.

"Project Fund" means the Project Fund created in Section 4.01 of this Note Indenture.

"Promissory Note" means the Promissory Note, dated the Closing Date, from the Borrower to the Issuer in substantially the form attached as Exhibit B to the Loan Agreement, and any amendments, Supplements or modifications thereto, which Promissory Note has been assigned by the Issuer to the Note Trustee.

"Qualified Project Costs" means any expenditures which (a) are incurred not more than 60 days prior to the date on which the Issuer first declared its "official intent" (within the meaning of Treasury Regulation Section 1.150-2) with respect to the Project (other than preliminary expenditures with respect to the Project in an amount not exceeding 20% of the aggregate principal amount of the Notes); (b) are made exclusively to provide facilities, improvements and equipment that constitute part of a "qualified residential rental project" within the meaning of Section 142(d) of the Code; and (c) are properly chargeable to the Project's capital account under general federal income tax principles or that would be so chargeable with a proper election or but for a proper election by the Borrower to deduct such expenditure. However, "Qualified Project Costs" do not include (i) issuance costs of the Notes (within the meaning of Section 147(g) of the Code) or (ii) any fee, charge or profit payable to the Borrower or a "related person" (within the meaning of Section 144(a)(3) of the Code). As used herein, the term "preliminary expenditures" includes architectural, engineering, surveying, soil testing and similar costs that were incurred prior to the commencement of construction of the Project, but does not include land acquisition, site preparation and similar costs incident to commencement of construction of the Project.

"Rating Agency" means Standard & Poor's Ratings Services, a business of Standard & Poor's Financial Services LLC, and its successors and assigns.

"Record Date" means the last day of the month preceding the date on which interest is due and payable.

"Redevelopment Agreement" means the PGS Bronzeville III Limited Partnership Redevelopment

Agreement, dated October 1, 2016, by and among the Issuer through its Department of Housing and Economic Development, the Borrower, the General Partner and BHCDC pursuant to which the Issuer will provide TIF Funds to BFICDC.

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"Regular Record Date" means, with respect to an Interest Payment Date, the close of business on the first day of the calendar month of such Interest Payment Date whether or not a Business Day.

"Requisition" means the request to make a disbursement from the Project Fund on a Project Draw Date in the manner provided pursuant to Section 5.02 of this Note Indenture.

"Reserved Rights of (he Issuer" means the rights of the Issuer consisting of: (a) all rights which the Issuer and its officers, directors, members, officials, agents or employees may have under this Note Indenture, the Loan Agreement and other Documents to indemnification by the Borrower and by any other persons and to payments for expenses incurred by the Issuer itself, or its officers, directors, officials, agents or employees; (b) the right of the Issuer to give and receive notices, reports or other information, make determinations and grant approvals hereunder and under the Documents; (c) the right of the Issuer to give and receive its fees and expenses pursuant to the Loan Agreement and the Tax Regulatory Agreement; (d) all rights of the Issuer to enforce the representations, warranties, covenants and agreements of the Borrower pertaining in any manner or way, directly or indirectly to any requirements imposed by the Issuer with respect to the Project, or necessary to assure that interest on the Notes is excluded from gross income for federal income tax purposes, as are set forth in any of the Documents or in any other certificate or agreement executed by the Borrower; (e) all rights of the Issuer in connection with any amendment to or modification of the Documents; and (f) all enforcement remedies with respect to the foregoing.

"Revenues" means, all payments under the Promissory Note (including, without limitation, funds on deposit in the Collateral Fund under this Note Indenture) and all investment earnings derived or to be derived on any moneys or investments held by the Note Trustee hereunder, but excluding (a) amounts paid as fees, reimbursement for expenses or for indemnification of the Issuer and the Note Trustee and (b) amounts paid to or collected by the Issuer in connection with any Reserved Rights of the Issuer.

"Securities Depository" means the Depository Trust Company, its successors and assigns, or any other securities depository for the Notes designated by the Issuer or the Borrower to the Note Trustee in writing.

"Special Record Date" means the date and time established by the Note Trustee for the determination of which Holders shall be entitled to receive overdue interest on the Notes pursuant to Section 2.02 hereof.

"Slate" means the State of Illinois.

"Supplement" or "Supplements" means any and all extensions, renewals, modifications, amendments, supplements and substitutions.

"Tax Regulatory Agreement" means the Tax Regulatory Agreement dated as of the Closing Date, by and among the Issuer, the Note Trustee and the Borrower relating to the Notes, and any and all modifications thereof, amendments and Supplements thereto and substitutions therefor.



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"Term of Agreement" means the term of the Loan Agreement as specified in Section 9.01 of the Loan Agreement.

"TIF Bridge Loan" means the TIF Bridge Loan described in Section 12.01 of this Note Indenture.

"TIF Bridge Loan Funds" means the TIF Bridge Loan Funds described in Section 12.02 of this Note Indenture.

"TIF Loan Proceeds" means the TIF Loan Proceeds described in Section 12.01 of this Note Indenture.

"TIF-Related Amounts" means the TIF Loan Proceeds and the TIF Bridge Loan Funds.

"Trustee's Fee" means the Note Trustee's upfront fee of \$3,000, payable on the Closing Date, together with an annual fee equal to \$2,000 per year to be paid annually in advance commencing on the Closing Date, in accordance with Section 4.03 of the Loan Agreement, which includes fees associated with its role as Note Trustee under this Note Indenture and its fees as Dissemination Agent under the Continuing Disclosure Agreement.

"Trust Estate" has the meaning given such term in the Granting Clauses of this Note Indenture.

"Trust Office" means the trust office of the Note Trustee located at the address set forth in Article I hereof or such other office designated by the Note from time to time, or such other offices as may be specified in writing to the Issuer by the Note Trustee.

"Underwriter" means Stifel, Nicolaus & Company, Incorporated.

Section 1.02 Interpretation. Reference to Articles, Sections, and other subdivisions are to the designated Articles, Sections, and other subdivisions of this Note Indenture. The headings of this Note Indenture are for convenience only and do not define or limit the provisions hereof. Words of any gender shall be deemed and construed to include correlative words of the other genders. Words importing the singular number shall include the plural number and vice versa unless the context shall otherwise indicate. The words "hereof," "herein," "hereunder," "hereto," and other words of similar import refer to this Note Indenture in its entirety.

## ARTICLE II

### CREATION OF NOTES; DETAILS OF THE NOTES

Section 2.01 Issuance of Notes. The Notes shall be issued in the maximum aggregate principal amount of \$ ; shall be designated "Multi-Family Housing Revenue Notes (Paul G. Stewart Apartments Phase III Tower Project), Series 2016"; shall be issued only as fully registered notes, without coupons; and shall be in Authorized Denominations. Unless the Issuer shall otherwise direct, the Notes shall be numbered from R-1 upward.



provisions of Sections 2.08 and 2.10 hereof or in substitution for other Notes, is expressly limited to the amount set forth in Section 2.01.

**Section 2.04 Limited Obligations.** The Notes and the interest thereon are limited obligations of the Issuer, payable solely from the revenues, receipts and security pledged therefor in the Granting Clauses hereof. The Notes, together with premium, if any, and interest thereon, do not constitute an indebtedness, liability, general or moral obligation or a pledge of the full faith or loan of credit of the Issuer, the State, or any political subdivision of the State within the meaning of any constitutional or statutory provisions. Neither the Issuer, the State nor any political subdivision thereof shall be obligated to pay the principal of, premium, if any, or interest on the Notes or other costs incident thereto except from the payments pledged with respect thereto and certain reserve funds established in connection therewith. Neither the faith and credit nor the taxing power of the United States of America, the Issuer, the State or any political subdivision thereof is pledged to the payment of the principal of, premium, if any, or interest on the Notes or other costs incident thereto. The Notes are not a debt of the United States of America or any agency thereof, and are not guaranteed by the United States of America or any agency thereof.

**Section 2.05 Note Indenture Constitutes Contract.** In consideration of the purchase and acceptance of the Notes issued hereunder by those who shall hold them from time to time, the provisions of this Note Indenture shall be deemed to be a part of, and continue to be, a contract between the Issuer and the Holders of the Notes from time to time.

**Section 2.06 Execution.** The Notes shall be executed on behalf of the Issuer by the manual or facsimile signature of its Mayor, attested by the manual or facsimile signature of its City Clerk, under the official seal, or a facsimile thereof, of the Issuer. Any facsimile signatures shall have the same force and effect as if said officers had manually signed said Notes. Any reproduction of the official seal of the Issuer on the Notes shall have the same force and effect as if the official seal of the Issuer had been impressed on the Notes.

In case any officer whose manual or facsimile signature shall appear on any Notes shall cease to be such officer before the delivery of such Notes, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes, the same as if he had remained in office until delivery, and also any Note may bear the facsimile signatures of, or may be signed by, such persons as at the actual time of the execution of such Note shall be the proper officers to sign such Note although at the date of such Note such persons may not have been such officers.

**Section 2.07 Authentication.** Only such Notes as shall have endorsed thereon a certificate of authentication substantially in the form on the attached Exhibit A set forth duly executed by the Note Trustee shall be entitled to any right or benefit under this Note Indenture. No Note shall be valid or obligatory for any purpose unless and until such certificate of authentication shall have been duly executed manually by the Note Trustee; and such executed certificate upon any such Note shall be conclusive evidence that such Note has been authenticated and delivered under this Note Indenture. The Note Trustee's certificate of authentication on any Note shall be deemed to have been executed by it if signed by an authorized officer of the Note Trustee, but it shall not be necessary that the same person sign the certificate of authentication of all of the Notes.

**Section 2.08 Mutilated, Lost, Stolen or Destroyed Notes.** In the event any Note is mutilated, lost, stolen or destroyed, the Issuer shall execute and the Note Trustee shall authenticate a new Note, of like date, interest

rate, maturity and denomination as that mutilated, lost, stolen or destroyed. Any mutilated Note shall first be surrendered to the Note Trustee; and in the case of any lost, stolen or destroyed Notes, there shall first be furnished to the Issuer and the Note Trustee evidence of such loss, theft or destruction reasonably satisfactory to them together with indemnity reasonably satisfactory to them. In the event any such Note shall have matured, instead of issuing a duplicate Note or Notes the Trustee may pay the same without surrender thereof. The Issuer and the Note Trustee may charge the holder or owner of such Note with their reasonable fees and expenses, including the cost of printing replacement Notes.

Every new Note issued pursuant to this Section shall, with respect to such. Note, constitute an additional contractual obligation of the Issuer, whether or not the mutilated, lost, stolen or destroyed Note shall be found at any time, and shall be entitled to all the benefits of this Note Indenture equally and proportionately with any and all other Notes duly issued hereunder. All Notes shall be held and owned on the express condition that the foregoing provisions of this Section are exclusive with respect to the replacement or payment of mutilated, lost, stolen or destroyed Notes and shall preclude any and all rights or remedies, notwithstanding any law or statute existing or hereafter enacted to the contrary with respect to the replacement or payment of negotiable instruments or other securities without their surrender.

Section 2.09 Transfer and Exchange of Notes; Persons Treated as Holders. The Note Trustee as Note Registrar shall cause a note register (herein sometimes referred to as the "Note Register") to be kept for the registration of transfers of Notes. Any Note may be transferred only upon an assignment duly executed by the registered Holder or his or her duly authorized representative in such form as shall be satisfactory to the Note Registrar, and upon surrender of such Note to the Note Trustee for cancellation. Whenever any Note or Notes shall be surrendered for transfer, the Issuer shall execute and the Note Trustee shall authenticate and deliver to the transferee a replacement fully registered Note or Notes of Authorized Denomination in an aggregate principal amount equal to the unmatured and unredeemed principal amount of, and bearing interest at the same rate and maturing on the same date or dates as, the Notes being presented and surrendered for transfer.

Any Note may, in accordance with its terms, be exchanged, at the office of the Note Trustee, for a new fully registered Note or Notes, of the same maturity, of any Authorized Denomination or Denominations in an aggregate principal amount equal to the unmatured and unredeemed principal amount of, and bearing interest at the same rate as, the Notes being exchanged.

In all cases in which Notes shall be transferred or exchanged hereunder, the Note Trustee may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such transfer or exchange.

All Notes issued upon any transfer or exchange of Notes shall be the valid limited obligations of the Issuer, evidencing the same debt, and entitled to the same benefits under this Note Indenture, as the Notes surrendered upon transfer or exchange. Neither the Issuer nor the Note Trustee shall be required to make any exchange or transfer of a Note during a period

beginning at the opening of business 15 days before (i) any Interest Payment Date (including any special interest payment date described in Section 2.02 hereof), or (ii) the day of the mailing of a notice of redemption of Notes and ending at the close of business on the day of such mailing or such Interest Payment Date, or to

transfer or exchange any Notes selected for redemption, in whole or in part.

The Person in whose name any Note shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes and payment of or on account of the principal of and premium and interest on any such Note shall be made only to or upon the order of the registered Holder thereof or his legal representative, and neither the Issuer nor the Note Trustee shall be affected by any notice to the contrary. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Note to the extent of the sum or sums to be paid.

Section 2.10 Temporary Notes. Until definitive Notes are ready for delivery, there may be executed, and upon the request of the Issuer, the Note Trustee shall authenticate and deliver, in lieu of definitive Notes, temporary printed, typewritten, engraved or lithographed Notes, in such Authorized Denomination as shall be determined by the Issuer, in fully registered form, in substantially the tenor hereinabove set forth and with such appropriate omissions, insertions and variations as may be required.

If temporary Notes shall be issued, the Issuer shall cause the definitive Notes to be prepared and to be executed and delivered to the Note Trustee, and the Note Trustee, upon presentation to it at its principal corporate trust office of any temporary Notes, shall cancel the same and authenticate and deliver in exchange therefor, without charge to the holder or owner thereof, a definitive Note or Notes, as the case may be, of an equal aggregate principal amount in Authorized Denominations, of the same series and maturities and bearing interest at the same rates as the temporary Note surrendered. Until so exchanged, the temporary Notes shall in all respects be entitled to the same benefit and security of this Note Indenture as the definitive Notes to be issued and authenticated hereunder. Interest on temporary Notes, when due and payable, if the definitive Notes shall not be ready for exchange, shall be paid in the manner provided in Section 2.02 hereof.

Section 2.11 Safekeeping and Cancellation of Notes. Any Note surrendered for the purpose of payment or retirement, or for exchange, or for replacement or payment pursuant to Section 2.08, shall be cancelled upon surrender thereof to the Note Trustee. Certification of such surrender and cancellation shall be made to the Issuer by the Note Trustee. Cancelled Notes, or unissued Note inventory held in blank by the Note Trustee upon the maturity or total redemption of the Notes, shall be destroyed by shredding or cremation by the Note Trustee, and certificates of such destruction (describing the manner thereof) shall be provided by the Note Trustee to the Issuer.

Section 2.12 Book-Entry Provisions. The provisions of this Section shall apply so long as the Notes are maintained in book-entry form with The Depository Trust Company or another Securities Depository, any provisions of this Note Indenture to the contrary notwithstanding.

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a) Payments. The Notes shall be payable to the Securities Depository, or its nominee, as the registered owner of the Notes, on each date on which the principal of, interest on, and premium, if any, on the Notes is due as set forth in this Note Indenture and in the Notes. Such payments shall be made to the offices of the Securities Depository specified by the Securities Depository to the Issuer and the Note Trustee in writing. Without notice to or the consent of the beneficial owners of the Notes, the Issuer and the Securities Depository may agree in writing to make payments of principal, premium, if any, and interest in a manner different from

that set forth herein. If such different manner of payment is agreed upon, the Issuer shall give the Note Trustee notice thereof, and the Note Trustee shall make payments with respect to the Notes in the manner specified in such notice as set forth herein. Neither the Issuer nor the Note Trustee shall have any obligation with respect to the transfer or crediting of the principal of, interest on, and premium, if any, on the Notes to Participants or the beneficial owners of the Notes or their nominees.

b) Replacement of the Securities Depository. The Issuer may, and in the case of subparagraph (ii) below shall, discontinue use of a Securities Depository as the depository of the Notes if (i) the Issuer, in its sole discretion, determines that (A) such Securities Depository is incapable of discharging its duties with respect to the Notes, or (B) the interest of the beneficial owners of the Notes might be adversely affected by the continuation of the book-entry system with such Securities Depository as the depository for the Notes, (ii) the beneficial owners of 100% of the Notes Outstanding direct the Issuer to do so, or (iii) such Securities Depository determines not to continue to act as a depository for the Notes or is no longer permitted to act as such depository. Notice of any determination pursuant to clauses (i), (ii) or (iii) shall be given to such Securities Depository at least 30 days prior to any such determination (or such fewer number of days as shall be acceptable to such Securities Depository). The Issuer shall have no obligation to make any investigation to determine the occurrence of any events that would permit the Issuer to make any determination described in this paragraph.

(c). Discontinuance of Book-Entry or Change of Securities Depository. If,

following a determination or event specified in paragraph (b) above, the Issuer discontinues the maintenance of the Notes in book-entry form with the then current Securities Depository, the Issuer will issue replacement Notes to the successor Securities Depository, if any, or, if no replacement Securities Depository is selected for the Notes, directly to the participants in the former Securities Depository as shown on the records of the former Securities Depository or, to the extent requested by any such participant or if directed to do so by the beneficial owners of 100% of the Notes Outstanding pursuant to subparagraph (b)(ii) above, to the beneficial owners of the Notes shown on the records of such Participant. Replacement Notes shall be in fully registered form and in authorized denominations, be payable as to interest on the Interest Payment Dates of the Notes by check or draft mailed to each registered owner at the address of such owner as it appears on the note registration books maintained by the Note. Registrar for such purpose at the principal corporate trust office of the Note Trustee or at the option of any registered owner of not less than \$1,000,000 principal amount of Notes, by wire transfer to any address in the continental United States of America on such Interest Payment Date to such registered owner as of the Regular Record Date relating to such Interest Payment Date, if such

registered owner provides the Note Trustee with written notice of such wire transfer address not later than such Regular Record Date (which notice may provide that it will remain in effect with respect to subsequent Interest Payment Dates unless and until changed or revoked by subsequent

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notice). Principal and redemption premium, if any, on the replacement Notes are payable at maturity or earlier redemption only upon presentation and surrender of such replacement Note or Notes at the principal corporate trust office of the Note Trustee.

(d) Effect of Book-Entry System. The Securities Depository and its Participants and the beneficial owners of the Notes, by their acceptance of the Notes, agree that the Issuer and the Note Trustee shall not have liability for the failure of such Securities Depository to perform its obligations to the Participants and the beneficial owners of the Notes, nor shall the Issuer or the Note Trustee be liable for the failure of any Participant or other nominee of the beneficial owners to perform any obligation of the Participant to a beneficial owner of the Notes.

Section 2.13 Delivery of the Notes. Upon execution and delivery of this Note Indenture, the Note Trustee shall authenticate and deliver the Notes as provided in this Note Indenture, but only upon the receipt of the following:

- a) An order of the Issuer directing the Note Trustee to authenticate and deliver the Notes against receipt of the initial purchase price therefor;
- b) A certified copy of the Ordinance;
- c) An approving opinion of Bond Counsel regarding the validity of the Notes and the exclusion of interest on the Notes from federal income taxation;
- d) An executed copy of the Loan Agreement;
- e) An executed copy of the Tax Regulatory Agreement;
- f) An executed counterpart of the Continuing Disclosure Agreement; and
- g) Evidence of recordation of the Land Use Restriction Agreement (which may be in the form of a title company certified copy).

THE NOTES, THE PRINCIPAL OF AND THE INTEREST THEREON ARE SPECIAL LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM THE TRUST ESTATE PLEDGED TO SUCH PURPOSES IN THE MANNER AND TO THE EXTENT PROVIDED IN THIS NOTE INDENTURE AND FROM NO OTHER REVENUES OR ASSETS OF THE ISSUER. THE NOTES, THE PRINCIPAL OF AND THE INTEREST THEREON DO NOT CONSTITUTE AN INDEBTEDNESS OR OBLIGATION OF THE CITY OR THE STATE, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY OR THE STATE IS PLEDGED TO THE PAYMENT OF PRINCIPAL OF OR INTEREST ON THE NOTES.

ARTICLE III REDEMPTION OF NOTES Section 3.01 Redemption of Notes. The Notes are subject to redemption as follows:

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Optional Redemption of Notes. The Notes are subject to redemption in whole or in part on any date on or after the later of \_\_\_\_\_, 20\_\_\_\_ or the LIHTC Placed in Service Date, at the option and the direction of the Borrower, at a redemption price equal to 100% of the principal amount thereof to be redeemed, plus accrued interest to the redemption date.

Section 3.02 Notices of Redemption, (a) All or a portion of the Notes shall be called for optional redemption pursuant to Section 3.01 hereof by the Note Trustee as herein provided upon receipt by the Note Trustee and the Issuer at least 45 days prior to the redemption date (unless a shorter notice shall be satisfactory to the Note Trustee and the Issuer) of a certificate of the Borrower specifying the principal amount of the Notes to be called for redemption, the applicable redemption price or prices, and the provision or provisions of this Indenture pursuant to which such Notes are to be called for redemption. In the case of every redemption, the Note Trustee shall cause notice of such redemption by mailing by first-class mail a copy of the redemption notice to the Holders designated for redemption in whole or in part, at their addresses as the same shall last appear upon the registration records, in each case not more than 60 nor less than 30 days prior to the redemption date, provided, however, that failure to receive such notice, or any defect therein, shall not affect the validity of any proceedings for the redemption of such Notes. So long as the Notes are in book-entry form, notice of redemption will be given by the Note Trustee only to DTC or its successor. Redemption is conditioned upon the Note Trustee having on deposit in the Project Fund, the Capitalized Interest Account and the Collateral Fund, prior to the redemption date, sufficient moneys to redeem all of the Notes, and if the Note Trustee does not have sufficient funds for this purpose, no Notes shall be redeemed. The Note Trustee shall furnish the Borrower and the Issuer with a copy of each notice of redemption given with respect to any optional redemption under Section 3.01 hereof, as soon as practicable after the delivery of notice to the Holders.

(b) Each notice of redemption shall specify the date fixed for redemption, the redemption price, the place or places of payment, that payment will be made upon presentation and surrender of the Notes to be redeemed, that interest accrued to the date fixed for redemption will be paid as specified in said notice, and that on and after said date interest thereon will cease to accrue. If less than all the Outstanding Notes are to be redeemed, the notice of redemption shall specify the numbers of the Notes or portions thereof to be redeemed.

## **ARTICLE IV**

### **REVENUES AND FUNDS**

Section 4.01 Creation of Funds. The following trust funds are hereby created by the Issuer and ordered established with the Note Trustee to be used for the purposes as hereinafter provided in this Note Indenture:

- (a) The Capitalized Interest Fund;
- (b) The Project Fund (including an Earnings Account therein);



- c) The Note Payment Fund;
- d) The Collateral Fund; and

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- (e) The Cost of Issuance Fund.

The Note Trustee may create one or more accounts or subaccounts within any fund authorized by this Note Indenture for the purpose of accounting for funds deposited into or held in each fund or for carrying out any of the requirements of this Note Indenture. The Note Trustee may transfer funds between accounts and subaccounts within any fund.

#### **Section 4.02 Deposits into and Uses of Amounts in the Capitalized Interest Fund.**

On the Closing Date, the Note Trustee shall deposit the portion of the initial proceeds of the Notes representing a premium on the Notes (\$) in the Capitalized Interest Fund. Such amount will be equal to the interest to accrue on the Notes from their dated date to the date of their maturity and will be invested pursuant to Section 6.01 hereof. The amount on deposit in the Capitalized Interest Fund shall always equal the remaining interest payable on the Notes to their maturity date. All interest on the Notes shall be paid from the Capitalized Interest Fund. Amounts in the Capitalized Interest Fund will be used to pay interest on the Notes on each Interest Payment Date and upon maturity or prior redemption of the Notes or upon acceleration thereof. Any amounts remaining in the Capitalized Interest Fund upon redemption of the Notes shall be transferred by the Note Trustee to the Project Fund and may be used by the Borrower for approved Project costs, as provided in Section 5.02 below.

Section 4.03 Deposits into and Uses of Amounts in the Project Fund. On the Closing Date, the Note Trustee shall deposit the portion of the initial proceeds of the Notes in the amount of \$ in the Project Fund. Such amount will be loaned to the Borrower, upon requisition by the Borrower to the Note Trustee for such amounts, on a monthly basis, as provided in the Loan Agreement. Each requisition will occur on a Project Draw Date, as described in Section 5.02, below. On the Closing Date, the Note Trustee shall deposit the portion of the initial proceeds of the Notes representing accrued interest thereon, if any, in the Earnings Account of the Project Fund. Amounts in the Project Fund and the Earnings Account will be invested pursuant to Section 6.01 hereof. Earnings on amounts in the Project Fund, the Capitalized Interest Fund, and the Collateral Fund shall be deposited in the Earnings Account of the Project Fund.

Section 4.04 Note Payment Fund. Upon the maturity date or prior redemption or acceleration of the Notes, the following amounts will be transferred to the Note Payment Fund and used to pay the principal amount of the Notes: (a) The amount on deposit in the Collateral Fund, and (b) any unexpended proceeds of the Notes on deposit in the Project Fund.

Section 4.05 Non-Presentment of Notes. Subject to the provisions of Section 10.21 hereof, in the event any Notes shall not be presented for payment when the principal thereof becomes due, either at maturity or otherwise, if funds sufficient to pay such Notes shall have been made available to the Note Trustee for the benefit of the Holder or Holders thereof, all liability of the Issuer to the Holder thereof for the payment of such Note shall forthwith cease, terminate and be completely discharged, and thereupon it shall be the duty of the Note Trustee to hold such fund or funds, without liability for interest thereon, for the benefit of the Holder of

such Note, who shall thereafter be restricted exclusively to such fund or funds, for any claim of whatever nature on its part under the Indenture or on, or with respect to, such Note. Any such Notes shall cease to bear interest on the specified maturity and such Notes or portions thereof

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shall no longer be protected by or subject to the benefit or security of this Note Indenture and shall not be deemed to be outstanding under the provisions of this Note Indenture.

Section 4.06 Deposits into and Uses of Amounts in the Collateral Fund. Not less than one (1) day prior to each disbursement of proceeds of the Notes from the Project Fund, the Borrower shall cause to be deposited with the Note Trustee pursuant to the Redevelopment Agreement, and the Note Trustee, upon receipt thereof, will deposit into the Collateral Fund an amount of TIF-Related Amounts sufficient, when added to the TIF-Related Amounts and other funds then on deposit in the Collateral Fund, to satisfy the requirement of Section 4.07 after taking into account such disbursement of proceeds of the Notes from the Project Fund.

Section 4.07 Collateral Fund Limitations and Requirements. At all times, the amount of funds on deposit in the Collateral Fund, when added to the amount of proceeds of the Notes remaining in the Project Fund, will equal or exceed the principal amount of the Notes. TIF-Related Amounts made available to the Project pursuant to the Redevelopment Agreement will only be deposited into the Collateral Fund; such amounts will not be paid to the Borrower or any other third party.

Section 4.08 Collateral Fund Deposit Irrevocable. The deposit of the TIF-Related Amounts and other funds into the Collateral Fund shall constitute an irrevocable deposit with the Note Trustee for the respective benefit of the owners of the Notes. All amounts in the Collateral Fund and the Note Payment Fund shall be the exclusive property of the Note Trustee for the benefit of the Owners of the Notes.

Neither the Note Payment Fund nor the Collateral Fund, or investments thereof, shall constitute the funds or property of the Issuer or the Borrower. Each of the Issuer and the Borrower waive any right to or interest in the Note Payment Fund, the Collateral Fund, and investments thereof Neither the Issuer nor the Borrower shall have the right to direct the disposition of any funds or property on deposit in or credited to the Note Payment Fund or the Collateral Fund.

Section 4.09 Use of Collateral Fund Moneys to Pay Principal of the Notes. Upon the maturity of the Notes, upon redemption prior to maturity, or upon acceleration, the amount on deposit in the Collateral Fund shall be transferred to the Note Payment Fund and used to pay the principal amount of the Notes.

. Section 4.10 Costs of Issuance Fund. On the Closing Date, the Note Trustee shall deposit the Costs of Issuance Deposit in the Costs of Issuance Fund to pay Costs of Issuance from amounts available therein upon the written direction of the Issuer, which costs of issuance shall not exceed the amounts set forth in a certificate of the Issuer. Any funds remaining in the Costs of Issuance Fund more than one hundred eighty (180) days after the Closing Date, and not specifically committed to the payment of Costs of Issuance, shall be paid to the Borrower to the extent such funds are not Note Proceeds or otherwise restricted funds. If such remaining funds are Note Proceeds or otherwise restricted funds, such funds shall be deposited by the Note Trustee into the Note Payment Fund.

Section 4.11 Payment of Fees. In connection with the issuance of the Notes and with the Project, the Trustee will pay the following fees on behalf of the Borrower:

- a) To the Issuer, an Issuer Fee in an amount equal to 1.5% of the par amount of the Notes, payable on the Closing Date from Borrower equity;
- b) To the Issuer, a Bond Legal Reserve Fee in an amount equal to 0.10% of the par amount of the Notes, payable on the Closing Date from Borrower equity; and
- c) To the Issuer, a City Administrative Fee in an amount equal to 0.15% annually of the outstanding principal of the Notes, accruing monthly and payable to the Issuer for the full term of the Notes on the Closing Date from Borrower equity; and
- d) To the Note Trustee, an upfront fee in the amount of \$3,000 and an annual fee in the amount of \$2,000 for two years, all of which will be paid on the Closing Date from Borrower equity.

## ARTICLE V

### CUSTODY AND APPLICATION OF NOTE PROCEEDS

Section 5.01 Custody of Funds. The Capitalized Interest Fund, the Project Fund, the Collateral Fund and the Note Payment Fund shall be in the custody of the Note Trustee but in the name of the Issuer, and the Issuer hereby authorizes and directs the Note Trustee to use the amounts on deposit in the Capitalized Interest Fund, the Project Fund, the Collateral Fund and the Note Payment Fund for the purposes set forth in Article IV.

Section 5.02 Procedure for Making Disbursements from Project Fund. Each disbursement from the Project Fund shall be made on a Project Draw Date solely to pay eligible rehabilitation costs of the Project and only upon the receipt by the Note Trustee of (1) a request or requests therefor executed by the Borrower, upon requisition forms in substantially the form attached as Exhibit B hereto, (2) certification by a Borrower Representative that such costs are qualified costs pursuant to Section 142 of the Code, and (3) confirmation by the Note Trustee that an amount equal to the amount requested to be disbursed from Note proceeds has been received by the Note Trustee and deposited as required in this Note Indenture in the Collateral Fund. Draws made from the Earnings Account shall require only items (1) and (2) above. Each requisition shall evidence disbursements in accordance with Exhibit B attached hereto from (i) the Project Fund, (ii) the Earnings Account, and/or (iii) the Costs of Issuance Fund.

All disbursements from the Project Fund will be made by the Note Trustee directly to Title Services, Inc. as escrowee administering the construction loan escrow, which shall disburse such funds pursuant to such escrow to the Borrower or to the Contractor or any other contractor or supplier or other party entitled to payment for which payment is requested by the Borrower, as Borrower may request, and shall not be made more frequently than once per month.

The Note Trustee and the Issuer shall not in any event be responsible or liable to any person (other than the Borrower, but only in the case of the Note Trustee and only in the event of a failure by the Note Trustee to make disbursements following request for disbursements in

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accordance with the Documents, when such failure is within the Note Trustee's control, and after notice of such failure and a 3-day opportunity to cure such failure) for the disbursement of, or failure to disburse, moneys from the Project Fund, or any part thereof, and no contractor, subcontractor or material or equipment supplier shall have any right or claim against the Note Trustee or the Issuer under this Note Indenture.

The proceeds of the Notes shall be used or deemed used exclusively to pay costs that (i) are (A) capital expenditures (as defined in Section 1.150-1(a) of the Code's regulations) and (B) not made for the acquisition of existing property, to the extent prohibited in Section 147(d) of the Code, and (ii) are made exclusively with respect to a "qualified residential rental project" within the meaning of Section 142(d) of the Code and that for the greatest number of buildings the proceeds of the Notes shall be deemed allocated on a pro rata basis to each building in the Project and the land on which it is located so that each building and the land on which it is located will have been financed fifty percent (50%) or more by the proceeds of tax-exempt obligations for the purpose of complying with Section 42(h)(4)(B) of the Code; provided, however, the foregoing representation, covenant and warranty is made for the benefit of the Borrower and its partners and neither the Note Trustee nor the Issuer shall have any obligation to enforce this covenant nor shall they incur any liability to any person, including without limitation, the Borrower, the partners of the Borrower, any other affiliate of the Borrower or the Holders of the Notes for any failure to meet the intent expressed in the foregoing representation, covenant and warranty; and provided further, failure to comply with this representation, covenant and warranty shall not constitute a default or Event of Default under this Note Indenture.

Section 5.03 Note Trustee May Rely on Requisitions and Certifications. In making any such disbursement from the Project Fund, the Note Trustee may rely on any requests and confirmations delivered to it pursuant to Section 5.02 hereof, and the Note Trustee shall be relieved of all liability with respect to making such payments in accordance with such requests and confirmations.

Section 5.04 Completion of Project. The completion of the Project and the payment of all costs and expenses incident thereto shall be evidenced for the Project by the filing with the Note Trustee of (a) the certificate of the Borrower Representative required by the provisions of Section 3.05 of the Loan Agreement and (b) a certificate signed by the Borrower Representative stating that all obligations and costs in connection with the Project and payable out of the Project Fund have been paid and discharged except for amounts for the payment of costs of the Project not then due and payable or then in dispute and that all of the dwelling units in the Project have been placed in service for tax credit purposes; provided, however, that no amounts necessary to pay principal and interest on the Notes at maturity shall be held by the Trustee in the Project Fund beyond such maturity date. Additionally, the Borrower has agreed pursuant to Section 3.06 of the Loan Agreement that in the event that there are insufficient moneys available in the Project Fund to pay the Costs of the Project, the Borrower will complete the Project and pay the portion of the Costs of the Project in excess of the moneys available therefor in the Project Fund.

#### **Section 5.05 Disposition of Moneys in Project Fund after Completion of Project.**

Subject to the proviso in Section 5.04 above, as soon as practicable after the date of the certificate referred to in clause (b) of Section 5.04 hereof, any balance remaining in the Project Fund (other than the amounts retained by the Note Trustee referred to in Section 5.04 hereof)

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shall be transferred to the Note Payment Fund and applied to the payment of principal of the Notes.

Notwithstanding the provisions of this Section or any other provision herein set forth, none of the moneys in the Project Fund will be disbursed for or be used to pay any cost, or to reimburse the Issuer or the Borrower for any cost, which is not permitted by the Code, the Loan Agreement or this Note Indenture.

## **ARTICLE VI INVESTMENT OF**

### **FUNDS**

Section 6.01 Investment of Project Fund, Capitalized Interest Fund and Collateral Fund. Any moneys held as a part of the Project Fund (including the Earnings Account therein), the Collateral Fund or the Capitalized Interest Fund and not required for immediate disbursement and withdrawal, shall at the written direction of the Borrower be invested or reinvested by the Note Trustee in Permitted Investments.

The amount deposited in the Capitalized Interest Fund and the amounts deposited in the Project Fund on the Closing Date shall be invested at or shortly after the Closing Date in investments which mature or are redeemable by the Note Trustee without penalty at times sufficient to meet the interest payment dates on the Notes and to fund anticipated construction draws. Amounts deposited in the Collateral Fund shall be invested in investments which mature or are redeemable by the Note Trustee without penalty on or prior to the first optional redemption date of the Notes. Maturing amounts of such investments and interest income on such investments shall be invested in money market funds or in other investments which mature or are redeemable without penalty on or before the dates such funds are anticipated by the Borrower to be needed. The Note Trustee may not sell any investments at a loss. Subject to this Section 6.01, the Borrower shall, by direction from the Borrower Representative, direct the investment of amounts held in the Project Fund (including the Earnings Account therein), the Capitalized Interest Fund, and the Collateral Fund and such investments shall have maturities consonant with the need for funds as estimated by the Borrower Representative.

Section 6.02 Accounting for Termination of Investments; No Arbitrage. Subject to Section 6.01 herein, in the event the moneys in the Project Fund, the Capitalized Interest Fund or the Collateral Fund have been invested in Permitted Investments and the Permitted Investment at any time and for any reason fails to satisfy the requirements of Section 6.01 hereof, the Note Trustee shall, at the written direction of the Borrower and with the written approval of the Rating Agency, terminate any such investment, and the proceeds of such termination, shall be credited to the Project Fund, the Capitalized Interest Fund and the Collateral Fund, respectively.

All investment earnings on moneys or any investment held in any fund or account created hereunder shall be credited to the respective fund or account hereunder and used for the purposes thereof

If the Issuer is of the opinion, upon receipt of advice of Bond Counsel, that it is necessary to restrict or limit the yield on the investment of any moneys, securities or other obligations paid

to or held by the Note Trustee hereunder in order to comply with the provisions of the Documents intended to prevent any Notes from being considered "arbitrage bonds" within the meaning of Section 148 of the Code, an

authorized officer of the Issuer may give written notice to the Note Trustee and the Borrower to such effect (together with appropriate written instructions), in which event the Note Trustee will take such action as is set forth in such written instructions to restrict or limit the yield on such investment so as to comply with Section 148 of the Code.

Section 6.03 Note Trustee's Own Bond or Investment Department. The Note Trustee may make any and all investments permitted under Section 6.01 hereof through its own bond or investment department or that of any affiliate.

Section 6.04 Moneys to be Held in Trust. Subject to Section 5.02 hereof, all moneys required to be deposited with or paid to the Note Trustee for account of the Capitalized Interest Fund, the Project Fund or the Collateral Fund under any provision of this Note Indenture shall be held by the Note Trustee in trust, and shall, while held by the Note Trustee, constitute part of the Trust Estate and be subject to the lien and claim created by this Note Indenture.

The Note Trustee, acting in its capacity as Note Trustee and not as sponsor, advisor or manager in connection with any investments hereunder, shall not be liable for any loss arising from investments made in accordance with this Section, or for any loss resulting from the redemption or sale of any such investments as authorized by this Section.

## **ARTICLE VII GENERAL**

### **COVENANTS**

Section 7.01 Payment of Notes. Each and every covenant made in this Note Indenture, including all covenants made in the several sections of this Article, is predicated upon the condition that any obligation for the payment of money incurred by the Issuer shall be payable solely (a) from Revenues, which are specifically assigned to secure the payment of the Notes in the manner and to the extent specified in this Note Indenture, (b) from the moneys held in the funds and accounts created under this Note Indenture, and (c) from any other moneys held pursuant to the Trust Estate. Nothing in the Notes or in this Note Indenture shall be construed as pledging any other funds or assets of the Issuer.

The Issuer covenants that it will promptly pay, as provided herein, the principal of and interest on the Notes from the Trust Estate at the place, on the date and in the manner provided herein and in the Notes.

Section 7.02 Performance of Covenants. The Issuer covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Note Indenture, in any and every Note executed, authenticated and delivered hereunder and in all proceedings pertaining thereto, subject, however to the limitations set forth in Section 2.04 hereof. The Issuer represents and warrants that it is duly authorized under the laws of the State to issue the Notes, to enter into this Note Indenture and the Loan Agreement and to assign the

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Revenues, and that, upon issuance, authentication, and delivery the Notes are and will be valid and enforceable limited obligations of the Issuer according to the import thereof.

Section 7.03 Compliance with Laws. The Issuer will comply with all valid material acts, rules, regulations, orders and directions of any legislative, executive, administrative or judicial body applicable to this Note Indenture and the Loan Agreement.

Section 7.04 Enforcement of Borrower's Obligations. So long as any of the Notes are Outstanding, the Issuer will cooperate with the Note Trustee in enforcing the obligations of the Borrower to pay, or cause to be paid, all the payments and other costs and charges payable pursuant to the Loan Agreement. Nothing contained in this Section or in any other section of this Note Indenture shall be deemed to modify the provisions of the Constitution and Section 2.04 hereof or require that the Issuer expend any of its own funds or assets to enforce the obligations of the Borrower under the Documents.

Section 7.05 Further Assurances, Instruments and Actions. The Issuer will, from time to time, execute and deliver such further instruments, conveyances, assignments and transfers and take such further actions as may be reasonable and as may be required to better assure, convey, grant, assign or confirm the Trust Estate and all other rights, revenues or funds pledged, assigned or intended to be so pledged or assigned hereunder for the benefit of the owners of the Notes; provided, however, that no such instruments or actions shall pledge the credit or taxing power of the City, the State, or any other political subdivision of the State, or create or give rise to any monetary obligation or liability of the Issuer.

Section 7.06 Priority of Pledge. The Issuer covenants and agrees that it will not create any lien or claim upon the Revenues other than the liens and claims hereby created. Except for the assignment to the Note Trustee, the Issuer will not sell, lease or otherwise dispose of or encumber any of the Revenues, and will cooperate in causing to be discharged or satisfied any lien or charge on any part of the Trust Estate.

Section 7.07 Books and Documents Open to Inspection. The Issuer covenants and agrees that all books and documents in its possession relating to the Notes, the Project, and the moneys, revenues and receipts derived from the Project, if any, that shall at any time be in its possession, shall, within a reasonable time of a request by the Note Trustee, the Rating Agency, the Holders, or the Borrower, be open to inspection during the Issuer's regular business hours by such accountants or other agents as the Note Trustee, the Rating Agency, the Holders, or the Borrower may from time to time designate.

Section 7.08 Borrower to Indemnify and Hold Issuer and Note Trustee Harmless from Liability. The Borrower has agreed to indemnify and hold the Issuer Indemnified Parties and the Note Trustee harmless from and against liability arising out of claims as defined and as provided in Section 7.01 of the Loan Agreement.

Section 7.09 Tax-Exempt Status of Notes. The Issuer and the Note Trustee each agrees that it will not (a) take any action, (b) fail to take any action, or (c) make any use of the Project or the proceeds of the Notes, which would cause the interest on any of the Notes to be or become includible in the gross income of the owners thereof for federal income tax purposes

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(except for minimum or preference tax purposes or other indirect taxation). In connection with the foregoing, the Issuer covenants to comply with the provisions of the Tax Regulatory Agreement.

## ARTICLE VIII

## DISCHARGE

Section 8.01 Discharge of Lien. If and when the Notes secured hereby shall become due and payable in accordance with their terms as provided in this Note Indenture, or otherwise, and the whole amount of the principal and the interest so due and payable upon all of the Notes, together with all other amounts payable hereunder by the Issuer and all fees and expenses of the Note Trustee and the Issuer, shall be paid, or provision shall have been made for the payment of the same, then the right, title and interest of the Note Trustee in and to the Trust Estate and all covenants, agreements and other obligations of the Issuer to the Holders shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, upon request of the Issuer and subject to the provisions of Section 5.05 hereof, the Note Trustee shall turn over to the Borrower, so long as there shall have occurred no Event of Default which is uncured and continuing, any surplus in the Note Payment Fund and all balances remaining in any other fund created under this Note Indenture and shall assign and transfer to the Issuer all other property then held by the Note Trustee under this Note Indenture and shall execute such documents as may be reasonably required by the Issuer.

If and when the Trustee shall hold sufficient moneys hereunder, as verified to the Note Trustee in writing by an Independent public accounting firm of national reputation or other firm similarly experienced in performing such computations, to provide for payment of the whole amount of the principal and interest due and payable and thereafter to become due and payable upon all the Notes, together with all other amounts payable or which may thereafter become payable hereunder by the Issuer, notwithstanding that all the Notes have not yet become due and payable and that consequently the right, title and interest of the Note Trustee in and to the Trust Estate shall not have ceased, terminated and become void pursuant to the foregoing provisions of this Section 8.01, the Note Trustee, on demand of the Issuer but subject to the provisions of Section 5.05 hereof, shall turn over to the Borrower, so long as there shall have occurred no Event of Default which is uncured and continuing, or to such person, body or authority as may be entitled to receive the same, any surplus in the Note Payment Fund in excess of the amount sufficient to pay the whole amount of the principal and interest due and payable and thereafter to become due and payable upon all Notes together with all other amounts payable or which may thereafter become payable hereunder by the Issuer.

All outstanding Notes shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed above if (a) there shall have been deposited with the Note Trustee (as verified to the Note Trustee in writing by an Independent public accounting firm of national reputation or other firm similarly experienced in performing such computations) either (i) moneys in an amount which shall be sufficient, or (ii) Government Obligations which are not subject to redemption prior to maturity, the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Note Trustee at the same time, shall be sufficient, to pay when due the

principal and interest due and to become due on such Notes on the maturity date thereof, and (b) the Issuer shall have given the Note Trustee, in form satisfactory to it irrevocable instructions to give, as soon as practicable, a notice to the Holders of such Notes and the Rating Agency that the deposit required by (a) above has been made with the Note Trustee and that such Notes are deemed to have been paid in accordance with this Section and stating such maturity upon which moneys are to be available for the payment of the principal and interest on such Notes.



Neither the securities nor moneys deposited with the Note Trustee pursuant to this Section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal and interest, on such Notes; provided that any cash received from such principal or interest payments on such securities deposited with the Note Trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in Government Obligations (including any short term investment fund rated "Aaa" or "P-1" by the Rating Agency and secured by and investing solely in Government Obligations) maturing at times and in amounts sufficient to pay when due the principal and interest to become due on such Notes on and prior to such maturity dates thereof, as the case may be, and interest earned from such reinvestment shall be paid over to the Borrower, as received by the Note Trustee, free and clear of any trust, lien or pledge.

The release of the obligations of the Issuer under this Section 8.01 shall be without prejudice to the right of the Note Trustee provided in Section 10.04 hereof to be paid reasonable compensation for all services rendered by it hereunder and all its reasonable expenses, charges and other disbursements and those of its attorneys, agents and employees, incurred on and about the Issuer of the trust hereby created and the performance of its powers and duties hereunder, and shall not affect the obligations of the Borrower to make the payments required by the Loan Agreement or the Promissory Note.

## ARTICLE IX

### DEFAULTS AND REMEDIES

Section 9.01 Events of Default and Acceleration. If any of the following events occur, it is hereby defined as and declared to be and constitute an "Event of Default":

- a) any interest on any Note is not paid on the date on which the same becomes due; or
- b) the principal of any Note is not paid on the date on which the same becomes due, whether at the stated maturity thereof, as a result of optional redemption thereof by acceleration or otherwise; or
- c) an Event of Default occurs under the Loan Agreement; or
- d) the Issuer fails to duly and promptly perform, comply with, or observe any covenant, condition, agreement or provision (other than as specified in (a) or (b) of this Section 9.01) contained in the Notes or in this Note Indenture on the part of the Issuer to be performed, and such failure shall continue for a period of 90 days after written notice specifying such failure and requiring the same to be remedied shall have been given to the Issuer and the Borrower by

the Note Trustee, which notice may be given by the Note Trustee in its discretion and shall be given at the written request of the Holders of not less than 100% in principal amount of the Notes then Outstanding; provided, however, that if such default be such that it is correctable but cannot be corrected within 90 days, it shall not be an Event of Default if the Issuer or the Borrower is taking appropriate corrective action to cure such failure and if such failure will not impair the security for the Loan or the Notes.

If any Loan payment required under the Loan Agreement to avoid a default under (a) or (b) of this Section shall not have been received at the close of business on the last business day preceding the day on which payment must be made to avoid a default under such (a) or (b), the Note Trustee shall use its best efforts to give telephonic notice of such default to the Borrower, which telephonic notice shall be confirmed by written notice to the Borrower. If any other default shall occur under the provisions of this Section, the Note Trustee shall, within five days after having actual knowledge of such default, use its best efforts to give written notice of such default to the Issuer, the Borrower and the Holders of the Notes. A default or an Event of Default specified in (a) through (d) above shall occur even though the Note Trustee fails to give the notice required by this paragraph, the giving of such notice being intended solely to aid in the enforcement of the rights of Holders and not in limitation of such rights.

If an Event of Default specified in (a) or (b) of this Section 9.01 shall occur and be continuing, the Note Trustee, may, and upon written request of the Holders of not less than 51 % in principal amount of the Notes then Outstanding shall, declare the principal of all Notes then Outstanding to be immediately due and payable by notice in writing to that effect delivered to the Issuer and the Borrower, and upon such declaration such principal, together with interest accrued thereon, shall become immediately due and payable at the place of payment provided therein, anything in this Note Indenture or in the Notes to the contrary notwithstanding.

If an Event of Default specified in (c) or (d) of this Section 9.01 shall occur and be continuing, the Note Trustee, upon written request of the Holders of not less than 100% in principal amount of the Notes then Outstanding shall, declare the principal of all Notes then Outstanding to be immediately due and payable by notice in writing to that effect delivered to the Issuer and the Borrower, and upon such declaration such principal, together with interest accrued thereon, shall become immediately due and payable at the place of payment provided therein, anything in this Note Indenture or in the Notes to the contrary notwithstanding.

Section 9.02 Note Trustee to Enforce Rights of Issuer. Only in accordance with the provisions of this Note Indenture, the Note Trustee, as the assignee of all the right, title and interest of the Issuer in and to each of the documents constituting a part of the Trust Estate (except the Reserved Rights of the Issuer), may enforce the rights granted to the Issuer pursuant to such documents. In the enforcement of any rights or remedies under such documents, no provision of such documents shall require, and none shall be construed to require, that the Note Trustee post a bond or establish any surety of any kind as a condition precedent to exercising any such rights or remedies.

Section 9.03 Remedies in Addition to Acceleration. Upon the happening of any Event of Default, then and in every such case the Note Trustee in its discretion may, and upon the written request of the Holders of not less than 51% in principal amount of the Notes then

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Outstanding and receipt of satisfactory indemnity shall (in addition to its right or duty to accelerate as provided in Section 9.01 hereof):

a) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Holders, and require the Issuer or the Borrower to carry out any agreements with or for the benefit of the Holders and to perform its or their duties under the Documents including, but not limited to, foreclosing upon the security interest in or otherwise using funds on deposit in the Note Payment Fund pursuant to this Note

Indenture; or

- b) bring suit upon the Notes.

Section 9.04 Termination of Proceedings. In case any proceeding taken by the Note Trustee on account of any default or Event of Default shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Note Trustee, then and in every such case, the Issuer, the Note Trustee, the Holders, and the Borrower shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies and powers of the Note Trustee shall continue as though no such proceeding had been taken.

Section 9.05 Right of Holders to Direct Proceedings. No Holder of any of the Notes shall have any right to institute any suit, action or proceeding in equity or at law for the execution of any trust hereunder, or any other remedy hereunder or on the Notes, unless such Holder previously shall have given to the Note Trustee written notice of an Event of Default as hereinabove provided and unless also the Holders of not less than 51% in principal amount of the Notes then outstanding shall have made written request of the Note Trustee to do so, after the right to exercise such powers or rights of action, as the case may be, shall have accrued, and shall have afforded the Note Trustee a reasonable opportunity either to proceed to exercise the powers hereinabove granted, or to institute such action, suit or proceeding in its or their name; nor unless there also shall have been offered to the Note Trustee security and satisfactory indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Note Trustee shall not have complied with such request within a reasonable time; and such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Note Trustee, to be conditions precedent to the execution of the trusts of this Note Indenture or for any other remedy hereunder; it being understood and intended that no one or more Holders of the Notes hereby secured shall have any right in any manner whatever by its or their action to affect, disturb or prejudice the security of this Note Indenture, or to enforce any right hereunder or under the Notes, except in the manner herein provided and for the equal benefit of all Holders of Outstanding Notes. For purposes of the foregoing sentence, the Note Trustee shall be deemed to have failed to act within a reasonable time if it fails to take action within 60 days after receipt of notice and compliance with the foregoing terms and conditions, whereupon, the Holders of 51 % aggregate principal amount of the Notes may take such action in the place of the Note Trustee. Nothing in this Note Indenture contained shall, however, affect or impair the right of any Holder of Notes to enforce the payment of the principal of and interest on any Note at and after the maturity thereof, or the obligation of the Issuer to pay the principal of and interest, on each of the Notes issued hereunder to the respective Holders of the Notes at the time, place, from the source and in the manner herein and in such Notes expressed.

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Section 9.06 Remedies Vested in Trustee. All rights of action under this Note Indenture or under any of the Notes secured hereby which are enforceable by the Note Trustee may be enforced by it without the possession of any of the Notes, or the production thereof at the trial or other proceedings relative thereto, and any such suit, action or proceeding instituted by the Note Trustee shall be brought in its name for the equal and ratable benefit of the Holders of the Notes, subject to the provisions of this Note Indenture.

Section 9.07 Remedies Non-Exclusive and Cumulative. No remedy herein conferred upon or reserved to the Note Trustee or to the Holders of the Notes is intended to be exclusive of any other remedy or remedies,

and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

Section 9.08 Delays or Omissions by Note Trustee. No delay or omission of the Note Trustee or of any Holder of the Notes to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default, or any acquiescence therein; and every power and remedy given by this Article IX to the Note Trustee and to the Holders of the Notes, respectively, may be exercised from time to time and as often as may be deemed expedient.

Section 9.09 Application of Moneys. All moneys received by the Note Trustee pursuant to any right given or action taken under the provisions of this Article IX shall, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the fees, expenses and advances incurred or made by the Note Trustee and the Issuer with respect thereto, be deposited in the Note Payment Fund and all moneys so deposited in the Note Payment Fund during the continuance of an Event of Default (other than moneys for the payment of Notes which have matured or otherwise become payable prior to such Event of Default or for the payment of interest due prior to such Event of Default, which moneys shall continue to be held for such payments) shall be applied as follows:

(a) Unless the principal of all the Notes shall have become or shall have been declared due and payable, all such moneys shall be applied:

First - To the payment to the persons entitled thereto of all installments of interest then due on the Notes, in the direct order of the maturity of the installments of such interest and, if the amounts available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or privilege;

Second - To the payment to the persons entitled thereto of the unpaid principal, on any of the Notes, which shall have become due (other than Notes which have matured or otherwise become payable prior to such Event of Default and moneys for the payment of which are held in the Note Payment Fund or otherwise held by the Note Trustee), with interest on such principal from the respective dates upon which the same became due and, if the amount available shall not be sufficient to pay in full the amount of principal, and the interest due on any particular date, then to the payment ratably, according to the amount of principal due on such date, to the persons entitled thereto, without any discrimination or privilege;

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Third'- To the payment to the persons entitled thereto of all other of the Issuer's Obligations and the Borrower Obligations, and, if the amount available shall not be sufficient to pay such Obligations in full, then to the payment ratably, according to the amounts then due, to the persons entitled thereto without discrimination or privilege; and

Fourth - The remainder, if any, shall be paid over to the Borrower, its successors or assigns, or whomever may be lawfully entitled to receive the same, or as a court of competent jurisdiction may direct.

(b) If the principal of all the Notes shall have become or shall have been declared due and payable, all such moneys shall be applied to the payment of the principal of and interest then due and unpaid upon the Notes, without preference or priority of principal over interest or of interest over principal, or of any

installment of interest over any other installment of interest, or of any Note over any other Note, ratably, according to the amounts due respectively for principal and interest to the persons entitled thereto without any discrimination or privilege. Any remaining funds shall be applied in accordance with the paragraphs designated "Third" and "Fourth" of subsection (a) above.

Whenever moneys are to be applied pursuant to the provisions of this Section, such moneys shall be applied at such times, and from time to time, as the Note Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Note Trustee shall apply such funds, it shall fix the date (which shall be an interest payment date unless it shall deem another date more suitable) upon which such application is to be made, and upon such date interest on the amounts or principal to be paid on such dates shall cease to accrue. The Note Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the Holder of any Note until such Note shall be presented to the Note Trustee for appropriate endorsement or for cancellation if fully paid.

Section 9.10 Severability of Remedies. It is the purpose and intention of this Article to provide rights and remedies to the Note Trustee and Holders which may be lawfully granted under the provisions of the Act, but should any right or remedy herein granted be held to be unlawful, the Note Trustee and the Holders shall be entitled, as above set forth, to every other right and remedy provided in this Note Indenture and by law.

## ARTICLE X CONCERNING THE NOTE

### TRUSTEE

Section 10.01 Acceptance of Trusts. The Note Trustee hereby accepts the trusts hereby created and agrees to perform and execute such trusts as an ordinary prudent trustee under a corporate indenture, but only upon the additional terms set forth in this Article, to all of which the Issuer agrees and the respective Holders of the Notes agree upon and by their acceptance of delivery of any of the Notes.

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Section 10.02 Note Trustee Not Responsible for Recitals, Statements and Representations. Except as otherwise expressly provided herein, any representations or warranties by the Issuer in this Note Indenture or in the Notes contained shall be taken and construed as made by and on the part of the Issuer, and not by the Note Trustee, and Note Trustee does not assume, and shall not have, any responsibility or obligation for the correctness of any thereof.

Except for information provided by the Note Trustee concerning the Note Trustee, the Note Trustee shall have no responsibility for any information in any Official Statement or other disclosure material distributed with respect to the Notes, and the Note Trustee shall have no responsibility for compliance with any state or federal securities laws in connection with the Notes.

Section 10.03 Action by Note Trustee through and Reliance upon Others. The Note Trustee may execute any of the trusts or powers hereof and perform the duties required of it hereunder by or through

attorneys, agents, receivers or employees. The Note Trustee shall be entitled to advice of counsel concerning all matters of trust and its duties hereunder, and the written advice or opinion of such counsel shall be full and complete authorization and protection for any action taken or omitted by it in good faith and in accordance with such advice or opinion. The Note Trustee may in all cases pay such reasonable compensation to all such attorneys, agents, receivers and employees as may be reasonably employed in connection with the trusts hereof. The Note Trustee shall not be answerable for the exercise of any discretion or power under this Note Indenture or for anything whatever in connection with the trust, except only for negligence or willful misconduct with respect to its responsibilities hereunder.

Except for fraud and willful misconduct, no personal recourse may be taken, directly or indirectly, against any officer, director, employee or agent of the Note Trustee with respect to the obligations of the Note Trustee under this Note Indenture or any certificate or other writing delivered in connection therewith. The Note Trustee's immunities and protections from liability and its right to indemnification in connection with the performance of its duties and functions under this Note Indenture shall extend to the Note Trustee's officers, directors, agents and employees.

The Note Trustee's immunities and protections from liability and its right to payment of compensation and indemnification in connection with performance of its duties and functions under this Note Indenture shall survive the Note Trustee's resignation or removal and the final payment of the Notes.

Section 10.04 Fees and Expenses of Note Trustee. The Note Trustee shall be entitled to payment and/or reimbursement of such fees as the Note Trustee and the Borrower shall agree upon, to payment and/or reimbursement of reasonable fees, for its services rendered hereunder, and all advances, counsel fees and other expenses reasonably and necessarily made or incurred by the Note Trustee in connection with such services.

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Section 10.05 Note Trustee's Obligations to Take or Have Notice of Default. The Note Trustee shall not be required to take notice, or to be deemed to have notice, of any default under this Note Indenture other than a default under Section 9.01(a) or Section 9.01(b) hereof, unless specifically notified in writing of such default by the Issuer or by the Holders of not less than [25%/51%] in principal amount of the Notes then Outstanding. The Note Trustee may, however, at any time, in its discretion, require of the Issuer information and advice as to the performance of any of the covenants, conditions and agreements contained herein.

Section 10.06 Duties of Note Trustee, (a) If an Event of Default has occurred and is continuing, the Note Trustee shall exercise its rights and powers and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

b) Except during the continuance of an Event of Default,

1) The Note Trustee need perform only those duties that are specifically set forth in the Note Indenture and no others, and

2) In the absence of bad faith on its part, the Note Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed, upon certificates or opinions furnished to the Note Trustee and conforming to the requirements of this Note Indenture. However, the Note Trustee shall examine those certificates and opinions to determine whether they conform to the requirements of the Note Indenture.

c) The Note Trustee may not be relieved from liability for its own negligent action, its own negligent failure to act or its own willful misconduct, except that

1) This paragraph does not limit the effect of paragraph (b) of this Section,

2) The Note Trustee shall not be liable for any error of judgment made in good faith by a responsible officer of the Note Trustee, unless it is proved that the Note Trustee was negligent in ascertaining the pertinent facts,

3) The Note Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it in accordance with this Note Indenture, and

4) No provision of this Note Indenture shall require the Note Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers.

d) The Note Trustee's immunities and protections from liability and its right to indemnification in connection with the performance of its duties under this Note Indenture shall extend to the Note Trustee's officers, directors, agents, attorneys and employees. Such immunities and protections and right to indemnification, together with the Note Trustee's right to

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compensation, shall survive the Note Trustee's resignation or removal, the defeasance or discharge of this Note Indenture and final payment of the Notes.

e) Except as otherwise provided in this Article, the Note Trustee shall be under no obligation to take any action in respect of any default, or toward the execution or enforcement of any of the trusts hereby created, or to institute, appear in or defend any suit or other proceeding in connection therewith, unless requested in writing so to do by the Holders of not less than 51% in principal amount of the Notes then Outstanding, and if in its opinion such action may tend to involve it in expense or liability, unless furnished, from time to time as often as it may require, with security and satisfactory indemnity. The foregoing provisions are intended only for the protection of the Note Trustee, and shall not affect any discretion or power given by any provision of this Note Indenture to the Note Trustee to take action in respect of any default without such notice or request from the Holders, or without such security or indemnity.

f) Every provision of this Note Indenture that in any way relates to the Note Trustee is subject to paragraphs (a) through (e) of this Section.

Section 10.07 Note Trustee May Rely Upon Instruments. The Note Trustee shall be under no duty to

make any investigation or inquiry as to any statements contained or matters referred to in any indenture, notice, telegram, request, consent, waiver, certificate, statement, affidavit, voucher, bond, requisition or other paper or document which it shall in good faith believe to be genuine and to have been passed or signed by the proper board, body or person or to have been prepared and furnished pursuant to any of the provisions of the Note Indenture or the Documents, but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements, and shall be protected and shall incur no liability in acting or proceeding in good faith in reliance thereon. The Note Trustee shall not be bound to recognize any person as a Holder of any Note or to take any action at his request unless satisfactory evidence of the ownership of such Note shall be furnished to the Note Trustee.

Section 10.08 Note Trustee May Own and Deal in Notes and Deal with Issuer and Borrower. The Note Trustee may in good faith buy, sell, own, hold and deal in any of the Notes issued hereunder and secured by this Note Indenture, and may join in any action which any Holder may be entitled to take with like effect as if the Note Trustee were not a party to this Note Indenture. The Note Trustee, either as principal or agent, may also engage in or be interested in any financial or other transaction with the Issuer or the Borrower or any related entity, and may act as depository, trustee, or agent for any committee or body of Holders of the Notes secured hereby or other obligations of the Issuer as freely as if it were not Note Trustee hereunder.

Section 10.09 Financial Liability of the Note Trustee. No provision of this Note Indenture will require the Note Trustee to expend or risk its own funds or otherwise incur or risk any financial liability in the performance of any of its duties under this Note Indenture, or in the exercise of any of its rights or powers if it will have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

Except as may otherwise be provided in this Note Indenture, the Note Trustee will have the right to demand, in respect to the authentication of any Notes or the release of any property,

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any showings, certificates, opinions (including Opinions of Counsel), appraisals or other information, or corporate action or evidence thereof, in addition to that by the terms hereof or of the Loan Agreement required as a condition of such action by the Note Trustee deemed desirable for the purpose of establishing the right of the Issuer or the Borrower to the authentication of any Notes, or the release of any property.

#### **Section 10.10 Note Trustee May Construe Ambiguous or Inconsistent Provisions.**

The Note Trustee may construe any of the provisions of the Note Indenture insofar as the same may appear to be ambiguous or inconsistent with any other provisions hereof.

Section 10.11 Resignation of Note Trustee. The Note Trustee may at any time resign and be discharged of the duties and obligations created by this Note Indenture by giving not less than 60 days written notice to the Issuer specifying the date when such resignation shall take effect and such resignation shall take effect upon the day specified in such notice unless previously a successor shall have been appointed, in which event such resignation shall take effect immediately on the appointment of such successor, provided that such resignation shall not take effect unless and until a successor shall have been appointed.

Section 10.12 Removal of Note Trustee. The Note Trustee shall be removed by the Issuer if at any time so requested by an instrument or concurrent instruments in writing, filed with the Note Trustee and the Issuer,



and signed by the Holders of a majority in principal amount of the Notes then Outstanding or their attorney-in-fact duly authorized, excluding any Notes held by or for the account of the Issuer. The Issuer may also remove the Note Trustee at any time, except during the existence of any event of default as defined in Section 9.01 hereof, for cause or breach of trust or for acting or proceeding in violation of, or failing to act or proceed in accordance with any provision of this Note Indenture with respect to the duties and obligations of the Note Trustee by filing with the Note Trustee an instrument signed by an authorized officer of the Issuer. A copy of each such instrument providing for any such removal shall be delivered by the Issuer to any Holder who shall have filed his name and address with the Issuer.

Section 10.13 Appointment of Successor Note Trustee. In case at any time the Note Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged bankrupt or insolvent, or if a receiver, liquidator or conservator of the Note Trustee, or of its property, shall be appointed, or if any public officer shall take charge or control of the Note Trustee, or of its property or affairs, the Issuer covenants and agrees that it will thereupon appoint a successor Note Trustee.

If in a proper case no appointment of a successor Note Trustee shall be made pursuant to the foregoing provision of this Section within 45 days after the Note Trustee shall have given to the Issuer written notice, as provided in Section 10.12 hereof or at any time after a vacancy in the office of the Note Trustee shall have occurred by reason of its inability to act, the Note Trustee or the Holder of any Note may apply to any court of competent jurisdiction to appoint a successor Note Trustee. Said court may thereupon, after such notice, if any, as such court may deem proper, prescribe and appoint a successor Note Trustee.

Any Note Trustee appointed under the provision of this Section 10.13 in succession to the Note Trustee shall be a bank or trust company or national banking association with trust powers,

having a combined capital, surplus and undivided profits of at least \$50,000,000 if there be such a bank or trust company or national bank association willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by this Note Indenture.

Section 10.14 Appointment of Successor Note Trustee by Court. In case at any time the Note Trustee shall resign and no appointment of a successor Note Trustee shall be made pursuant to the foregoing provisions of this Article prior to the date specified in the notice of resignation as the date when such resignation shall take effect, the retiring Note Trustee may forthwith apply to a court of competent jurisdiction for the appointment of a successor Note Trustee. If no appointment of a successor Note Trustee shall be made pursuant to the foregoing provisions of this Article within forty-five (45) days after a vacancy shall have occurred in the office of Note Trustee, the Holder of any Note may apply to any court of competent jurisdiction to appoint a successor Note Trustee. Such court may thereupon, after such notice, if any, as it may deem proper, prescribe and appoint a successor Note Trustee.

Section 10.15 Acceptance of Trust by Successor Note Trustee. Any successor Note Trustee appointed hereunder shall execute, acknowledge and deliver to the Issuer and the Rating Agency an instrument accepting such appointment hereunder, and thereupon such successor Note Trustee, without further act, deed or conveyance, shall become duly vested with all the estates, property, rights, powers, trust, duties and obligations of its predecessor in the trust hereunder, with like effect as if originally named Note Trustee herein. Upon request of such Note Trustee, the Note Trustee ceasing to act and the Issuer shall execute and deliver an

instrument transferring to such successor Note Trustee all the estates, property, rights, powers and trusts hereunder of the Note Trustee so ceasing to act, and the Note Trustee so ceasing to act shall pay over to the successor Note Trustee all moneys and other assets at the time held by it hereunder.

**Section 10.16 Merger or Consolidation of Note Trustee with Another Corporation.**

Any corporation into which any Note Trustee hereunder may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which any Note Trustee hereunder shall be a party, or to which it may sell or transfer its corporate trust business and assets as a whole or substantially as a whole, shall be the successor Note Trustee under this Indenture without the execution or filing of any paper or any further act on the part of the parties hereto, anything herein to the contrary notwithstanding.

**Section 10.17 Action of Note Trustee during Existence of an Event of Default.**

Notwithstanding any other provisions of this Article, the Note Trustee shall, during the existence of an Event of Default known to the Note Trustee, exercise such of the rights and powers vested in it by the Note Indenture and use the same degree of skill and care in their exercise as a prudent person would use and exercise under the circumstances.

Section 10.18 Notice of an Event of Default. Notwithstanding anything herein to the contrary, upon the occurrence of an Event of Default known to the Note Trustee, the Note Trustee shall within 30 days give written notice thereof to the Issuer, to the Rating Agency, and to each Holder at its last address appearing upon the registration books of the Issuer kept by the Note Trustee unless such Event of Default shall have been cured before the giving of such notice.

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Section 10.19 Note Trustee May Intervene. In any judicial proceeding to which the Issuer is a party and which, in the opinion of the Note Trustee and its counsel, has a substantial bearing on the interests of Holders of the Notes, the Note Trustee may intervene on behalf of the Holders of the Notes and shall, upon receipt of satisfactory indemnity do so if requested in writing by the Holders of not less than 51% in principal amount of Notes then outstanding, if such intervention is permitted by the court having jurisdiction in the premises.

Section 10.20 Unclaimed Moneys. Anything in this Note Indenture to the contrary notwithstanding, any moneys held by the Note Trustee in trust for the payment and discharge of any Notes which remain unclaimed for a period up to six months, prior to the date when such moneys would escheat under applicable law and after the date when such Notes have become due and payable either at their stated maturity dates, if such moneys were held by the Note Trustee at such date, or for a period up to six months prior to the date when such moneys would escheat under applicable law if deposited with the Note Trustee after such date when all Notes became due and payable, shall be paid by the Note Trustee to the Issuer as its absolute property and free from trust, and the Note Trustee shall thereupon be released and discharged. Thereafter, any person having a claim against any such moneys shall look solely to the Issuer for payment of the same.

Section 10.21 Appointment of Co-Note Trustee. It is the purpose of this Note Indenture that there shall be no violation of any law of any jurisdiction (including particularly the law of the State) denying or restricting the right of banking corporations or associations to transact business as a trustee in such jurisdiction. It is recognized that in case of litigation under this Note Indenture or the Loan Agreement, and in particular in case of the enforcement thereof on default, or in the case the Note Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies herein granted to the

Note Trustee or hold title to the properties, in trust, as herein granted, or take any, action which may be desirable or necessary in connection therewith, it may be necessary that the Note Trustee appoint an additional individual or institution as a separate or co-note trustee. The following provisions of this Section are adopted to these ends.

In the event that the Note Trustee appoints an additional individual or institution as a separate or co-note trustee, each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Note Indenture to be exercised by or vested in or conveyed to the Note Trustee with respect thereto shall be exercisable by and vest in such separate or co-note trustee but only to the extent necessary to enable such separate or co-note trustee to exercise such powers, rights and remedies, and every covenant and obligation necessary to the exercise thereof by such separate or co-note trustee shall run to and be enforceable by either of them.

Approval in writing from the Issuer, not to be unreasonably withheld or delayed, shall be required prior to the appointment of the separate or co-note trustee by the Note Trustee. All such instruments in writing shall, on request, be executed, acknowledged and delivered by the Issuer at the expense of the Borrower. In case any separate or co-note trustee or a successor to either shall die, become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such separate or co-note trustee, so far as permitted by

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law and so approved by the Issuer, shall vest in and be exercised by the Note Trustee until the appointment of a successor to such separate or co-note trustee.

Section 10.22 Financing Statements. Pursuant to Section 5.04 of the Loan Agreement, the Borrower shall perfect, or shall cause to be perfected any security interest created hereunder by the filing of financing statements which fully comply with the State of Illinois Uniform Commercial Code - Secured Transactions. Notwithstanding the foregoing, the Note Trustee shall file all necessary continuation statements with respect to any such original financing statements of which a legible copy showing the date and place of filing, is delivered to the Note Trustee, at the expense of the Borrower within the time prescribed by the State of Illinois Uniform Commercial Code-Secured Transactions.

## **ARTICLE XI**

### **MODIFICATION OF NOTE INDENTURE AND OTHER DOCUMENTS**

Section 11.01 Limitation on Amendments to this Note Indenture. This Note Indenture shall not be modified or amended in any respect except as provided in accordance with and subject to the provisions of this Article.

**Section 11.02 Amendments to Note Indenture and Loan Agreement Not Requiring Consent of Holders.**

(a) The Issuer and the Note Trustee may, from time to time and at any time, without the consent of Holders, enter into agreements supplemental to this Note Indenture and the Loan Agreement as follows:

1) to specify and determine any matters and things relative to Notes which shall not materially adversely affect the interest of the Holders;

2) to cure any formal defect, omission or ambiguity in this Note Indenture or the Loan Agreement if such action does not materially adversely affect the rights of the Holders;

3) to grant to or confer upon the Note Trustee for the benefit of the Holders any additional rights, remedies, powers, authority or security which may lawfully be granted or conferred and which are not contrary to or inconsistent with this Note Indenture as heretofore in effect;

4) to add to the covenants and agreements of the Issuer in this Note Indenture or the Loan Agreement other covenants and agreements to be observed by the Issuer which are not contrary to or inconsistent with this Note Indenture or the Loan Agreement as theretofore in effect;

5) to add to the limitations and restrictions in this Note Indenture or the Loan Agreement, other limitations and restrictions to be observed by the Issuer which are not contrary to or inconsistent with this Note Indenture or the Loan Agreement as theretofore in effect;

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6) to confirm, as further assurance, any pledge under and the subjection to any claim, lien or pledge created, or to be created by, this Note Indenture, of the Revenues or of any other moneys, securities or funds; or

7) to modify, amend or supplement this Note Indenture or the Loan Agreement in any respect which, in the judgment of the Note Trustee, is not materially adverse to the interests of the owners of the Notes.

b) Before the Issuer shall enter into any agreement supplemental to this Note Indenture pursuant to this Section, there shall have been filed with the Note Trustee an opinion of Bond Counsel stating that such supplemental indenture is authorized or permitted by this Note Indenture and complies with its terms, and that upon adoption it will be valid and binding upon the Issuer in accordance with its terms. The opinion of counsel filed with the Note Trustee shall also state that the effectiveness of the supplemental indenture will not adversely affect the exclusion of interest on the Notes from gross income for federal income tax purposes.

c) The Note Trustee shall send written notice to the Rating Agency and the Borrower of any amendment to this Indenture or the Loan Agreement.

### **Section 11.03 Amendments to Note Indenture Requiring Consent of Holders.**

a) Subject to the terms and provisions contained in this Section and not otherwise, the Holders of not less than 66 2/3% in aggregate principal amount of the Notes then outstanding shall have the right, from time to time, to consent to and approve the execution and delivery by the Issuer and the Note Trustee of any agreement supplemental to this Note Indenture as shall be deemed necessary or desirable by the Issuer and the Note Trustee for the purposes of modifying, altering, amending, adding to or rescinding any of

the terms or provisions contained in this Note Indenture; provided, however, that, unless approved in writing by the Holders of all of the Notes then outstanding, nothing herein contained shall permit, or be construed as permitting, (i) a change in the terms of maturity of the principal of or the interest on any Outstanding Note, or a reduction in the principal amount of any outstanding Note or the rate of interest thereon, or (ii) the creation of a claim or lien upon, or a pledge or assignment of, the Trust Estate ranking prior to or on a parity with the claim, lien, assignment or pledge created by this Note Indenture, or the release of the Trust Estate or any part thereof (except to the extent permitted pursuant to the Documents), or (iii) a preference or priority of any Note or Notes over any other Note or Notes, or (iv) a reduction in the aggregate principal amount of the Notes required for any action or consent by Holders set forth in this Note Indenture, including (without limitation) that required for consent to such supplemental note indentures. This Section shall not limit or otherwise affect the ability of the Issuer to enter into agreements supplemental to this Note Indenture without the consent of the Holders pursuant to Section 11.02 hereof.

b) If at any time the Issuer and the Note Trustee shall determine to enter into any supplemental note indenture for any of the purposes of this Section, the Note Trustee shall cause written notice of the proposed supplemental note indenture to be given to all Holders of the Notes; provided, however, that failure to give such notice or any defect therein, shall not affect the validity of any proceedings pursuant hereto. Such notice shall briefly set forth the nature of

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the proposed supplemental indenture and shall state that a copy thereof is on file at the Trust Office of the Note Trustee for inspection by all Holders.

c) Within 120 days after the date of giving such notice, the Issuer and the Note Trustee may enter into such supplemental note indenture in substantially the form described in such notice only if there shall have first been filed with the Issuer (i) the written consents of Holders of not less than 66 2/3% in aggregate principal amount of the Notes then outstanding (or 100% if required hereunder) and (ii) an opinion of counsel stating that (1) such supplemental note indenture is authorized or permitted by this Note Indenture and complies with its terms, and that upon adoption it will be valid and binding upon the Issuer in accordance with its terms and (2) the effectiveness of the supplemental note indenture will not affect the exemption from federal income taxes of the interest on the Notes.

d) If the Holders of not less than the percentage of Notes required by this Section shall have consented to and approved the supplemental indenture as herein provided, no Holder of any Note shall have any right to object to such supplemental note indenture, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety thereof, or to enjoin or restrain the Issuer or the Note Trustee from entering into the same or from taking any action pursuant to the provisions thereof.

e) Upon the effectiveness of any supplemental note indenture entered into pursuant to the provisions of this Section, this Note Indenture shall be, and be deemed to be, modified and amended in accordance therewith, and the respective rights, duties and obligations under this Note Indenture of the Issuer, the Note Trustee and all Holders of Notes then outstanding shall thereafter be determined, exercised and enforced under this Note Indenture subject in all respects to such modifications and amendments.

f) The Note Trustee shall send written notice to the Rating Agency of any amendment to this Note Indenture.'

Section 11.04 Supplemental Note Indentures Part of Note Indenture. Any supplemental note indenture entered into in accordance with the provisions of this Article shall thereafter form a part of this Note Indenture and all the terms and conditions contained in any such supplemental note indenture as to any provision authorized to be contained therein shall be and shall be deemed to be a part of the terms and conditions of this Note Indenture for any and all such purposes.

Section 11.05 Required Consent. Notwithstanding anything herein to the contrary, the Note Trustee shall not be required to enter into or consent to any supplemental note indenture or any amendment of any other Document that would materially adversely affect the rights, obligations, powers, privileges, indemnities, immunities or other security provided the Note Trustee herein or therein, except to the extent necessary, as set forth in an opinion of Bond Counsel, to preserve the exclusion of interest on the Notes from gross income for federal income tax purposes.

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Section 11.06 Amendments to Documents Requiring Consent of Holders. Except as provided in Section 11.02 of this Note Indenture, the Issuer and the Note Trustee shall not consent to any amendment, change or modification of the Documents without the giving of notice and the written approval or consent of the Holders of the Notes at the time Outstanding given and procured as provided in Section 11.03 hereof; provided, however, no such separate approval or consent shall be required in connection with the issuance of refunding notes if any required consent of the required number of Holders to the issuance thereof shall have been previously obtained. If at any time the Issuer and the Borrower shall request the consent of the Note Trustee to any such proposed amendment, change or modification, the Note Trustee shall cause notice of such proposed amendment, change, or modification to be given in the same manner as provided by Section 11.03 hereof with respect to supplemental indentures. Such notice shall briefly set forth the nature of such proposed amendment, change or modification and shall state that copies of the instrument embodying the same are on file at the Trust Office of the Note Trustee for inspection by all Holders.

## ARTICLE XII TIF-RELATED AMOUNTS

Section 12.01 TIF Bridge Loan. The proceeds of the Loan to be made to the Borrower under the Loan Agreement (the "Loan Proceeds") will be used by the Borrower to pay directly or reimburse TIF-eligible costs of acquiring and renovating the Project. Each disbursement of Loan Proceeds is conditioned upon there being deposited in the Collateral Fund by the Borrower cash in an amount equal to the amount of Loan Proceeds being disbursed out of the Project Fund to pay TIF-eligible costs. The Borrower intends to obtain such cash from the proceeds of the TIF Loan being made to the Borrower by BHCDC ("TIF Loan Proceeds"). The Borrower anticipates, however, that Loan Proceeds will be needed to be disbursed out of the Project Fund during the course of renovating the Project at times when TIF Loan Proceeds are not yet available for deposit

into the Collateral Fund as required by this Note Indenture. Accordingly, the Borrower intends to obtain a bridge loan (the "TIF Bridge Loan") to provide funds, on an interim basis, that the Borrower can use to make deposits into the Collateral Fund as required by this Indenture. The principal amount of the TIF Bridge Loan will be repaid by the Borrower from the TIF Loan Proceeds, when and as received by the Borrower, and interest on the TIF Bridge Loan will be paid by the Borrower from capital contributions made to the Borrower from its partners and/or a tax credit equity bridge loan.

Section 12.02 TIF Bridge Loan Proceeds. In the event that the Borrower uses proceeds of the TIF Bridge Loan ("TIF Bridge Loan Proceeds") for any deposit by the Borrower into the Collateral Fund, the Borrower shall notify the Note Trustee of the amount of TIF Bridge Loan Proceeds so used. If, subsequently, TIF Loan Proceeds are deposited with the Note Trustee (either by the City (pursuant to a direction to do so by BHCDC), by BFICDC (pursuant to a direction to do so by the Borrower), or by the Borrower), then such TIF Loan Proceeds shall be deposited by the Note Trustee in the Collateral Fund and, concurrently therewith, and subject to Section 4.07, the Note Trustee shall disburse the same amount from the Collateral Fund to or as directed by the Borrower to the lender of the TIF Bridge Loan.

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Notwithstanding anything contained in this Note Indenture to the contrary, the lender of the TIF Bridge Loan is an intended express third party beneficiary of this ARTICLE XII.

Notwithstanding anything contained in this Note Indenture or the Loan Agreement to the contrary, TIF Loan Proceeds may be used to repay the TIF Bridge Loan.

Notwithstanding anything contained in this Note Indenture or the Loan Agreement to the contrary, the Issuer shall disburse TIF Funds solely pursuant to the terms of the Redevelopment Agreement.

## ARTICLE XIII MISCELLANEOUS

Section 13.01 Note Indenture for Benefit of Issuer, Note trustee and Holders. Except as herein otherwise specifically provided, nothing in this Note Indenture expressed or implied is intended or shall be construed to confer upon any person, other than the Issuer, the Note Trustee and the Holders of the Notes, any right, remedy or claim under or by reason of this Note Indenture, this Note Indenture being intended to be for the sole and exclusive benefit of the Issuer and the Note Trustee and the Holders of the Notes; provided that this Note Indenture shall also be for the benefit of the Borrower, and the Borrower shall be deemed to be a third-party beneficiary of and in connection with those matters in which the terms of this Note Indenture fairly construed are indicative that they are for the benefit of the Borrower.

Section 13.02 Severability. In case any one or more of the provisions of this Note Indenture or of the Notes for any reason, is held to be illegal or invalid such illegality or invalidity shall not affect any other provisions of this Note Indenture or the Notes, and this Note Indenture and the Notes shall be construed and enforced to the end that the transactions contemplated hereby be effected and the obligations contemplated hereby be enforced as if such illegal or invalid provisions had not been contained therein. No personal recourse may be taken, directly or indirectly, against any past, present or future officer, director,

employee or agent of the Issuer with respect to the obligations of the Issuer under this Note Indenture or any certificate or other writing delivered in connection therewith. The Issuer's immunities and protections from liability and its right to indemnification in connection with the performance of its duties and functions under this Note Indenture shall extend to the Issuer's past, present and future officers, directors, employees and agents.

Section 13.04 Governing Law. The laws of the State shall govern the construction of this Note Indenture and of all Notes issued hereunder, without reference to its conflict of laws principles.

### **Section 13.05 Notices; Publication of Notice**

(a) All notices, advice, certifications or other communications hereunder between the Issuer and the Note Trustee shall be sufficiently given and shall be deemed given when delivered by hand or overnight courier, or mailed by certified or registered mail, postage prepaid, return receipt requested, or transmitted by electronic means (including, without limitation, facsimile transmission) addressed to the appropriate Notice Address. The Issuer or the

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Note Trustee may, by notice given hereunder, designate any further or different addresses to which subsequent notices, advice, certifications or other communications shall be sent. Notices to persons other than the Issuer or the Note Trustee (such as, for example, notices to owners of Notes) shall be governed by the other applicable provisions of this Note Indenture.

(b) Whenever the Issuer or the Note Trustee is required or permitted to give or publish notice of any event or occurrence under this Note Indenture, such notice shall be given or published in such manner and by such means as the Issuer or the Note Trustee, as the case may be, shall determine to be appropriate. Such publication may be by (but is not limited to) any of the following means: (1) publication in one or more newspapers or trade journals selected by the Issuer or the Note Trustee, as the case may be; (2) publication by or through one or more financial information reporting services; (3) delivery to one or more "nationally recognized municipal securities information repositories" (as such terms is defined in Securities and Exchange Commission Rule 15c2-12) or any successor repository or entity fulfilling a substantially similar or like role; or (4) by mailing a copy of such notice by first class mail, postage prepaid, to the person entitled to receive the notice at such person's address as shown on the records of the Issuer or the Note Trustee.

Section 13.06 Note Trustee as Paying Agent and Note Registrar. The Note Trustee is hereby designated and agrees to act as paying agent and Bond registrar for and in respect to the Notes.

Section 13.07 Execution of Instruments by Holders and Proof of Ownership of Notes. Any request, direction, consent or other instrument in writing required or permitted by this Note Indenture to be signed or executed by Holders may be in any number of concurrent instruments of similar tenor and may be signed or executed by such Holders in person or by agent appointed by an instrument in writing. Proof of the execution of any such instrument and of the ownership of the Notes shall be sufficient for any purpose of this Note Indenture and shall be conclusive in favor of the Note Trustee with regard to any action taken by it under such instrument if made in the following manner:

a) The fact and date of the execution by any person of any such instrument may be proved



by the certificate of any officer in any jurisdiction who, by the laws thereof, has power to take acknowledgments within such jurisdiction, to the effect that the person signing such instrument acknowledged before him the execution thereof, or by an affidavit of a witness to such execution.

b) The ownership of Notes shall be conclusively proved by the registration books kept under the provisions of Section 2.09 of this Note Indenture.

Nothing contained in this ARTICLE shall be construed as limiting the Note Trustee to such proof, it being intended that the Note Trustee may accept any other evidence of the matters herein stated which to it may seem sufficient. Any request or consent of the Holder of any Note shall bind every future Holder of the same Note in respect of anything done by the Note Trustee pursuant to such request or consent.

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Section 13.08 Counterparts. This Note Indenture may be simultaneously executed in several counterparts, each of which shall be an original, but all of which shall constitute but one and the same instrument.

Section 13.09 Successors and Assigns. All the covenants and representations contained in this Note Indenture, by or on behalf of the Issuer, shall bind and inure to the benefit of its successors and assigns, whether expressed or not.

Section 13.10 Books, Records and Accounts. The Note Trustee agrees to keep proper books, records and accounts in which complete and correct entries shall be made of all transactions relating to the receipt, disbursements, investment; allocation and application of the proceeds received from the sale of the Notes, the revenues received from the Funds created pursuant to this Note Indenture and all other money held by the Note Trustee hereunder. The Note Trustee shall make such books, records and accounts available for inspection by the Issuer or the Holder of any Note during reasonable hours and under reasonable conditions.

Section 13.11 HUD and GNMA Requirements to Control. Notwithstanding anything in this Note Indenture to the contrary, the provisions of this Note Indenture and the Loan Agreement are subject and subordinate to the National Housing Act, all applicable HUD insurance regulations and related administrative requirements and the Mortgage Loan Documents and all applicable GNMA regulations and related administrative requirements (all as set forth in the Bond Indenture); and in the event of any conflict between the provisions of this Note Indenture or the Loan Agreement and the provisions of the National Housing Act, any applicable HUD regulations, related administrative requirements and the Mortgage Loan Documents, any applicable GNMA regulations and related administrative requirements, the said National Housing Act, HUD regulations, related administrative requirements and Mortgage Loan Documents, and the said GNMA regulations and related administrative requirements shall be controlling in all respects.

Section 13.12 HUD Regulations. Notwithstanding anything in this Note Indenture to the contrary, the Issuer, its designee or any person shall not and cannot acquire or succeed to Grand Boulevard Housing IV, LLC's interest as general partner of the Borrower or exercise Grand Boulevard Housing IV, LLC's rights or powers as such general partner unless and until the Issuer, its designee or any person first complies with all HUD requirements pertaining to transfers of physical assets and received HUD's written preliminary approval.

Prior to satisfying the requirements pertaining to transfers of physical assets neither the Issuer, its designee nor any person will assert any claim or interest in the HUD Project (HUD Project No. 071-35889) by reasons of the provisions of this Note Indenture. Except as otherwise set forth herein or in the Loan Agreement, any claim asserted against the Project shall not be a personal liability of the Borrower but shall instead be a limited obligation payable solely from the Borrower's interest in, and Surplus Cash (as defined in the HUD Regulatory Agreement) revenues derived from, the Project.

**Section 13.13 Enforcement Not to Affect Mortgage Loan or GNMA Security**

Notwithstanding any provision in this Note Indenture to the contrary, enforcement of this Note Indenture and the Loan Agreement will not result in any claim under the Mortgage Loan, or claim against the Project, the Mortgage Loan proceeds, any reserve or deposit made with the

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GNMA Issuer (as defined in the Bond Indenture) or another Person required by HUD in connection with the Mortgage Loan, or against the rents or other income from the Project (other than available "Surplus Cash," as defined in the HUD Regulatory Agreement) for payment hereunder.

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IN WITNESS WHEREOF, the Issuer has caused this Note Indenture to be signed in its name and behalf by its authorized officer and its official seal to be hereunto affixed and attested by its authorized officer, the Clerk, of the Issuer has approved this Note Indenture and the determination of the Issuer herein, and the Note Trustee has caused this Note Indenture to be signed in its name by one of its duly authorized officers, and the same to be attested by an authorized officer, all as of the day and year first above written.

**CITY OF CHICAGO, ILLINOIS,**  
as Issuer

Chief Financial Officer

Attest:

City Clerk

[Signature Page To Note Indenture]

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[Counterpart Signature Page To Note Indenture]

**SEAWAY BANK AND TRUST COMPANY,**  
as Note Trustee

By:  
Name:  
Title:

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CONSENT AND AGREEMENT OF BORROWER

For and in consideration of the issuance of the Notes by the Issuer, the Borrower consents to and approves the Note Indenture in all respects. In addition, the Borrower agrees that whenever the Note Indenture by its terms imposes any duty or obligation on 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 Note Indenture, and the Borrower agrees to carry out and perform its duties and obligations thereunder.

**PGS BRONZEVILLE III LIMITED  
PARTNERSHIP,**  
an Illinois limited partnership

By: Grand Boulevard Housing IV, LLC, an Illinois  
limited liability company, its General Partner

**By: Peoples Co-Op for Affordable Elderly Housing,**  
an Illinois not-for-profit corporation, its Manager

By:  
Fred L. Bonner, Chief Executive Officer

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**EXHIBIT A FORM OF SERIES 2016 NOTES**

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

**Multi-Family Housing Revenue Notes (Paul G. Stewart Apartments  
Phase III Tower Project),  
Series 2016**

MAXIMUM PRINCIPAL AMOUNT:

No. R-1

\$

Maturity Date

Dated Date

Interest Rate

CUSIP No.

Registered Owner: CEDE & CO.

Maximum Principal Amount:

City of Chicago, a municipality and home rule unit of government duly organized and validly existing under the Constitution and the laws of the State of Illinois (the "Issuer"), for value received, hereby promises to pay (but only from the revenues and other assets and in the manner hereinafter described) to the Registered Owner specified above or registered assigns (the "Holder") (subject to any right of prior redemption provided for in the Note Indenture referred to below), no later than the stated Maturity Date set forth above, the principal

amount set forth above and to pay interest on the principal amount set forth above as provided herein until said principal amount shall have been fully paid, in lawful money of the United States of America which on the date of payment is legal tender for the payment of public and private debts, upon the presentation and surrender (upon maturity or earlier redemption) at the corporate trust office of Seaway Bank and Trust Company, an Illinois state banking corporation having its principal corporate trust office in Chicago, Illinois, or its successor in trust (the "Note Trustee" or "Trustee"), and to pay interest thereon (but only out of Revenues) to the registered owner hereof from the Dated Date identified above until maturity, at the Interest Rate per annum identified above (subject to adjustment or change as herein provided), payable at the times and in the manner hereinafter set forth. Principal hereof shall be payable, upon the request of any registered holder of Note on the applicable Record Date having an aggregate principal amount of \$1,000,000 or more, by wire transfer of immediately available funds from the Note Trustee to the bank and account number specified by such holder to the Note Trustee in writing. All interest hereon shall be paid by check or draft mailed by the Note Trustee to the registered owner hereof

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at his address as it appears on the registration books of the Issuer, or, upon the request of any registered holder of Notes having an aggregate principal amount of \$1,000,000 or more, by wire transfer of immediately available funds from the Trustee to the bank and account number provided by such registered owner to the Note Trustee in writing, such interest to the maturity hereof being payable on the [twentieth (20<sup>th</sup>)] day of each month, commencing \_\_\_\_\_, 201\_, in lawful money of the United States of America which on the respective dates of payment thereof is legal tender for the payment of public and private debts.

This Note is one of an issue of the \_\_\_\_\_ City of Chicago Multi-Family Housing Revenue Notes (Paul G. Stewart Apartments Phase III Tower Project), Series 2016 (the "Notes"), of like date and tenor, except as to number and denomination, issued under and pursuant to Article VII, Section 6 of the 1970 Constitution of the State of Illinois, and pursuant to the Ordinance adopted by the Issuer on \_\_\_\_\_, 2016. The Notes are issued under and are equally and ratably secured as to principal, premium, if any, and interest by a Note Indenture dated as of October 1, 2016, from the Issuer to the Note Trustee (the "Note Indenture"), to which Note Indenture and all indentures supplemental thereto (copies of which are on file at the office of the Note Trustee) reference is hereby made. By the acceptance of this Note, the Holder hereof assents to all of the provisions of the Note Indenture.

The Notes are limited obligations of the Issuer, payable solely from funds, moneys and securities held by the Note Trustee under the Note Indenture and amounts derived under the Loan Agreement (as defined in the Note Indenture), including amounts derived from the Redevelopment Agreement described herein.

The Notes, together with premium, if any, and interest thereon, do not constitute an indebtedness, liability, general or moral obligation or a pledge of the full faith or loan of credit of the Issuer, the State of Illinois, or any political subdivision of the State of Illinois within the meaning of any constitutional or statutory provisions. None of the Issuer, the State of Illinois or any political subdivision thereof shall be obligated to pay the principal of, premium, if any, or interest on the Notes or other costs incident thereto except from the revenues and assets pledged with respect thereto. Neither the full faith and credit nor the taxing power of the United States of America, the Issuer, the State of Illinois or any political subdivision thereof is pledged to the

payment of the principal of, premium, if any, or interest on the Notes or other costs incident thereto. The Notes are not a debt of the United States of America or any agency thereof, and are not guaranteed by the United States of America or any agency thereof.

This Note shall not be entitled to any benefit under the Note Indenture or become valid or obligatory for any purpose until the certificate of authentication shall have been signed by the Note Trustee.

The Notes are being issued by the Issuer for the purpose of financing a loan (the "Loan"). to be made to PGS Bronzeville III Limited Partnership, an Illinois limited partnership (the "Borrower") for the purpose of financing a portion of the cost of acquisition, rehabilitation and equipping of a 20-story, residential apartment building containing approximately 180 residential dwelling units, along with common area, service and management offices on the 1<sup>st</sup> and 2<sup>nd</sup> floors and approximately 70 parking spaces (9 of which are handicapped accessible), for low and

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moderate income senior individuals and families, located at 401 East Bowen Avenue, Chicago, Illinois, and known as "the Paul G. Stewart Apartments Phase III Tower" (the "Project"). The Proceeds of the Notes are being lent to the Borrower by the Issuer under a Loan Agreement dated as of October 1, 2016 between the Borrower and the Issuer (the "Loan Agreement") and evidenced by a Promissory Note dated as of October , 2016 from the Borrower to the Issuer (the "Promissory Note").

The Notes are issued under the Note Indenture and, to the extent provided therein, are together with all other Notes that may be issued thereunder, equally and ratably secured and entitled to the protection given by the Note Indenture. Pursuant to the Note Indenture, the Issuer has assigned to the Note Trustee (among other things) the Revenues. Pursuant to the Promissory Note and the Loan Agreement, payments sufficient for the prompt payment when due of the principal of and interest on the Notes are to be paid by the Borrower to the Note Trustee for the account of the Issuer. The obligations of the Borrower under the Promissory Note and the Loan Agreement are secured by the proceeds of the Notes deposited into the Project Fund, the Collateral Fund and the Note Payment Fund, all created pursuant to Section 4.01 of the Note Indenture.

Reference is made to the Note Indenture, the Promissory Note, the Loan Agreement and to all amendments and supplements thereto for a description of the property pledged and assigned and the provisions, among others, with respect to the nature and extent of the security, the rights, duties and other obligations of the Issuer and the Note Trustee, the terms on which the Notes are issued and secured, the rights of the holders of the Notes and provisions for defeasance of such rights. Capitalized terms used herein have the same meaning as set forth in the Note Indenture. The terms and conditions set forth herein concerning payment and other rights and remedies of the owners of the Notes are descriptive only and are subject in all cases to the terms and conditions as set forth in the Note Indenture.

This Note is negotiable and is transferable, as provided in the Note Indenture, only upon the books of the Issuer kept at the office of the Note Trustee, by the registered owner hereof in person or by his duly authorized attorney, and may be exchanged for new Notes of the same aggregate principal amount of authorized denominations, maturity and interest rate, in registered form, but only upon presentation and surrender of this Note, all in the manner and subject to the limitations and conditions provided in the Note



Indenture. The Issuer and the Note Trustee may deem and treat the person in whose name this Note is registered as the absolute owner hereof for all purposes; and neither the Issuer nor the Note Trustee shall be affected by any notice to the contrary.

The Notes are issuable in the form of registered Notes without coupons in denominations of \$5,000 each or integral multiples thereof.

The Notes are subject to optional redemption prior to maturity.

In certain events, on the conditions, in the manner and with the effect set forth in the Note Indenture, the principal of all the Notes then outstanding under the Note Indenture may become

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or may be declared due and payable before the stated maturities thereof, together with the interest accrued thereon.

The Holder of this Note shall have no right to enforce the provisions of the Note Indenture, or to institute action to enforce the covenants therein, or to take any action with respect to any default under the Note Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Note Indenture. The Note Trustee shall treat the registered owner of this Note as the person exclusively entitled to payment of principal and interest, and the exercise of all rights and powers of the owner of this Note.

All acts, conditions and things required by the statutes of the State and the Note Indenture to exist, to have happened and to have been performed precedent to and in the issuance of this Note, do exist, have happened and have been performed.

In any case where the date of maturity of or interest on this Note shall be, in the city wherein the corporate trust office of the Note Trustee is located, a Saturday, a Sunday or legal holiday, or a day on which banking institutions are authorized by law to close, then payment of interest or principal need not be made on such date but may be made on the next succeeding business day not a Saturday, a Sunday or a legal holiday or day upon which banking institutions are authorized by law to close with the same force and effect as if made on the date of maturity.

This Note shall not be entitled to any benefit under the Note Indenture, or be valid or become obligatory for any purpose, until the Note Trustee shall have executed the Certificate of Authentication appearing hereon.

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IN WITNESS WHEREOF, the Issuer has caused this Note to be executed in its name by the manual or facsimile signature of an authorized officer and its corporate seal to be hereunto impressed or imprinted hereon and attested to by the manual or facsimile signature of an authorized officer of the Issuer, all as of the Dated Date identified above.

CITY OF CHICAGO, ILLINOIS

By:

Authorized Officer

Attest:

By:

Authorized Officer

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## FORM OF CERTIFICATE OF AUTHENTICATION

This Note is one of the Notes described in the Note Indenture referred to in this Note.

SEAWAY BANK AND TRUST COMPANY, As Note  
Trustee

By:

Authorized Signature

Date of Authentication:

Date from which interest is payable:

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the issuer or its agent for registration or transfer, exchange or payment, and

any certificate issued is registered in the name of Cede & Co. or in such other name as is required by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as if required by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

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FORM OF ASSIGNMENT FOR VALUE RECEIVED, the

undersigned hereby sells, assigns, and transfers unto

(Please Print or Type Name and Address of Assignee)

Social Security or Taxpayer Identification Number:

The within note and all rights thereunder, and hereby irrevocably constitutes and appoints

Attorney to transfer the said note on the books of the within-named Issuer maintained by the Trustee for the registration thereof, with full power of substitution in the premises.

Notice: The signature to this assignment Must correspond with the name as it appears On the face of the within note in every Particular, without alteration or enlargement or any change whatever. The signature Must be guaranteed.

Signature guaranteed by:

[Bank, Trust Company or Firm]

Authorized Signature

(Signature(s) must be guaranteed by a broker or other financial institution which is a participant in the Securities Transfer Agent's Medallion Program (STAMP, SEMP, MSP)).

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## **EXHIBIT B FORM OF REQUISITION**

**BORROWER: PGS BRONZEVILLE III LIMITED PARTNERSHIP PROJECT:**

**PGS III TOWER APARTMENTS**

**REQUISITION NO.:**

**In the Amount of \$**

**TO:** Seaway Bank and Trust Company, as Note Trustee [address]

City of Chicago, Illinois [address]

The Borrower hereby requests payment in the following amounts, from the following sources and to be made to the following parties, all as set forth on the Developer's Request for Payment attached to this Requisition.

Amount

Source

Payable to:

[identify name of [Borrower's account #] Account & Fund]  
[third party payment/wire  
Instructions must be attached]

### **Requisition - Contents and Attachments**

Borrower's Representations and Warranties Developer's Request for  
Payment Contractor's Application and Certification for Payment  
Requisitions and Invoices Supporting Application Approval by DPD

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### **Representations and Warranties**

1. To the Borrower's knowledge, no changes have been made in the Plans and Specifications which require and have not received the prior approval of any Governmental Authority having jurisdiction over the Project or any other parties from whom such approval is required.
2. To the Borrower's knowledge, the construction of the Project has been performed substantially in accordance with the Plans and Specifications.
3. Funding of this Requisition shall be in accordance with the terms and provisions of the (i) Loan Agreement dated as of October 1, 2016 (the "Agreement"), and (ii) the Note Indenture dated as of October 1, 2016 with respect to the Notes.
4. All monies requisitioned by the Borrower for acquisition and construction and disbursed by the Note Trustee under previously approved requisitions have been paid to the Contractor or other contractor or supplier or other party entitled to payment (including the Borrower in reimbursement for amounts advanced by the Borrower) and, to the Borrower's best knowledge, all subcontractors, vendors and suppliers; all other funds requisitioned by the Borrower and disbursed by the Note Trustee under previously approved requisitions have been expended for the purpose for which they were requisitioned.
5. All of the information submitted to the Issuer and the Note Trustee in connection with this Requisition is true and accurate in all material respects as of the date of submission.

6. The representations and warranties set forth in the Loan Documents are true and correct as of the date hereof with the same effect as if made on this date unless such representation or warranty relates to a specific time.
7. The Borrower represents and warrants that (i) there has occurred no Event of Default or event which, with the passage of time or the giving of notice or both, would constitute an Event of Default on the part of the Borrower under the terms of the Loan Documents, (ii) except as previously disclosed by the Borrower to the Issuer, the Borrower has not received notice from or been informed by any Governmental Authority of any alleged deficiencies in the work performed to date or any deviation of such work from Plans and Specifications or notice of any assertion of a claim that the Project has not been constructed in accordance with all applicable requirements and (iii) the Loan Documents are in full force and effect.
8. The Borrower represents and warrants that, following payment of the amounts requested under this Requisition, not less than 95% of all amounts paid from proceeds of the Notes will have been applied to the payment of Qualified Project Costs.

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9. All capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto under the Agreement.

Executed this ■ day of , 20 .

**PGS BRONZEVILLE III LIMITED PARTNERSHIP,**  
An Illinois limited partnership

By: Grand Boulevard Housing IV, LLC, An Illinois limited  
liability company, Its General Partner

**By: Peoples Co-Op for Affordable Elderly Housing,**  
An Illinois not-for-profit corporation, Its Manager

By:  
Fred L. Bonner  
Chief Executive Officer

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Contractor's Application for Payment

Rtt\*ui\*»san<lfnvofccs

Ordinance Exhibit E Form of Loan Agreement

See Attached



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**LOAN AGREEMENT**

By and Among

**CITY OF CHICAGO, ILLINOIS,**

as Issuer

and

**PGS BRONZEVILLE III LIMITED PARTNERSHIP,**

as Borrower

and

**SEAWAY BANK AND TRUST COMPANY**

As Note Trustee

Dated as of October 1, 2016

Relating to:

\$

Multifamily Housing Revenue Notes (Paul G. Stewart Apartments Phase III Tower Project), Series 2016

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EXHIBIT A PROJECT DESCRIPTION EXHIBIT B FORM OF  
PROMISSORY NOTE

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**LOAN AGREEMENT**

**THIS LOAN AGREEMENT (the "Agreement") dated as of October 1, 2016, by and among CITY OF CHICAGO, a municipality and home rule unit of government duly organized and validly existing under the Constitution and the laws of the State of Illinois (the "Issuer"), PGS BRONZEVILLE III LIMITED PARTNERSHIP, an Illinois limited partnership (the "Borrower") and SEAWAY BANK AND TRUST COMPANY, an Illinois state banking corporation having its principal corporate trust office in Chicago, Illinois, as trustee (the "Trustee" or "Note Trustee") under that certain Note Indenture dated as of October 1, 2016, from the Issuer to the Note Trustee securing the Notes described below (the "Note Indenture").**

**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 \$ Multi-Family Flousing Revenue Notes (Paul G. Stewart Apartments Phase III Tower Project), Series 2016 (the "Notes") pursuant to the Note Indenture, from the Issuer to the Note Trustee, and to lend the proceeds thereof to the Borrower for the purpose of financing a low-income housing development project consisting of the acquisition, rehabilitation and equipping of a 20-story,

residential apartment building containing approximately 180 residential dwelling units, along with a common area, service and management offices on the 1<sup>st</sup> and 2<sup>nd</sup> floors and approximately 70 parking spaces (9 of which are handicapped accessible), for low and moderate income senior individuals and families, located at 401 East Bowen Avenue, Chicago, Illinois, and known as the Paul G. Stewart Apartments Phase III Tower (the "Project"); and

WHEREAS, the Issuer and the Borrower have entered into this Loan Agreement providing for the loan of the proceeds of the Notes 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 Promissory Note (as hereinafter defined); and

WHEREAS, the Issuer will pledge and assign the Promissory Note and this Loan Agreement to the Note Trustee for the benefit of the Holders under the Assignment (as defined in the Note Indenture);

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

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or any political subdivision thereof, but shall be payable solely and only from the Revenues (as defined in the Note Indenture):

## **ARTICLE I. DEFINITIONS**

Section 1.01 Definitions. Terms used in this Loan Agreement and defined in the Note Indenture shall have the meanings given to such terms in the Note Indenture. In addition, unless otherwise expressly provided herein, or unless the context clearly requires otherwise, the following terms shall have the respective meanings set forth below:

"Assignment" means the Assignment dated October 1, 2016 from the Issuer to the Note Trustee, assigning to the Note Trustee for the benefit of Holders, all rights of the Issuer under the Borrower Documents other than the Issuer Reserved Rights.

"Authorized Borrower Representative" means a representative of the Borrower, as appropriate, authorized to perform any act or discharge any duty under this Loan Agreement.

"Authorized Issuer Representative" means a representative of the Issuer, as appropriate, authorized to

perform any act or discharge any duty under this Loan Agreement.

"Bond Counsel" means Polsinelli PC, or any attorney at law or firm of attorneys, of nationally recognized standing in matters pertaining to the federal tax exemption of interest on obligations issued by states and political subdivisions, and duly admitted to practice law before the highest court of any state of the United States of America or the District of Columbia.

"Bond Legal Reserve Fee" means the Legal Reserve Fee in the amount of 0.10% of the par amount of the Notes, payable by the Borrower to the Issuer, as described in Section 4.03 of this Loan Agreement.

"Bonds" means the Issuer's \$10,596,000 Multi-Family Housing Revenue Bonds (Paul G. Stewart Apartments Phase III Tower Project), Series 2016 (FHA Insured/GNMA), which Bonds are being issued, together with the Notes, on the Closing Date to finance costs of the Project.

"City Administrative Fee" means the City Administrative Fee in the amount of 0.15% of the outstanding principal of the Notes, accruing monthly but payable by the Borrower to the Issuer, as described in Section 4.03 of this Loan Agreement.

"Closing Date" means October , 2016, the date on which the Notes are being issued.

"Code" means the Internal Revenue Code of 1986, as amended, and any regulations thereunder applicable to the Notes.

"Continuing Disclosure Agreement" means the Continuing Disclosure Agreement dated as of the date hereof, between the Borrower and the Note Trustee.

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"Expected Completion Date " means the date on which the Borrower expects to complete the acquisition, rehabilitation and equipping of the Project.

"General Partner" means Grand Boulevard Housing IV, LLC, an Illinois limited liability company and its successors and assigns.

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

"Inducement Ordinance " means the inducement ordinance adopted by the City Council of the Issuer on July 29, 2015 with respect to the Project.

"Issuer Fee " means the amount of \$ , which represents 1.5% of the par amount of the Notes, paid by the Borrower to the Issuer on the Closing Date in connection with, and as consideration for, the issuance of the Notes, as described in Section 4.03 of this Loan Agreement.

"Issuer Reserved Rights " means any rights not assigned to the Note Trustee for benefit of the Holders pursuant to the Assignment.

"Land Use Restriction Agreement" means the Land Use Restriction Agreement dated as of the date hereof, between the Issuer and the Borrower with respect to the Project, the Notes and the Bonds.

"Liabilities" means any and all of the Borrower's obligations, liabilities and indebtedness to the Issuer, now or hereafter existing or arising, or due or to become due, under or by reason of this Loan Agreement, the Promissory Note, the Notes, the Tax Regulatory Agreement, the Land Use Restriction Agreement, the Continuing Disclosure Agreement 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 Notes and the Promissory Note, all fees, charges, expenses, disbursements, costs and indemnities of the Borrower thereunder.

"Loan " means the amounts advanced by the Issuer to the Borrower from proceeds of the Notes to finance the acquisition, rehabilitation and equipping of the Project.

"Manager " means Peoples Co-Op for Affordable Elderly Housing, an Illinois not-for-profit corporation, the Manager of the General Partner, and its successors and assigns.

"Notes" means the Issuer's \$ aggregate principal amount of Multi-Family Housing Revenue Notes (Paul G. Stewart Apartments Phase III Tower Project), Series 2016, issued under and secured by the Note Indenture.

"Note Trustee" means Seaway Bank and Trust Company, an Illinois state banking corporation having its principal corporate trust office in Chicago, Illinois, and its successors in trust.

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"Project" means the acquisition, rehabilitation and equipping of a 20-story, residential apartment building containing approximately 180 residential dwelling units, along with a common area, service and management offices on the 1<sup>st</sup> and 2<sup>nd</sup> floors and approximately 70 parking spaces (9 of which are handicapped accessible), for low and moderate income senior individuals and families, located at 401 East Bowen Avenue, Chicago, Illinois, and known as the Paul G. Stewart Apartments Phase III Tower."

"Project Fund" means the Project Fund established under the Note Indenture for the purpose of financing the Project.

"Redevelopment Agreement" means the PGS Bronzeville III Limited Partnership Redevelopment Agreement, dated as of October 1, 2016, by and among the Issuer through its Department of Planning and Development, the Borrower, the General Partner and Bronzeville Flousing and Community Development Corporation, an Illinois not-for-profit corporation and a member of the General Partner.

"State" means the State of Illinois.

"Tax Regulatory Agreement" means the Tax Regulatory Agreement dated the Closing Date, among the Borrower, the Issuer and the Note Trustee in connection with the Notes.

"Trustee Fees" means the Note Trustee's upfront fee of \$3,000, payable on the Closing Date, together with an annual fee equal to \$2,000 per year to be paid annually in advance commencing on the Closing Date, which includes fees associated with its role as Note Trustee under the Note Indenture and its fees as Dissemination Agent under the Continuing Disclosure Agreement.

Section 1.02 Interpretation. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Words importing the singular number shall include the plural number, and vice versa, unless the context shall otherwise indicate. References to Articles, Sections and other subdivisions of this Loan Agreement are to the Articles, Sections and other subdivisions of this Loan Agreement as originally executed. The headings of this Loan Agreement are for convenience and shall not define or limit the provisions hereof.

## ARTICLE II. REPRESENTATIONS AND WARRANTIES

Section 2.01 Representations and Warranties of Issuer. The Issuer represents and warrants that:

(a) 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 Note Indenture, the Notes, the Tax Regulatory Agreement, the Land Use Restriction Agreement and the Assignment (collectively, 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

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Promissory Note to the Note Trustee as provided herein. By proper action of the City Council of the Issuer, the Issuer has been duly authorized to execute and deliver the Issuer Documents.

b) The Issuer is issuing the Notes for the purpose of financing a portion of the Project Costs.

c) The Notes are to be issued under home rule powers of the Issuer under the Constitution of the State of Illinois and secured by the Note Indenture, pursuant to which the right, title and interest of the Issuer in, to and with respect to this Loan Agreement, the Promissory Note and all documents to be executed by the Borrower in connection with the Notes (other than with respect to the Issuer Reserved Rights) will be assigned and pledged to the Note Trustee as security for payment of the principal of and interest on the Notes as provided in the Note Indenture.

d) 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.

e) To the knowledge of the undersigned representatives of the Issuer, neither the execution and delivery of the Notes, this Loan Agreement, the Land Use Restriction Agreement or the Note Indenture, the consummation of the transactions contemplated hereby and thereby, nor the fulfillment of or compliance with the terms, conditions or provisions of the Notes, this Loan Agreement, the Land Use Restriction Agreement or the Note Indenture conflict with or result in a material breach of any of the terms, conditions or provisions of any agreement, instrument, judgment, order, or decree to which the Issuer is now a party or by which it is



bound, or constitute a material default under any of the foregoing.

f) The Project is located entirely within the corporate boundaries of the City of Chicago, Illinois.

g) To the knowledge of the undersigned representatives of the Issuer, there is no action, suit, proceeding or investigation pending or threatened against the Issuer which seeks to restrain or enjoin the issuance or delivery of the Notes, or the execution and delivery of the this Loan Agreement or any other Issuer Documents, or which in any way contests or affects any authority for the issuance or delivery of the Notes, or the execution and delivery of this Loan Agreement or any other Issuer Documents, or the validity of the Notes, 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 Notes.

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 PROMISSORY 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

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DELIVERY OF THE NOTES, OR AS TO THE CORRECTNESS, COMPLETENESS OR ACCURACY OF SUCH STATEMENTS.

Section 2.02 Representations and Warranties of Borrower. The Borrower represents and warrants that:

a) The Borrower is a limited partnership, duly organized, validly existing and in good standing under the laws of the State of Illinois. The General Partner is a limited liability company and the Manager is a not-for-profit corporation, both duly organized and 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 Promissory Note, the Tax Regulatory Agreement, the Land Use Restriction Agreement and the Continuing Disclosure Agreement (collectively, the "Borrower Documents"); and (iii) is in compliance with all laws, regulations, ordinances and orders of public authorities applicable to it.

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

orders of public authorities applicable to it.

d) The Manager (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.

e) Bronzeville Housing and Community Development Corporation, the other Member of the General Partner (the "Other 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.

(f) The Borrower's execution and delivery of, performance by, compliance with the Borrower Documents, and the consummation of the transactions provided for herein

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and therein: (i) are within the Borrower's powers as an Illinois limited partnership; (ii) have been duly authorized; (iii) require no approval of any governmental body or other Person (other than approval of the Borrower's partners, which has already been obtained); (iv) do not and will not contravene or conflict with (I) any operating agreements, partnership agreements, limited liability company agreements or other organizational documents of the Borrower, the General Partner or the Manager, (II) any government regulation to which it is subject, or (III) any judgment, decree, order or contractual restriction binding on or affecting the Borrower, the General Partner, the Manager, or the Project; and (v) 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 Note Trustee or as expressly permitted hereunder.

g) 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, rehabilitation, and equipping of the Project).

h) The Borrower agrees that Bond Counsel shall be entitled to rely upon the factual representations and warranties of the Borrower set forth in this Section 2.02 in connection with the delivery of legal opinions on the respective dates of the issuance of the Notes.

(i) There is no pending action or proceeding before or by any court,

governmental body or arbitrator against or directly involving the Borrower, the General Partner

or the Manager 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

Properties, or the General Partner or the Manager, before any court, governmental body or arbitrator. The Borrower does not know of any basis for any of the foregoing: (i) that, in any case, may materially and adversely affect the financial condition or operation of the Borrower, the General Partner or the Manager; or (ii) that, in any case, may seek to restrain, or would otherwise have a material adverse effect on, the transactions contemplated herein; or (iii) that, in any case, would affect the validity or enforceability of the Borrower Documents.

(j) 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.

(k) Neither this Loan Agreement nor any written statement furnished by the Borrower to the Issuer or the Underwriter in connection with the negotiation of the sale of the Notes contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements contained therein or herein not misleading. The Borrower has disclosed to the Underwriter 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

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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.

(1) 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 and 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 Promissory Note or any other Borrower Documents.

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

(n) 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.

(o) 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 Note Trustee) its ability to perform its obligations under this Loan 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 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.

(p) 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.

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(q) 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.

(r) The Borrower has not received notice of, or has any knowledge of: (i) 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; (ii) any damage to or destruction of any portion of the Project; or (iii) 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 acquisition, rehabilitation or equipping of the Project.

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

(t) All balance sheet, income statements, statements of cash flow and other financial data that have been or shall hereafter be furnished to the Note Trustee 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.

(u) The representations and warranties set forth in this Section 2.02 shall survive until all Liabilities have been indefeasibly paid in full.

(v) At the time of making of each disbursement pursuant to Section 3.03, the Borrower shall be deemed to have remade each of the representations and warranties contained in this Section 2.02 with the same effect as though made on the date of such disbursement.

Section 2.03 Borrower's Representations Regarding Notes and Project. With respect to the use of proceeds of the Notes and the operation of the Project, the Borrower represents as follows:

- a) The estimated cost of rehabilitating the Project, inclusive of financing
- a) costs, is in excess of \$.

b) (i) ' At least 95% of the net proceeds of the Notes will be used to finance Qualified Project Costs which constitute a "qualified residential rental project" within the meaning of Section 142(d) of the Code and such costs either (1) will have been paid with respect to work performed or materials purchased after July 29, 2015 (which date is sixty days prior to the adoption of the Inducement Ordinance) or (2) will constitute "Preliminary Expenditures" not in excess of twenty (20%) percent of the sale proceeds of the Notes as defined in Section 3.13.6

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of the Tax Regulatory Agreement executed by the City, the Borrower and the Note Trustee in connection with the Notes.

c) The average maturity of the Notes does not exceed 120% of the average reasonably expected economic life of the Project determined in accordance with Section 147(b) of the Code.

d) Neither the Borrower nor any "related person" (within the meaning of the Code) will acquire, pursuant to any arrangement, formal or informal, any of the Notes in an amount related to the principal amount of the Notes.

e) Less than 25% of the net proceeds of the Notes will be used for the acquisition of the land on which the Project is located.

f) None of the proceeds of the Notes will be used to provide any airplane, skybox or other private luxury box, 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, and none of the proceeds of

the Notes will be used for the acquisition of land to be used for farming or industrial park purposes.

g) Until payment in full of all of the Notes, unless the Note Trustee shall otherwise consent in writing, it will not incur, create, assume or suffer to exist any mortgage, pledge, security interest, lien, charge or other encumbrance of any nature on the Project or the Trust Estate (as defined in the Note Indenture) other than (i) any liens, taxes or other governmental charges which are not yet due and payable, (ii) any pledge relating to syndication of ownership interests in the Project, (iii) any lien, including, but without limiting the generality of the foregoing, mechanics' liens, or other liens resulting from a good-faith dispute on the part of the Borrower, which dispute the Borrower agrees to resolve diligently, (iv) the Borrower Documents, (v) other liens or encumbrances contemplated by the approving ordinance adopted by the Issuer in connection with the issuance of the Notes, and (vi) such other pledges as may be approved in writing by the Note Trustee.

h) The Note Indenture has been submitted to the Borrower for its examination, and the Borrower acknowledges, by execution of this Loan Agreement, that it has reviewed and approved the Note Indenture.

(i) Borrower has not taken, or permitted to be taken on its behalf, and agrees

that it will not take, or permit to be taken on its behalf, any action which would adversely affect the exclusion from gross income for federal income tax purposes of the interest paid on the Notes, and that it will make and take, or require to be made and taken, such acts and filings as may from time to time, be required under the Code to maintain the exclusion from gross income for federal income tax purposes of the interest on the Notes, including maintaining continuous compliance with the requirements of Section 142 of the Code.

(j) If the Borrower becomes aware of any situation, event or condition which would result in the interest of the Notes becoming includable in gross income for federal income tax purposes, the Borrower shall promptly give written notice thereof to the Issuer and the Note Trustee.

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### **ARTICLE III. ACQUISITION, REHABILITATION AND EQUIPPING OF THE PROJECT; ISSUANCE OF THE NOTES**

Section 3.01 Agreement to Acquire, Rehabilitate and Equip the Project. The Borrower agrees to make or cause to be made all contracts and do all things necessary for the acquisition, rehabilitation and equipping of the Project. The Borrower further agrees that it will acquire, rehabilitate and equip the Project with all reasonable dispatch and use its best efforts to cause the acquisition, rehabilitation and equipping of the Project to be completed by the Completion Date, or as soon thereafter as may be practicable, delays caused by force majeure as defined in Section 8.01 hereof only excepted; but if for any reason such acquisition, rehabilitation and equipping is not completed by said Completion Date there shall be no resulting liability on the part of the Borrower or the Issuer and no diminution in or postponement of the payments required in Section 4.02 hereof to be paid by the Borrower.

Section 3.02 Agreement to Issue, Sell and Deliver the Notes; Deposit of Note Proceeds. In order to provide funds for the payment of the Costs of the Project, the Issuer, concurrently with the execution of this Loan Agreement, will issue, sell, and deliver the Notes and deposit the proceeds thereof with the Note Trustee, which amounts shall be immediately deposited into the Project Fund.

Section 3.03 Disbursements from the Project Fund. In the Note Indenture, the Issuer has authorized and directed the Note Trustee to make disbursements from the Project Fund to pay Project Costs. The Note Trustee shall make disbursements from the Project Fund as provided in the Note Indenture, and pursuant to the receipt of a Requisition in substantially the form attached to the Note Indenture as Exhibit B.

Section 3.04 Furnishing Documents to the Note Trustee. The Borrower agrees to cause such Requisitions to be directed to the Note Trustee as may be necessary to effect payments out of the Project Fund in accordance with Section 3.03 hereof, including all documents Borrower may be required to provide under the Redevelopment Agreement.

### **Section 3.05 Establishment of Completion Date.**

(a) The Borrower Representative shall evidence completion of the Project and the actual date of completion to the Issuer and the Note Trustee by an executed certificate evidencing the completion of the Project (the "Completion Certificate"). The Completion Certificate shall be executed by the Borrower Representative and shall state to the best information and belief of the Borrower, after due inquiry, that, except for amounts retained (subject to the provisions of this Section 3.05) by the Note Trustee at the Issuer's or the Borrower's direction for any costs not then due and payable or costs due and payable, the payment of which is being diligently contested in good faith, construction of the Project has been completed in material compliance with all applicable laws, regulations and agreements, and all costs of labor, services, materials and supplies used in the Project have been paid, all equipment necessary for the operation of the Project has been purchased, installed and paid for, is suitable and sufficient for its intended purposes, and is fully operable, all costs and expenses incurred in connection with the Project have been paid except for amounts not yet due and payable or being

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diligently contested in good faith by the Borrower, and the Project is suitable and sufficient for its intended purposes. Notwithstanding the foregoing, the Completion Certificate shall further state that it is given without prejudice to any rights of the Borrower against third parties which exist at the date of the Completion Certificate or which may subsequently come into being. The Completion Certificate shall be furnished by the Borrower to the Issuer and the Note Trustee promptly following the completion of the Project.

(b) If at least ninety-five percent (95%) of the Net Proceeds of the Notes have not been used to pay Costs of the Project, any amount (exclusive of amounts retained by the Note Trustee in the Project Fund for payment of Costs of the Project not then due and payable) remaining in the Project Fund shall be transferred by the Note Trustee into the Note Payment Fund and used by the Note Trustee (i) to pay the principal of the Notes or (ii) for any other purpose provided that the Note Trustee is furnished with an opinion of Bond Counsel to the effect that such use is a lawful use of such amounts and will not cause interest on the Notes to be included in gross income for federal income tax purposes. Until used for one or more of the foregoing purposes, such segregated amount may be invested as permitted by the Note Indenture provided that prior to any such

investment the Note Trustee is provided with an opinion of Bond Counsel to the effect that such investment will not cause interest on the Notes to be included in gross income for federal income tax purposes.

Section 3.06 Borrower Required to Pay in Event Project Fund Insufficient. In the event the moneys in the Project Fund available for payment of the Costs of the Project are not sufficient to pay the Costs of the Project in full, the Borrower agrees to complete the Project and to pay that portion of the Costs of the Project in excess of the moneys available therefor in the Project Fund. The Issuer does not make any warranty, either express or implied, that the moneys paid into the Project Fund and available for payment of the Costs of the Project will be sufficient to pay all of the Costs of the Project. The Borrower agrees that if after exhaustion of the moneys in the Project Fund, the Borrower should pay any portion of the Costs of the Project pursuant to the provisions of this Section 3.06, the Borrower shall not be entitled to any reimbursement therefor from the Issuer, the Note Trustee or the Holders of any of the Notes, nor shall the Borrower be entitled to any diminution of the amounts payable under this Loan Agreement.

Section 3.07 Arbitrage Covenant. The Borrower covenants with the Issuer (a) not to take any action or fail to take any action which would cause the interest on the Notes to be or become includable in the gross income of the Holders for federal income tax purposes and (b) not to cause or direct any moneys on deposit in any fund or account to be used in a manner that would cause the Notes to be classified as "arbitrage bonds" within the meaning of Section 148 of the Code. The Borrower certifies and covenants to and for the benefit of the Issuer and the Holders that so long as there are any Notes outstanding, moneys on deposit in any fund or account in connection with the Notes, whether such moneys were derived from the proceeds of the sale of the Notes or from any other sources, will not be used in a manner that will cause the Notes to be classified as "arbitrage bonds" within the meaning of Section 148 of the Code. In order to satisfy the arbitrage and rebate requirements contained in the Code, the Borrower will comply with the provisions of the Tax Regulatory Agreement, including the hiring of a rebate analyst and payment of such rebate analyst's fee, as set forth in the Tax Regulatory Agreement.

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### ARTICLE IV. LOAN PROVISIONS

Section 4.01 Loan of Proceeds. The Issuer agrees, upon the terms and conditions contained in this Loan Agreement and the Note Indenture, to lend to the Borrower the proceeds received by the Issuer from the sale of the Notes. Such proceeds shall be disbursed to or on behalf of the Borrower as provided in Section 3.03 hereof.

#### **Section 4.02 Amounts Payable.**

a) The Borrower hereby covenants and agrees to repay the Loan on or before any date that any payment of interest or principal is required to be made in respect of the Notes pursuant to the Note Indenture, until the principal of and interest on the Notes shall have been fully paid or provision for the payment thereof shall have been made in accordance with the Note Indenture, in immediately available funds, a sum which, together with any other moneys available for such payment in any account of the Note Payment Fund, will enable the Note Trustee to pay the amount payable on such date as principal of (whether at maturity or acceleration or otherwise) and interest on the Notes as provided in the Note Indenture. Payments by the Note



Trustee of principal and interest on the Notes from amounts in the Note Payment Fund and funds deposited in the Collateral Fund under the Indenture from TIF-Related Amounts (as defined and described in the Note Indenture) and other funds shall be credited against the Borrower's obligation to pay principal and interest on the Loan. The Borrower also covenants and agrees to pay any additional interest, taxes or penalties that may be due as a result of a Determination of Taxability.

It is understood and agreed that all payments of principal and interest payable by the Borrower under subsection (a) of this Section 4.02 are assigned by the Issuer to the Note Trustee for the benefit of the Holders of the Notes (excluding amounts on deposit in the Rebate Fund). The Borrower consents to such assignment.

b) In the event the Borrower should fail to make any of the payments required in this Section 4.02, the item or installment so in default shall continue as an obligation of the Borrower until the amount in default shall have been fully paid, and the Borrower agrees to pay the same with interest thereon, to the extent permitted by law, from the date when such payment was due, at the rate of interest borne by the Notes.

Section 4.03 Fees and Expenses. The Borrower agrees to pay the Issuer's Fee on the Closing Date, the Bond Legal Reserve Fee on the Closing Date, the City's Administrative Fee (on a semiannual basis), the Trustee's Fees and the fee of any rebate analyst hired to comply with the requirements set forth in the Tax Regulatory Agreement (including the reasonable fees and expenses of their respective counsel actually incurred) in connection with the issuance of the Notes and the performance of their duties in connection with the transactions contemplated hereby, including, without limitation, all costs of recording and filing, to the extent such fees and expenses are not otherwise paid from the Project Fund in accordance with the Note Indenture. All such amounts shall be paid directly to the parties entitled thereto for their own account. The Borrower will also pay any reasonable expenses actually incurred in connection with any redemption of the Notes. Specifically, and without limiting the foregoing, the Borrower agrees to

pay to and indemnify the Issuer, the Note Trustee or to any payee designated by the Issuer, within thirty (30) calendar days after receipt of request for payment thereof, all reasonable expenses of the Issuer and the Note Trustee actually incurred and related to the Project and the financing thereof which are not paid from the funds held under the Note Indenture, including, without limitation, reasonable legal and paralegal fees and expenses incurred in connection with the interpretation, performance, enforcement or amendment of any documents relating to the Project or the Notes or in connection with questions or other matters arising under such documents.

The obligations of the Borrower under this Section shall survive the termination of this Loan Agreement and the payment and performance of all of the other obligations of the Borrower hereunder and under the other Borrower Documents.

Section 4.04 Obligations of the Borrower Unconditional. The obligations of the Borrower to make the payments required under this Loan Agreement, and to perform and observe the other agreements on its part contained herein shall be absolute and unconditional, irrespective of any defense or any right of notice, setoff, recoupment or counterclaim it might otherwise have against the Issuer, the Note Trustee or any other person. Subject to termination as provided herein, the Borrower (a) will not suspend or discontinue, or permit the suspension or discontinuance of, any payments provided for under this Loan Agreement, (b) will perform and

observe all of its other agreements contained in this Loan Agreement and (c) will not terminate this Loan Agreement for any cause including, without limiting the generality of the foregoing, any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, destruction of or damage to the Project, commercial frustration of purpose, or change in the tax or other laws or administrative rulings of or administrative actions by the United States of America or the State or any political subdivision of either, any failure of the Issuer to perform and observe any agreement, whether express or implied, or any duty, liability, or obligation arising out of or connected with this Loan Agreement, whether express or implied, or any failure of the Note Trustee to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with the Note Indenture, whether express or implied.

Section 4.05 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 4.06 Assignment of Issuer's Rights. As security for the payment of the Notes, the Issuer will, pursuant to the Note Indenture and the Assignment, assign and pledge to the Note Trustee all of the Issuer's right, title and interest in and to this Loan Agreement and the Promissory 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 Note Trustee of its rights hereunder, under the Assignment or under the Note Indenture, the Promissory Note and the Notes. 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

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Promissory Note directly to the Note Trustee. The Borrower hereby acknowledges and consents to such pledge and assignment, and agrees to make payments directly to the Note Trustee (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 Note Trustee or the Issuer on the other hand, or otherwise. After any such assignment and pledge referenced in this Loan Agreement, the Note Indenture, the Notes or the Promissory Note, all rights, interest and benefits accruing to the Issuer under this Loan Agreement or the Promissory Note, except for the Issuer Reserved Rights, shall be assigned to and become the rights and benefits of the Trustee. Any obligations of the Issuer as provided in the Note Indenture, this Loan Agreement, the Notes or the Promissory Note shall remain the obligations of the Issuer to the extent provided herein and therein after such assignment. The Issuer agrees that the Note Trustee, 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 Note Trustee, in each case whether or not the Issuer is in Default hereunder.

## ARTICLE V. SPECIAL COVENANTS

Section 5.01 Access to the Project. The Borrower agrees that the Issuer, the Note Trustee and their duly authorized agents, attorneys, experts, engineers, accountants and representatives shall have the right to inspect the Project and the acquisition, rehabilitation and equipping thereof at all reasonable times. The Borrower acknowledges that the Issuer shall monitor the acquisition, rehabilitation and equipping of the Project. The Issuer, the Note Trustee and their duly authorized agents shall also be permitted, at all reasonable times, to

examine the books, accounts, contracts, documents, and other papers of the Borrower with respect to the Project which shall all be maintained by the Borrower in reasonable condition and for audit.

Section 5.02 Further Assurances and Corrective Instruments. The Issuer and the Borrower agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for carrying out the expressed intention of this Loan Agreement.

Section 5.03 Issuer and Borrower Representatives. Whenever under the provisions of this Loan Agreement the approval of the Issuer or the Borrower is required or the Issuer or the Borrower is required to take some action at the request of the other, such approval or such request shall be given in writing both for the Issuer by an Authorized Issuer Representative and for the Borrower by an Authorized Borrower Representative. The Note Trustee shall be authorized to act on any such approval or request pursuant to the Note Indenture.

Section 5.04 Financing Statements. The Borrower shall, or shall cause to be executed and filed any and all financing statements, or any amendments thereof or continuation statements thereto, to perfect the security interests granted in the Note Indenture, in the manner prescribed in the Note Indenture. The Borrower shall pay all costs of filing such instruments and any fees and expenses (including reasonable attorney's fees) associated therewith.

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Section 5.05 Insurance. The Borrower shall obtain and keep in force such insurance coverage as may be required by the Issuer in its reasonable discretion from time to time. All insurance policies and renewals thereof relating to the Project shall be in a form acceptable to the Issuer in its reasonable discretion and shall designate the Issuer and the Note Trustee as additional insured for liability insurance on the Project. The Issuer shall be furnished with full copies of all policies within fifteen (15) calendar days of receipt thereof and shall have the right to receive duplicate copies of policies and renewals, and the Borrower shall promptly furnish the Issuer with copies of all renewal notices and all receipts for paid premiums within fifteen (15) calendar days of receipt thereof. The Borrower shall notify the Issuer at least 30 calendar days in advance of an endorsement or of any change in the terms of coverage adverse to the Issuer. In the event of loss, the Borrower shall give prompt notice to the insurance carrier and the Issuer.

With respect to any casualty insurance, it shall (a) be in an amount equal to the greater of the actual cash value or the replacement cost of the insurable then existing improvements and equipment in the Project and (b) be provided by an insurance company with a claims paying ability rating of not less than "B+V" by A.M. Best.

Section 5.06 Restriction on Plans and Specifications. The Borrower will not cause, permit or suffer to exist, any material deviations from the Plans and Specifications and will not approve or consent to any construction change directive without the prior approval of the Issuer, which approval shall not be unreasonably held.

### **Section 5.07 , Requisitions.**

a) At such time as the Borrower shall desire to obtain an advance from the Project Fund, the Borrower shall complete, execute and deliver to the Note Trustee a Requisition. Each Requisition shall be signed on behalf of the Borrower, shall be in the form set forth on Exhibit B to the Note Indenture, and shall state with respect to each disbursement to be made: (i) the number of the Requisition, (ii) the amount to be disbursed and the sources of such disbursement, (iii) that each obligation described therein is a Project Cost, has been properly incurred and has not been the basis for any previous disbursement, (iv) that the expenditure of such disbursement when added to all previous disbursements will result in not less than 95% of all disbursements from proceeds of the Notes having been used to pay or reimburse the Borrower for Qualified Project Costs, and (v) that all Project Costs contained on such Requisition constitute TIF Funded Improvements (as defined in the Redevelopment Agreement) under the Redevelopment Agreement. The Borrower shall submit the Requisition to the Note Trustee for payment. Approved Requisitions may be submitted to the Note Trustee by facsimile and shall not include accompanying supporting materials.

b) The amounts deposited into the Project Fund may be disbursed by the Note Trustee only in accordance with Section 5.02 of the Note Indenture, including delivery of a written Requisition of the Borrower satisfying the requirements of this Section 5.07 and Section 5.02 of the Note Indenture.

**Section 5.08 Borrower Receipt of Insurance or Condemnation Proceeds.** In the event the Borrower receives any proceeds of insurance or any condemnation awards with respect to the Project from a party other than the Note Trustee, the Borrower shall promptly upon receipt remit all such insurance proceeds or condemnation awards to the Note Trustee for deposit to the Project Fund under the Note Indenture, and subject to the Requisition approval process set forth herein, such proceeds shall be used to repair or restore the loss caused to the Project.

#### **Section 5.09 Financial Information.**

The Borrower agrees that it will have the books and records of the Borrower audited annually by an independent certified public accountant as soon as practicable after the close of each fiscal year of the Borrower, and will furnish within 120 days after the end of each fiscal year to the Issuer and the Note Trustee a copy of the audit report certified by such certified public accountant and prepared in accordance with generally accepted accounting principles, which report shall include calculations of the availability of funds for distributions and disclose the amount of partner distributions for the preceding year. The Borrower and the Issuer acknowledge that the Note Trustee shall have no obligations under this Section 5.09 other than to receive such statements and, if requested, to furnish such statements to Holders.

#### **Section 5.10 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 an environmental indemnification agreement between the parties, if any, shall govern all indemnifications from the Borrower to the Issuer with respect to environmental matters

affecting the Project. The terms and provisions of such environmental indemnification 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 Issuer with respect to indemnifications from the Borrower to the Issuer with regard to environmental matters affecting the Project.

b) For purposes of this Section 5.10, 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 (as defined below) 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 Loan Agreement, the Borrower researched and inquired into the previous uses and owners of the premises on which the Project is located (the "Premises") and obtained a Phase I environmental site assessment and other reports with respect to the environmental conditions of the Premises, a copy of which has been delivered to the Issuer. Based on that due diligence, the Borrower represents and warrants to the Issuer that,

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except as the Borrower has disclosed to the Issuer 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, 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 Issuer in writing (1) 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 Issuer, and its respective officers, employees, directors, agents, assignees, and any purchasers of the Premises at any foreclosure sale (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 costs and expenses incurred by an Indemnified Party in connection with any inspection or testing conducted in accordance with this subsection. 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

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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) 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 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 Issuer's security under the Borrower 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 Issuer's option, is subject to the Issuer's prior written approval, which may not be unreasonably withheld or delayed.

g) The obligations and rights of the parties under this Section 5.10 continue in full force and effect 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 or by deed in lieu of such foreclosure (any such foregoing transfer being referred to as a "Foreclosure Transfer"). The parties' obligations and rights under this Section 5.10 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 5.10 are thereafter limited to the indemnification obligations of subsections (i) and (j) below as to Indemnified Costs (as defined below) arising out of or as a result of events

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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, subject to the provisions of Section 9.03 hereof. As used in this Section 5.10, 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 Issuer'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) 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 5.10; 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 Loan 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) 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 Issuer may have under this Loan Agreement, at law or in equity, upon the occurrence of an Event of Default under this Loan Agreement, the Issuer 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 Issuer, and if not paid when due will accrue interest at the default rate set forth in the Notes, until paid. The Borrower hereby acknowledges and agrees that any amounts realized by the Issuer 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 Issuer for costs and expenses, including those incurred by the Issuer in enforcing its rights and remedies under the provisions of this Section 5.10: (i) any payments made pursuant to the Notes or any of the Borrower Documents (other than payments made to the Issuer for reimbursement of costs and expenses or for enforcement of its rights and remedies, under the provisions of this Section 5.10); (ii) any foreclosure of 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 Issuer's rights and remedies under this Section 5.10); and (vi) any recoveries against any person or entity other than the Borrower (including any guarantor) to the maximum extent permitted by applicable law.

## **ARTICLE VI.**

### **RESTRICTION ON TRANSFER; ASSIGNMENT, SELLING, LEASING Section 6.01**

#### **Restriction on Transfer; Removal of Manager.**

a) In the event the Borrower intends to sell, lease (except to the tenants who will occupy units in the Project), sublease or otherwise materially encumber the whole of or any part of the Project or sell, assign or otherwise, except as otherwise provided herein, transfer any interest in the Borrower (a "transfer"), it shall (i) apply to the Issuer for consent to transfer, and (ii) comply with the provisions of the Tax Regulatory Agreement restricting any such transfer.

b) In addition, in connection with a proposed transfer, the Borrower and any transferee shall comply with all applicable provisions of the laws and regulations of the Issuer and State in effect at that time regarding notice to tenants, and tenants' rights generally, including, specifically, the right of first refusal, or any successor legislation thereto. The transferee shall expressly assume the Borrower's duties and obligations under this Loan Agreement and any other Borrower Documents in writing simultaneously with any approved transfer as set forth in this Section 6.01. The Borrower shall make available to the Issuer copies of any documents reflecting an amendment to member interests in the Borrower or other organizational documents relating to the sale or other transfer of assets of the Borrower.

c) Except as otherwise provided for herein, and with the prior written consent of the Issuer in its sole and absolute discretion, the Borrower will not, directly or indirectly, by operation of law or otherwise, sell, assign, grant a deed of trust, pledge, hypothecate, transfer or otherwise dispose of the Project or any interest in the Project, and will not encumber, alienate,

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hypothecate, grant a security interest in or grant any other ownership or control interest whatsoever in the Project, in the leases or in the rents, issues and profits therefrom.

d) Except as otherwise provided for herein, and with the prior written consent of the Issuer, no interest in the Borrower and no ownership interest in the Manager may be sold, conveyed, transferred,

assigned, pledged or otherwise transferred, in whole or in part, directly or indirectly, by operation of law or otherwise.

e) Notwithstanding anything to the contrary contained in the subsections above or otherwise in the Borrower Documents, each of the following transactions are hereby deemed to be expressly permitted hereunder and shall not require any further consent of the Issuer:

(i) Issuance of partnership interests in the Borrower equal to 99.99%

of the profits, losses, credits, distributions and other interests in the Borrower to

, a[n] (the "Investor Member");

ii) The pledge and encumbrance of the membership interests in the Borrower of the Investor Member to or for the benefit of any financial institution which enables the Investor Member to make its capital contributions to Borrower and any subsequent realization by any such lender upon the interests of the Investor Member in the Borrower; and

iii) [The pledge of the general partner interest in Borrower to any lender that provides a loan to Borrower to provide bridge financing for the capital contributions of the Investor Member].

f) The Borrower will not become a party to any merger or consolidation, or agree to effect any asset acquisition or stock acquisition.

g) The Borrower will not convert the ownership of the Project into condominium or cooperative housing corporation form of ownership other than a limited equity cooperative that is a qualified cooperative housing corporation as defined in Section 143(k)(9) of the Code.

h) The Borrower will not seek the dissolution or winding up, in whole or in part, of the Borrower or voluntarily file, or consent to the filing of, a petition for bankruptcy, reorganization, or assignment for the benefit of creditors or similar proceedings.

(i) The Borrower will not enter into any arrangement, directly or indirectly,

whereby the Borrower shall sell or transfer any property owned by it in order then or thereafter

to lease such property or lease other property that the Borrower intends to use for substantially

the same purpose as the property being sold or transferred without the prior written consent of

the Issuer in its sole and absolute discretion.

(j) The Borrower will not take any action that would adversely affect the exclusion of interest on the Notes from gross income, for purposes of federal income taxation nor

omit or fail to take any action required to maintain the exclusion of interest on the Notes from gross income, for purposes of federal income taxation.

(k) This Loan Agreement may not be sold, assigned, transferred or otherwise disposed of by the Borrower without the prior written consent of the Issuer (which consent shall be within the reasonable discretion of the Issuer), subject to each of the following conditions:

i) No such assignment will relieve the Borrower from primary liability for any of its obligations hereunder (unless the Issuer agrees in writing to release the Borrower) and in the event of any such assignment, the Borrower will continue to remain primarily liable for payment of its obligations hereunder and for performance and observance of the other covenants and agreements on its part herein provided.

ii) No such assignment will, in the opinion of Bond Counsel (all such expenses related to such opinion shall be paid by the Borrower), impair the exclusion of interest on the Notes from gross income for purposes of federal income taxation.

iii) The assignee will assume in writing the obligations of the Borrower hereunder to the extent of the interest assigned in a form acceptable to the Issuer (the "Assumption Agreement").

iv) Prior to any such assignment, the Borrower will, furnish or cause to be furnished to the Issuer and the Trustee an executed original of the Assumption Agreement.

## ARTICLE VII. INDEMNIFICATION

Section 7.01 Indemnification of Issuer and Note Trustee, (a) Except as otherwise provided below and subject to Sections 8.07 and 9.04 hereof, the Issuer and the Note Trustee, 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. 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 Promissory 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 Notes; (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 are not cured within all applicable notice and cure periods; (v)

enforcing any obligation or liability of the Borrower under this Loan Agreement, the Promissory Note, or the other 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 Note Trustee, 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 7.01 shall survive any assignment or termination of this Loan Agreement and, as to the Note Trustee, any resignation or removal of the Note Trustee.

e) [Indemnification of the Issuer by the Borrower with respect to environmental matters shall be governed exclusively by the terms and provisions of any environmental indemnification agreement.]

## **ARTICLE VIII. DEFAULTS AND REMEDIES**

Section 8.01 Defaults Defined. The following shall be "Defaults" under this Loan Agreement and the term "Default" shall mean, whenever it is used in this Loan Agreement, any one or more of the following events:

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a) Failure by the Borrower to pay any amount required to be paid under subsection (a) or (b) of Section 4.02 hereof.

b) Failure by the Borrower to observe and perform any covenant, condition or agreement on its part to be observed or performed herein other than as referred to in subsection (a) of this Section or failure by the Borrower to observe and perform any covenant, condition or agreement on its part to be observed or

performed in the Tax Regulatory Agreement, for a period of 60 calendar days after written notice, specifying such failure and requesting that it be remedied, will have been given to the Borrower by the Issuer or the Note Trustee; provided, with respect to any such failure covered by this subsection (b), no event of default will be deemed to have occurred so long as a course of action adequate to remedy such failure will have been commenced within such 60 calendar-day period and will thereafter be diligently prosecuted to completion and the failure will be remedied thereby.

c) The dissolution or liquidation of the Borrower, or the voluntary initiation by the Borrower of any proceeding under any federal or state law relating to bankruptcy, insolvency, arrangement, reorganization, readjustment of debt or any other form of debtor relief, or the initiation against the Borrower of any such proceeding which shall remain undismissed for 60 calendar days, or failure by the Borrower to promptly have discharged any execution, garnishment or attachment of such consequence as would impair the ability of the Borrower to carry on its operations at the Project, or assignment by the Borrower for the benefit of creditors, or the entry by the Borrower into an agreement of composition with its creditors or the failure generally by the Borrower to pay its debts as they become due.

d) The occurrence of a Default under the Note Indenture

The provisions of subsection (b) of this Section are subject to the following limitation: if by reason of force majeure it is impossible for the Borrower in whole or in part, despite its best efforts, to carry out any of its agreements contained herein (other than its obligations contained in Article IV hereof), the Borrower shall not be deemed in Default during the continuance of such inability. Such force majeure event does not affect any obligations of the Borrower other than the timing of performance of such obligations. The term "force majeure" as used herein shall mean, without limitation, the following: acts of God; strikes or other industrial disturbances; acts of public enemies; orders or restraints of any kind of the government of the United States of America or of the State or of any of their departments, agencies or officials, or of any civil or military authority; insurrections; riots; terrorism, landslides; earthquakes; fires; storms; droughts; floods; or explosions; not reasonably within the control of the Borrower. The Borrower agrees, however, to use its best efforts to remedy with all reasonable dispatch the cause or causes preventing the Borrower from carrying out its agreement.

Section 8.02 Remedies on Default. Whenever any Default referred to in Section 8.01 hereof shall have happened and be continuing beyond the expiration of any applicable cure period, the Note Trustee, or the Issuer (in the event the Note Trustee fails to act), may take one or any combination of the following remedial steps:

(a) If the Note Trustee has declared the Notes immediately due and payable pursuant to Section 9.01 of the Indenture, by written notice to the Borrower, declare an amount

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equal to all amounts then due and payable on the Notes, whether by acceleration of maturity (as provided in the Note Indenture) or otherwise, to be immediately due and payable, whereupon the same shall become immediately due and payable; and

(b) Take whatever action at law or in equity may appear necessary or desirable to collect the 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, the Promissory Note, the Tax Regulatory

Agreement or any other Borrower Document in the event of default thereunder.

Any amounts collected pursuant to action taken under this Section shall be paid into the Note Payment Fund and applied in accordance with the provisions of the Note Indenture.

Section 8.03 No Remedy Exclusive. Subject to Section 9.01 of the Note Indenture, no remedy herein conferred upon or reserved to the Issuer or the Note Trustee is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Loan Agreement or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any Default shall impair any such right or power nor shall it be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Issuer or the Note Trustee to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be required in this Article. Such rights and remedies as are given the Issuer hereunder shall also extend to the Note Trustee, and the Note Trustee and the Holders, subject to the provisions of the Note Indenture, including, but not limited to the Reserved Rights of the Issuer, shall be entitled to the benefit of all covenants and agreements herein contained.

Section 8.04 Agreement to Pay Attorneys' Fees and Expenses. In the event the Borrower should Default under any of the provisions of this Loan Agreement or under the Promissory Note and the Issuer and/or Note Trustee should employ attorneys or incur other expenses for the collection of payments required hereunder or under the Promissory Note, or the enforcement of performance or observance of any obligation or agreement on the part of the Borrower contained herein or in the Promissory Note, the Borrower agrees that it will on demand therefor pay to the Issuer and the Note Trustee, as the case may be, the reasonable fees and expenses of such attorneys and such other expenses so incurred by the Issuer and/or the Note Trustee. This Section 8.04 will continue in full force and effect notwithstanding the full payment of the obligations under the Loan Agreement or the termination of this Loan Agreement for any reason.

Section 8.05 No Additional Waiver Implied by One Waiver. In the event any agreement contained in this Loan Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 8.06 Right to Cure. Notwithstanding anything to the contrary herein or Otherwise in the Borrower Documents, if the Borrower shall, for whatever reason, at any time fail to pay any amount or perform any act which it is obligated to pay or perform under any of

the Borrower Documents and, as a result, a default or event of default occurs or may occur thereunder, the Investor Member shall have the right to perform such act or pay such amount on behalf of the Borrower and thereby cure or prevent such default or event of default, provided such default or event of default is cured within any applicable cure period or grace period provided to the Borrower herein or otherwise in the Borrower Documents.

Section 8.07 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 Promissory Note, and any other Borrower Documents, 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 Notes or for the costs, fees, penalties, taxes, interest, commissions, charges, insurance or any other payments recited herein, and the Issuer shall be obligated to pay the same only out of Revenues. The Issuer shall not be required to do any act whatsoever, or exercise any diligence whatsoever, to mitigate the damages to the Owner if an Event of Default shall occur hereunder.

## **ARTICLE IX. MISCELLANEOUS**

Section 9.01 Term of Agreement. This Loan Agreement shall remain in full force and effect from the date hereof until such time as all of the Notes and all amounts payable hereunder and under the Note Indenture shall have been fully paid or provision made for such payments, whichever is later, provided, that the provisions of Sections 5.10, 7.01 and Article VIII hereof shall survive termination of this Loan Agreement.

### **Section 9.02 Notices; Publication of Notice.**

a) All notices, advice, certifications or other communications hereunder between the Issuer and the Borrower shall be sufficiently given and shall be deemed given when delivered by hand or overnight courier, or mailed by certified or registered mail, postage prepaid, return receipt requested, or transmitted by electronic means (including, without limitation, facsimile transmission) addressed to the appropriate Notice Address. The Issuer or the Borrower may, by notice given hereunder, designate any further or different addresses to which subsequent notices, advice, certifications or other communications shall be sent. Notices to persons other than the Issuer or the Borrower (such as, for example, notices to owners of Notes) shall be governed by the other applicable provisions of the Note Indenture.

b) Whenever the Issuer or the Borrower is required or permitted to give or publish notice of any event or occurrence under this Loan Agreement, such notice shall be given or published in such manner and by such means as the Issuer or the Borrower, as the case may be, shall determine to be appropriate. Such publication may be by (but is not limited to) any of the following means: (i) publication in one or more newspapers or trade journals selected by the Issuer or the Borrower, as the case may be; (ii) publication by or through one or more financial

information reporting services; (iii) delivery to one or more "nationally recognized municipal securities information repositories" (as such terms is defined in Securities and Exchange Commission Rule 15c2-12) or any successor repository or entity fulfilling a substantially similar or like role; or (iv) by mailing a copy of such notice by first class mail, postage prepaid, to the person entitled to receive the notice at such person's address as shown on the records of the Issuer or the Borrower.

Section 9.03 Nonrecourse Liability of Borrower. From and after the date of this Agreement, (a) the liability of the Borrower and the Manager under this Loan Agreement shall be limited to the Project and moneys derived from the operation of the Project, and such amounts as may be invested in accordance with

Section 6.01 of the Note Indenture, and the Issuer and the Trustee shall look exclusively thereto or to such other security as may from time to time be given or have been given for payment of the Notes, and any judgment rendered against the Borrower or the Manager under this Loan Agreement shall be limited to the Project and moneys derived from the operation of the Project, and any other security so given for satisfaction thereof; and (b) no deficiency or other personal judgment shall be sought or rendered against the Borrower or the Manager (including the officers and employees of the Manager) or their respective successors, transferees or assigns, in any action or proceeding arising out of this Loan Agreement, or any judgment, order or decree rendered pursuant to any such 'action or proceeding; provided, however, that nothing herein shall limit the Issuer's or the Note Trustee's ability to exercise any right or remedy with respect to any property pledged or granted to the Issuer or any trustee under this Loan Agreement, or both, or to exercise any right against the Borrower or the Manager, on account of any claim for fraud or deceit, and against any other person or entity on account of any claim for fraud or deceit. Notwithstanding anything herein to the contrary, nothing in this Section shall limit the rights of indemnification against the Borrower and the Manager pursuant to Sections 5.10, 7.01 and 8.02 hereof. Furthermore, notwithstanding anything to the contrary, the Borrower and the Manager shall be fully liable for: (i) amounts payable to the Issuer constituting Reserved Rights of the Issuer, (ii) any amount due and owing as a result of any calculation or determination which may be required in connection with the Notes for the purpose of complying with Section 148 of the Code (including rebate liability) or any applicable Treasury regulation, and (iii) the indemnification and the payment obligations to the Issuer under Sections 5.10, 7.01 and 8.02 hereof.

The limit on the Borrower's and the Manager's liability set forth in this Section shall not, however, be construed, and is not intended to in any way, to constitute a release, in whole or in part, of the indebtedness evidenced by this Loan Agreement or a release, in whole or in part, or an impairment of the security interest, or in case of any default or enforcing any other right of the Issuer under this Loan Agreement or to alter, limit or affect the liability of any person or party who may now or hereafter or prior hereto guarantee, or pledge, grant or assign its assets or collateral as security for, the obligations of the Borrower under this Loan Agreement.

The provisions of this Section shall survive the termination of this Loan Agreement.

**Section 9.04 No Pecuniary Liability of Issuer.** No agreements or provisions contained in this Loan Agreement or any agreement, covenant or undertaking by the Issuer contained in any document executed by the Issuer in connection with the Project or any property of the Borrower financed, directly or indirectly, out of proceeds of the Notes or the issuance, sale and

delivery of the Notes will give rise to any pecuniary liability of the Issuer (including tax and rebate liability) or its past, present or future officers, directors, employees, commissioners, agents or members of its governing body and their successors and assigns or constitute a charge against the Issuer's general credit, or obligate the Issuer financially in any way, except with respect to the Trust Estate. No failure of the Issuer to comply with any terms, covenants or agreements in this Loan Agreement or in any document executed by the Issuer in connection with the Notes will subject the Issuer or its past, present or future officers, directors, employees, commissioners, agents and members of its governing body and their successors and assigns to any pecuniary charge or liability except to the extent that the same can be paid or recovered from the Trust Estate. Without limiting the requirement to perform its duties or exercise its rights and powers under this Loan Agreement upon receipt of appropriate indemnity or payment, none of the provisions of this Loan Agreement or the Indenture will require the Issuer to expend or risk its own funds or otherwise to incur financial liability in the



performance of any of its duties or in the exercise of any of its rights or powers under this Loan Agreement. Nothing in this Loan Agreement will preclude a proper party in interest from seeking and obtaining, to the extent permitted by law, specific performance against the Issuer for any failure to comply with any term, condition, covenant or agreement in this Loan Agreement or in the Note Indenture; provided that no costs, expenses or other monetary relief will be recoverable from the Issuer except as may be payable from the funds available under this Loan Agreement or made available under the Indenture by the Borrower and pledged to the payment of the Notes.

No covenant, agreement or obligation contained herein or in any other financing instrument executed in connection with the Project or the making of the Loan shall be deemed to be a covenant, agreement or obligation of any past, present or future director, officer, employee, commissioner, or agent of the Issuer in his or her individual capacity so long as he or she does not act in bad faith, and no such director, officer, employee, commissioner or agent of the Issuer in his or her individual capacity shall be subject to any liability under any agreement to which the Issuer is a party or with respect to any other action taken by him or her so long as he or she does not act in bad faith.

Section 9.05 Binding Effect. This Loan Agreement shall inure to the benefit of and shall be binding upon the Issuer, the Borrower, the Trustee, the Holders and their respective successors and assigns.

Section 9.06 Severability. In the event any provision of this Loan Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 9.07 Amounts Remaining in Funds. Subject to the provisions of Section 4.07 of the Note Indenture, it is agreed by the parties hereto that any amounts remaining in any account of the Note Payment Fund, the Project Fund, or any other fund created under the Note Indenture upon expiration or earlier termination of this Loan Agreement, as provided in this Loan Agreement, after payment in full of the Notes (or provision for payment thereof having been made in accordance with the provisions of the Note Indenture) and the fees and expenses of the Note Trustee and the Issuer in accordance with the Note Indenture, shall belong to and be paid to the Borrower by the Trustee so long as those remaining amounts do not constitute Note Proceeds.

Section 9.08 Amendments, Changes and Modifications. Subsequent to the issuance of the Notes and prior to their payment in full (or provision for the payment thereof having been made in accordance with the provisions of the Note Indenture), and except as otherwise herein expressly provided, this Loan Agreement may not be effectively amended, changed, modified, altered or terminated without the written consent of the Note Trustee, in accordance with the provisions of the Note Indenture.

Section 9.09 Execution in Counterparts. This Loan Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 9.10 Applicable Law; Jury Trial. This Loan Agreement and the Promissory 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 PROMISSORY 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 PROMISSORY 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 PROMISSORY NOTE AND THE OTHER BORROWER DOCUMENTS, OR ANY AMENDMENT, INSTRUMENT, DOCUMENT OR AGREEMENT DELIVERED OR WHICH MAY IN THE FUTURE BE DELIVERED IN CONNECTION HERewith OR THEREWITH, OR ARISING FROM ANY DISPUTE OR CONTROVERSY ARISING IN CONNECTION WITH OR RELATED TO THIS LOAN AGREEMENT, THE PROMISSORY NOTE AND THE OTHER BORROWER DOCUMENTS, OR ANY SUCH AMENDMENT, INSTRUMENT, DOCUMENT OR AGREEMENT, SHALL BE LITIGATED ONLY IN THE COURTS HAVING SITUS WITHIN THE CITY OF CHICAGO, STATE OF ILLINOIS, AND THE 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.**

Section 9.11 Captions. The captions and headings in this Loan Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Sections of this Loan Agreement.

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IN WITNESS WHEREOF, the Issuer and the Borrower have caused this Loan Agreement to be executed in their respective official names and their respective official seals to be hereunto affixed and attested by their duly authorized officers, all as of the date first above written.

CITY OF CHICAGO, as Issuer

By: \_\_\_\_\_ :  
Chief Financial Officer

[SIGNATURE PAGE TO LOAN AGREEMENT - SIGNATURES CONTINUED ON NEXT PAGE]

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**PGS BRONZEVILLE III LIMITED PARTNERSHIP,**  
an Illinois limited partnership

- By: Grand Boulevard Housing IV, LLC, an Illinois limited liability company, its  
General Partner
- By: Peoples Co-Op for Affordable Elderly  
Housing, an Illinois not-for-profit corporation, its Manager

By:  
Name: Fred L. Bonner Title: Chief Executive Officer

[SIGNATURE PAGE TO LOAN AGREEMENT CONTINUED]

**SEAWAY BANK AND TRUST COMPANY,**  
as Note Trustee

By: \_ Name: Title:

[SIGNATURE PAGE TO LOAN AGREEMENT CONTINUED]

The Manager hereby agrees to comply with the representations set forth in Article II and the obligations set forth in Section 5.10, 7.01, 7.04 and Section 9.03 of this Loan Agreement.

Peoples Co-Op for Affordable Elderly Housing, an Illinois not-for-profit corporation

By:

Name: Fred L. Bonner Title: Chief Executive Officer

[SIGNATURE PAGE TO LOAN AGREEMENT CONTINUED]

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Ordinance Exhibit F Form of Land Use Restriction Agreement

This Instrument was Prepared by and When Recorded Send to:

Charles D. Katz  
Polsinelli, PC  
161 N. Clark Street  
Chicago, Illinois 60601

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

**And**

**PGS BRONZEVILLE III LIMITED PARTNERSHIP**

an Illinois limited partnership Dated as of October 1, 2016

Page

**EXHIBIT A EXHIBIT B EXHIBIT C APPENDIX 1**  
**LEGAL DESCRIPTION OF SITE INCOME COMPUTATION AND CERTIFICATION CERTIFICATE OF**  
**CONTINUING PROGRAM COMPLIANCE HUD-REQUIRED PROVISIONS**

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## **LAND USE RESTRICTION AGREEMENT**

**THIS LAND USE RESTRICTION AGREEMENT (this "Agreement"), entered into as of October 1, 2016, between 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 (the "Issuer"), and PGS BRONZEVILLE III LIMITED PARTNERSHIP, an Illinois limited partnership (the "Owner"),**

### **WITNESSETH:**

WHEREAS, the Issuer has issued, sold and delivered its \$10,596,000 Multi-Family Housing Revenue Bonds,(Paul G. Stewart Apartments Phase III Tower Project), Series 2016 (the "Bonds"); and

WHEREAS, the Bonds are issued pursuant to the Bond Indenture of even date herewith (the "Bond Indenture"), between the Issuer and Seaway Bank and Trust Company, an Illinois state banking corporation having its principal corporate trust office in Chicago, Illinois, as bond trustee (the "Bond Trustee"); and

WHEREAS, the proceeds derived from the issuance and sale of the Bonds are being lent by the Issuer to the Owner pursuant to the Financing Agreement of even date herewith (the "Financing Agreement"), between the Issuer and the Owner for the purpose of financing a portion of the costs of the acquisition and renovation of a 20-story, residential apartment building containing approximately one hundred and eighty (180) residential dwelling units (the "Units"), along with (1) common area, (2) service and management offices on the 1<sup>st</sup> and 2<sup>nd</sup> floors and (3) approximately 70 surface parking spaces (9 of which are handicapped accessible), for low and moderate income senior individuals and families, located at 401 East Bowen Avenue, Chicago, Illinois (as further described in Exhibit A hereto, the "Site"), which is commonly known as Paul G. Stewart Apartments Phase III Tower (collectively, the Property and the Units are referred to herein as the "Project")

WHEREAS, the Issuer has issued, sold and delivered its Multi-Family Housing Revenue Notes (Paul G. Stewart Apartments Phase III Tower Project), Series 2016 (the "Notes" and collectively with the Bonds, the "Obligations"); and

WHEREAS, the Notes are issued pursuant to the Note Indenture of even date herewith (the "Note



Indenture") between the Issuer and Seaway Bank and Trust Company, as note trustee (the "Note Trustee" and collectively with the Bond Trustee, the "Trustee"); and

WHEREAS, the proceeds derived from the issuance and sale of the Notes are being lent by the Issuer to the Owner pursuant to the Loan Agreement of even date herewith (the "Loan Agreement"), between the Issuer and the Owner for the purpose of financing a portion of the costs of the Project; and

WHEREAS, in order to assure the Issuer and the Holders that interest on the Obligations 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;

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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 Owner 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 the renovation 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; 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, 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 Obligations, 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 Obligations 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 Obligations from the gross income of the owner 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 Owner 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).

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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 Owner 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 Obligations to remain excludible from gross income for federal income tax purposes.

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

f) Hud-Required Language. The parties hereby incorporate into this Agreement the provisions set forth in Appendix I attached hereto to the same extent and effect as if the provisions set forth in Appendix I were fully set forth and made a part hereof.

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

a) The Owner 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, renovated 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 Owner-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; 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

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nothing herein shall be understood to prohibit single-room-occupancy units occupied under month-to-month leases.

e) All of the Units in the Project will be leased or rented, or available for lease or rental, on a continuous basis to members of the general public (other than (i) Units for resident managers or maintenance personnel, (ii) Units for Qualifying Tenants as provided for in Section 3 hereof, and (iii) 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 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.

f) 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 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.

g) 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.

h) No portion of the Project will be used to provide any health club facility (except as provided in (f) above), 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 Owner 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).

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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 Owner or the Issuer to substantiate the Income Certification.

c) Not less frequently than annually, the Owner shall determine whether the current aggregate adjusted income of each tenant occupying any unit being treated by the Owner as occupied by a Qualifying Tenant exceeds the applicable income limit. For such purpose the Owner shall require each such tenant to execute and deliver the Income Certification; 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.

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 Owner 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 the Note is 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 Owner 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

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there occurs any change in the occupancy of a Unit in the Project, the Owner will submit to the Issuer a "Certificate of Continuing Program Compliance," in the form attached hereto as Exhibit C executed by the Owner with respect to the Project.

(i) The Owner 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 Owner to the penalty provided in Section 6652(j) of the Code.

Section 4. Rental Restrictions. The Owner 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, and (c) 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). If a Housing Assistance Payments Contract is subsequently entered into with respect to the Project under the Section 8 assistance program, in administering the restrictions hereunder with respect to the Project the Owner will comply with all Section 8 requirements.

Section 5. Transfer Restrictions. The Owner 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 Owner 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 Owner 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 partnership interest in the Owner or a transfer by foreclosure or deed in lieu of foreclosure.

## **Section 6. Enforcement**

a) The Owner shall permit all duly authorized representatives of the Issuer to inspect any books and records of the Owner 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 Owner 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

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provisions of this Agreement and Section 142(d) of the Code and the regulations heretofore or hereafter promulgated thereunder.

c) The Issuer and the Owner 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 Obligations 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 Owner 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 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) 60 days after the effective date of any notice to or from the Owner, or (B) 75 days from the date such violation would have been discovered by the Owner 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 Obligations, 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 Owner 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 Obligations from gross income for purposes of federal income taxation, and that the Issuer, on behalf of the owners of the Obligations, who<sup>^</sup>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 Owner 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 Owner's partners shall

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be deemed to be a cure by the Owner and shall be accepted or rejected on the same basis as if made or tendered by the Owner.

Section 7. Covenants to Run with the Land. The Owner hereby subjects the Project, the Property, the Site and the Units to the covenants, reservations and restrictions set forth in this Agreement. The Issuer and the Owner 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 Owner's successors in title to the Project, the Units, and the Site, 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 partnership interest in the Owner), 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 Owner shall cause this Agreement and all amendments and supplements hereto to be recorded in the conveyance and real property records of Cook County, Illinois, and in such other places as the Issuer may reasonably request. The Owner 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 Owner 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 Owner 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 Indenture, the Financing Agreement, the Note Indenture, the Loan Agreement or Section 142(d) of the Code and the regulations heretofore or hereafter promulgated thereunder.

Section 12. Amendment. Subject to any restrictions set forth in either the Bond Indenture or the Note Indenture, 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 applicable sections of the Financing Agreement and the Loan Agreement.

Section 15. Governing Law. The laws of the State of Illinois shall govern the construction of this Agreement, without reference to its conflicts of laws principles.

Section 16. Limited Liability of Owner. Notwithstanding any other provision or obligation stated in or implied by this Agreement to the contrary, any and all undertakings and agreements of the Owner 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 partner of the Owner, and no recourse (other than as expressly provided hereinafter in this paragraph) shall be had against the property of the Owner or any past, present or future partner of the Owner, 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 Owner pursuant hereto or in connection herewith, or for any claim based thereon. It is expressly understood and agreed that the Issuer and the registered owner of the Obligations, and its 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 Owner 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.



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

(SEAL) ATTEST:

Susana A. Mendoza, City Clerk

Acknowledged and agreed to:

**PGS BRONZEVILLE III LIMITED PARTNERSHIP,**  
an Illinois limited partnership

By: Grand Boulevard Housing IV, LLC, an Illinois limited liability  
company, its General Partner

By: Peoples Co-Op for Affordable Elderly  
Housing, an Illinois not-for-profit corporation, its Manager

By:

Name: Fred L. Bonner

Title: Chief Executive Officer

(STATE OF ILLINOIS)

) ss:

COUNTY OF COOK )

BEFORE ME, the undersigned authority, on this day personally appeared \_\_\_\_\_ and SUSANA A, MENDOZA, the CHIEF FINANCIAL OFFICER and CITY CLERK, respectively, of 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 (the "Issuer"), 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 Issuer.

GIVEN UNDER MY HAND and seal of office, this the \_\_\_\_\_ day of \_\_\_\_\_, 201\_.

[SEAL]

Notary Public in and for the State of Illinois

My commission expires on:

I, the undersigned, a Notary Public in and for the county and State aforesaid, do hereby certify that Fred L. Bonner, personally known to me to be the Chief Executive Officer of Peoples Co-Op for Affordable Elderly Housing, an Illinois not-for-profit corporation, manager of Grand Boulevard Housing IV, LLC, an Illinois limited liability corporation, the general partner ("General Partner") of PGS Bronzeville III Limited Partnership, an Illinois limited partnership (the "Limited Partnership"), 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, as the free and voluntary act of such person, and as the free and voluntary act and deed of the General Partner and the Limited Partnership, for the uses and purposes therein set forth.

Given under my hand and official seal this       day of       , 201\_.

Notary Public

(SEAL)

My commission expires on:

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## **EXHIBIT A LEGAL DESCRIPTION OF THE SITE**

Property Address: 401 Bowen Avenue, Chicago, IL Properly Tax Identification Number:

**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 October 1, 2016, among the City of Chicago and PGS Bronzeville III Limited Partnership, an Illinois limited partnership (the "Owner").

Re: Paul G. Stewart Apartments Phase III Tower 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:

Name of Members of the Household	Relationship to Head of Household	Age	Social Security Number	Place of Employment
	HEAD			
	<u>SPOUSE</u>			

6. Total Anticipated Income. The total anticipated income, calculated in accordance with this paragraph 6, of all persons listed above for the 12-month period beginning the date that I/we plan to move into a unit (i.e., ) is \$ .Included in the total anticipated income listed above are:

- a) the full amount, before payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services;
- b) the net income from operation of a business or profession or net income from real or personal property (without deducting expenditures for business expansion or amortization or capital indebtedness); an allowance for depreciation of capital assets used in a business or profession may be deducted, based on straight-line depreciation, as provided in Internal Revenue Service regulation;

\* The form of Income Computation and Certification shall be conformed to any amendments made to 24 CFR Part 5, or any regulatory provisions promulgated in substitution therefor.

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include any withdrawal of cash or assets from the operation of a business or profession, except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the above persons;

- c) interest and dividends (see 7(C) below);
- d) the full amount of periodic payments received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts, including a lump sum payment for the delayed start of a periodic payment;
- e) payments in lieu of earnings, such as unemployment and disability compensation, workmen's compensation and severance pay;
- f) the amount of any public welfare assistance payment; if the welfare assistance payment includes any amount specifically designated for shelter and utilities that is subject to adjustment by the welfare assistance agency in accordance with the actual cost of shelter and utilities, the amount of welfare assistance income to be included as income shall consist of:
  - i) the amount of the allowance or grant exclusive of the amount specifically designated for shelter or utilities, plus
  - ii) the maximum amount that the welfare assistance agency could in fact allow the family 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;

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- 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;
- 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 Owner, 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;

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

## 7. 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
- i) of capital investment (excluding the values of necessary items of personal
- i) property such as furniture and automobiles, equity in a housing
- i) cooperative unit or in a manufactured home in which such family resides,
- i) and interests in Indian trust land)?                      Yes                      No.
- ii) have they disposed of any assets (other than at a foreclosure or
- ii) bankruptcy 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 assets owned or disposed of by -all such persons total more than \$5,000?

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
- ii) the 12-month period beginning on the date of initial occupancy of the unit
- ii) that you propose to rent: \$              ; and
- iii) the amount of such income, if any, that was included in Item 6 above: \$

## 8. Full-time Students

(a) Are all of the individuals who propose to reside in the unit full-time students?        Yes No.

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

Yes                      No.

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

10. Reliance. This certificate is made with the knowledge that it will be relied upon by the Owner 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.

11. Further Assistance. I/We will assist the Owner 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.

12. 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 Owner to lease the unit, and may entitle the Owner to prevent or terminate my/our occupancy of the unit by institution of an action for ejection or other appropriate proceedings.

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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:

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Less than 80% of Median Gross Income for Area.<sup>1</sup> 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 ( )

Owner or Manager

\*\* "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.

\*\*\* See footnote 2.

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## 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 PGS Bronzeville III Limited Partnership, an Illinois limited partnership, 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:

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**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

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**EXHIBIT C**

**CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE**

The undersigned, on behalf of PGS Bronzeville III Limited Partnership, an Illinois limited partnership (the "Owner"), 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 October 1, 2016 (the "Land Use Restriction Agreement"), between the City of Chicago and the Owner. 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 Owner, 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 .

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

\*\*\*' 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.

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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.

**PGS BRONZEVILLE III LIMITED PARTNERSHIP,**  
an Illinois limited partnership

By: Grand Boulevard Housing IV, LLC, an Illinois limited liability  
company, its General Partner

By: Peoples Co-Op for Affordable Elderly  
Housing, an Illinois not-for-profit corporation, its Manager

By:  
Name: Fred L. Bonner  
Title: Chief Executive Officer



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## **APPENDIX I**

### **HUD REQUIREMENTS**

**[FORM ATTACHED HERETO MAY BE SUBSTITUTED WITH NEW, MORE  
CURRENT FORM]**

1. Notwithstanding anything in the Land Use Restriction Agreement (the "Land Use Restriction Agreement") to which these HUD Requirements are attached as Appendix I to the contrary, except the requirements in U.S.C. 42(h)(6)(E)(ii) (if applicable), the provisions of the Land Use Restriction Agreement are expressly subordinate to (i) the HUD Mortgage, (ii) the HUD Regulatory Agreement and (iii) Program Obligations. In the event of any conflict between the provisions of the Land Use Restriction Agreement and the provisions of the HUD Mortgage, HUD Regulatory Agreement, or Program Obligations, the provisions of the HUD Mortgage, HUD Regulatory Agreement and/or Program Obligations shall control and supersede the enforcement of the Land Use Restriction Agreement.

2. In the event of foreclosure, the Land Use Restriction Agreement (including without limitation, any and all land use covenants and/or restrictions contained therein) shall automatically terminate, with the exception of the requirements of U.S.C. 42(h)(6)(E)(ii) above, or as otherwise approved by HUD.

3. Failure of the Issuer and Owner to comply with the covenants provided in the Land Use Restriction Agreement does not and shall not serve as a basis for default under the terms of the HUD Mortgage, the HUD Regulatory Agreement, or any other document relating to the Mortgage Loan to Owner for the HUD Project, provided that, nothing therein limits the Issuer's ability to enforce the terms of the Land Use Restriction Agreement to the extent not in conflict with the Mortgage Loan Documents or Program Obligations.

4. Except for the Issuer's reporting requirement, in enforcing the Land Use Restriction Agreement the Issuer will not file any claim against the HUD Project or any reserve or deposit required by HUD in

connection with the HUD Mortgage or HUD Regulatory Agreement, or the rents or other income from the HUD Project other than a claim against:

- i. Available Surplus Cash, if the Owner is a for-profit entity;
- ii. Available distributions and Residual Receipts authorized for release by HUD, if the Owner is a limited distribution entity; or
- iii. Available Residual Receipts authorized by HUD, if the Owner is a nonprofit entity.

5. For so long as the Mortgage Loan is outstanding, Owner and Issuer shall not further amend the Land Use Restriction Agreement without HUD's prior written consent.

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6. Subject to the HUD Regulatory Agreement, the Issuer may require the Owner to indemnify and hold the Issuer harmless from loss, cost, damage and expense arising from any claim or proceeding instituted against Issuer relating to the subordination and covenants set forth in the Land Use Restriction Agreement, provided, however, that Owner's obligation to indemnify and hold the Issuer harmless shall be limited to available Surplus Cash and/or Residual Receipts of the Owner.

7. No action shall be taken in accordance with the rights granted in the Land Use Restriction Agreement to preserve the tax-exemption of the interest on the notes or bonds, or prohibiting the owner from taking any action that might jeopardize the tax-exemption, except in strict accord with Program Obligations.

8. Capitalized terms in this Appendix I not defined above in this Appendix I or in the Land Use Restriction Agreement shall have the following meanings.

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

"HUD Mortgage" means the mortgage or deed of trust from owner in favor of Mortgage Lender, as the same may be supplemented, amended or modified.

"HUD Project" means Paul G. Stewart Apartments Phase III Tower, FHA Project No 92466M, located at 401 East Bowen Avenue, Chicago, Illinois.

"HUD Regulatory Agreement" means the Regulatory Agreement between Owner and HUD with respect to the Project in connection with the Mortgage Loan, as the same may be supplemented, amended or modified from time to time.

"Mortgage Lender" means P/R Mortgage and Investment Corp., an Indiana Corporation.

"Mortgage Loan" means that certain construction loan from Mortgage Lender to Owner in the amount of up to \$10,596,000, as evidenced and secured by the Mortgage Loan Documents, such Mortgage Loan being insured by HUD pursuant to Section 221(d)(4) of the National Housing Act.

"Mortgage Loan Documents" means the HUD Mortgage, the HUD Regulatory Agreement, the promissory note evidencing the Mortgage Loan, and all other documents required by HUD or Mortgage Lender in connection with the Mortgage Loan.

"National Housing Act" means the National Housing Act of 1934, as amended.

"Program Obligations" means (1) all applicable statutes and any regulations issued by HUD pursuant thereto that apply to the HUD Project, including all amendments to such statutes and regulations, as they become effective, except that changes subject to notice and comment rulemaking shall become effective only upon completion of the rulemaking process, and (2) all current requirements in HUD handbooks and guides, notices, and mortgage letters that apply to the HUD Project, and all future updates, changes and amendments thereto, as they become

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effective, except that changes subject to notice and comment rulemaking shall become effective only upon completion of the rulemaking process, and provided that such future updates, changes and amendments shall be applicable to the HUD Project only to the extent that they interpret, clarify and implement terms in the HUD Loan Documents rather than add or delete provisions from such documents. Handbooks, guides, notices, and mortgage letters are available on HUD's official website: <http://www.hud.gov/offices/adni/hudclips/index.cfm> <<http://www.hud.gov/offices/adni/hudclips/index.cfm>>, or a successor location to that site).

"Residual Receipts" has the meaning specified in the HUD Regulatory Agreement. "Surplus Cash"

has the meaning specified in the HUD Regulatory Agreement.

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This agreement was prepared by and after recording  
return to:

Randall Johnson, Esq. City of Chicago Law  
Department 121 North LaSalle Street, Room 600  
Chicago, IL 60602

### **PGS BRONZEVILLE III LIMITED PARTNERSHIP REDEVELOPMENT AGREEMENT**

This PGS Bronzeville III Limited Partnership Redevelopment Agreement (this "Agreement") is made on this       day of       , 2016, by and among the City of Chicago, an Illinois municipal corporation (the "City"), through its Department of Planning and Development ("DPD"), PGS Bronzeville III Limited Partnership, an Illinois limited partnership (the "Developer"), Grand Boulevard Housing IV, LLC, an Illinois limited liability company and the general partner of the Developer (the "General Partner"), and Bronzeville Housing and Community Development Corporation, an Illinois not-for-profit corporation, and a member of the General Partner {"BHCD"}. The Developer, the General Partner and BHCD may collectively be referred to hereinafter as the "Developer Parties."

### **RECITALS**

A. Constitutional Authority: As a home rule unit of government under Section 6(a), Article VII of the 1970 Constitution of the State of Illinois (the "State"), the City has the power to regulate for the protection of the public health, safety, morals and welfare of its inhabitants, and pursuant thereto, has the power to encourage private development in order to enhance the local tax base, create employment opportunities and. to enter into contractual agreements with private parties in order to achieve these goals.

B. Statutory Authority: The City is authorized under the provisions of the Tax Increment Allocation Redevelopment Act, 65 ILCS 5/11-74.4-1 et seq., as amended from time to time (the "Act"), to finance projects that eradicate blighted conditions and conservation area factors through the use of tax increment allocation financing for redevelopment projects.

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C. **City Council Authority:** To induce redevelopment pursuant to the Act, the City Council of the City (the "City Council") adopted the following ordinances on March 27, 2002: (1) "An Ordinance of the City of Chicago, Illinois Approving a Tax Increment Redevelopment Plan for the 47<sup>th</sup>/King Redevelopment Project Area;" (2) "An Ordinance of the City of Chicago, Illinois Designating the 47<sup>th</sup>/King Redevelopment Project Area as a Tax Increment Financing District;" and (3) "An Ordinance of the City of Chicago, Illinois Adopting Tax Increment Allocation Financing for the 47<sup>th</sup>/King Redevelopment Project Area" (the "47<sup>th</sup>/King TIF Adoption Ordinance") (items (1)-(3) collectively referred to herein as the "TIF Ordinances," the redevelopment plan approved by the TIF Ordinances is referred to herein as the "47<sup>th</sup>/King Redevelopment Plan" and the redevelopment project area created by the TIF Ordinances is referred to herein as the "47<sup>th</sup>/King Redevelopment Area").

D. The Project: The Developer will acquire certain property located within the 47<sup>th</sup> and King Drive Redevelopment Area at 401 East Bowen Avenue, Chicago, Illinois and legally described on Exhibit B hereto (the "Property") and, within the time frames set forth in Section 3.01 hereof, shall commence and complete the rehabilitation of an twenty-story building on the Property, which will include 180 residential dwelling units, along with a common area, service and management offices, and approximately 70 surface parking spaces (the "Facility"). The Facility and related improvements (including but not limited to those TIF-Funded Improvements as defined below and set forth on Exhibit C) and full compliance by the Developer, as determined by DPD in its sole discretion, with the DPD-approved relocation plan (the "Relocation Plan") required in connection with tenants currently residing in the Facility before the commencement of the rehabilitation are collectively referred to herein as the "Project." The completion of the Project would not reasonably be anticipated without the financing contemplated in this Agreement.

E. **Redevelopment Plan:** The Project will be carried out in accordance with this Agreement and the the 47<sup>th</sup> and King Drive Redevelopment Plan and Project (the "Redevelopment Plan") attached hereto as Exhibit D.

F. City Financing: The City agrees to use, in the amounts set forth in Section 4.03 hereof, Available Incremental Taxes (as defined below), to pay for or reimburse any of the Developer Parties for the costs of TIF-Funded Improvements pursuant to the terms and conditions of this Agreement.

In addition, as described in Section 8.05 hereof, the City may, in its discretion, issue tax increment allocation bonds ("TIF Bonds") secured by Incremental Taxes (as defined herein) pursuant to a TIF bond ordinance (the "TIF Bond Ordinance"), the proceeds of which (the "TIF Bond Proceeds") may be used to pay for the costs of the TIF-Funded Improvements not previously paid for from Available Incremental Taxes, or in order to reimburse the City for the costs of TIF-Funded Improvements; provided, however, that any such amendments shall not have a material adverse effect on the Developer Parties or the Project; provided, further, that the proceeds of TIF Bonds issued on a tax-exempt basis cannot be used as a source of City Funds or to repay the City Funds.

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

## SECTION 1. RECITALS

The foregoing recitals are hereby incorporated into this Agreement by reference.

## SECTION 2. DEFINITIONS

For purposes of this Agreement, in addition to the terms defined in the foregoing recitals, the following terms shall have the meanings set forth below:

"Act" shall have the meaning set forth in the Recitals hereof.

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

"Available Incremental Taxes" shall mean an amount equal to the Incremental Taxes deposited in the TIF Fund attributable to the taxes levied on the the 47<sup>th</sup> and King Drive Redevelopment Area as of the date any payment is made under this Agreement to any of the Developer Parties and not pledged to prior obligations in the 47<sup>th</sup>/King Redevelopment Area, such prior obligations including, for the 47<sup>th</sup>/King Redevelopment Area: DPD projects known as i) Paul G. Stewart Apartments, ii) Engine Co 16, iii) Cuisine of the Diaspora Note 1 and Note 2, iv) the City's Neighborhood Investment Program, v) the City's Small Business Improvement Fund, vi) the City's Broadband Initiative, vii) Bronzeville Associates Family Apartments, viii) Bronzeville Associates Senior Apartments, ix) Rosenwald Court Apartments RDA, x) Legends C-3 RDA, xi) 300 East 51<sup>st</sup> St. LLC RDA, xii) Arterial resurfacing and median repairs at Wabash, 37<sup>th</sup>- 47<sup>th</sup>, xiii) Lighting at King Drive, 40<sup>th</sup> to 51<sup>st</sup> and Michigan Ave., 31<sup>st</sup> to 43<sup>rd</sup> & 43<sup>rd</sup> to 55<sup>th</sup>, and xiv) Acquisitions at 4253 S. Prarie Ave., & 301-15 E. 43<sup>rd</sup> St.

"Certificate" shall mean the Certificate of Completion of Construction described in Section 7.01 hereof.

"Change Order" shall mean any amendment or modification to the Scope Drawings, Plans and Specifications or the Project Budget as described in Section 3.03, Section 3.04 and Section 3.05, respectively.

"City Council" shall have the meaning set forth in the Recitals hereof.

"City Funds" shall mean the funds described in Section 4.03(b) hereof.

"Closing Date" shall mean the date of execution and delivery of this Agreement by all parties hereto, which shall be deemed to be the date appearing in the first paragraph of this Agreement.

"Contract" shall have the meaning set forth in Section 10.03 hereof.

"Contractor" shall have the meaning set forth in Section 10.03 hereof.

"Construction Contract" shall mean that certain contract entered into between the Developer and the General Contractor providing for construction of the Project.

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

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

"Environmental Laws" shall mean any and all federal, state or local statutes, laws, regulations, ordinances, codes, rules, orders, licenses, judgments, decrees or requirements relating to public health and safety and the environment now or hereafter in force, as amended and hereafter amended, including but not limited to (i) the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. Section 9601 et seq.); (ii) any so-called "Superfund" or "Superlien" law; (iii) the Hazardous Materials Transportation Act (49 U.S.C. Section 1802 et seq.); (iv) the Resource Conservation and Recovery Act (42 U.S.C. Section 6902 et seq.); (v) the Clean Air Act (42 U.S.C. Section 7401 et seq.); (vi) the Clean Water Act (33 U.S.C. Section 1251 et seq.); (vii) the Toxic Substances Control Act (15 U.S.C. Section 2601 et seq.); (viii) the Federal Insecticide, Fungicide and Rodenticide Act (7 U.S.C. Section 136 et seq.); (ix) the Illinois Environmental Protection Act (415 ILCS 5/1 et seq.); and (x) the Municipal Code of Chicago, including but not limited to the Municipal Code of Chicago, Sections 7-28-390, 7-28-440, 11-4-1410, 11-4-1420, 11-4-1450, 11-4-1500, 11-4-1530, 11-4-1550, or 11-4-1560.

**"Equity" shall mean funds of any of the Developer Parties (other than funds derived from Lender Financing) irrevocably available for the Project, in the amount set forth in Section 4.01 hereof, which amount may be increased pursuant to Section 4.06 (Cost Overruns) or Section 4.03(b).**

"Escrow" shall mean the construction escrow established pursuant to the Escrow Agreement..

"Escrow Agreement" shall mean the Escrow Agreement establishing a construction escrow, entered into by the Title Company (or an affiliate of the Title Company), one or more of the Developer Parties, the City, and the Developer's lender(s).

"Event of Default" shall have the meaning set forth in Section 15 hereof.

"Facility" shall have the meaning set forth in the Recitals hereof.

"Financial Statements" shall mean complete audited financial statements of the Developer prepared by a certified public accountant in accordance with generally accepted accounting principles and practices consistently applied throughout the appropriate periods.

**"General Contractor" shall mean the general contractor(s) hired by one or more of the Developer Parties pursuant to Section 6.01.**

"Hazardous Materials" shall mean any toxic substance, hazardous substance, hazardous material, hazardous chemical or hazardous, toxic or dangerous waste defined or qualifying as such in (or for the purposes of) any Environmental Law, or any pollutant or contaminant, and shall include, but not be limited to, petroleum (including crude oil), any radioactive material or by-product material, polychlorinated biphenyls and asbestos in any form or condition.

"In Balance" shall have the meaning set forth in Section 4.07 hereof.

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

"LIHTC" shall mean low-income housing tax credits allocated pursuant to Section 42 of the Internal Revenue Code of 1986, as amended.

"Incremental Taxes" shall mean such ad valorem taxes which, pursuant to the TIF Adoption Ordinance and Section 5/11-74.4-8(b) of the Act, are allocated to and when collected are paid to the Treasurer of the City of Chicago for deposit by the Treasurer into the TIF Fund established pursuant to the TIF Adoption Ordinance to pay Redevelopment Project Costs and obligations incurred in the payment thereof.

"Lender Financing" shall mean funds borrowed by the Developer from lenders and irrevocably available to pay for Costs of the Project, in the amount set forth in Section 4.01 hereof.

**"MBE(s)" has the meaning defined in Section 10.03.**

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

**"MBE/WBE Program" has the meaning defined in Section 10.03.**

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

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

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

"Plans and Specifications" shall mean final construction documents containing a site plan and working drawings and specifications for the Project, as submitted to the City as the basis for obtaining building permits for the Project.

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

"Project" shall have the meaning set forth in the Recitals hereof.

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

"Property" shall have the meaning set forth in the Recitals hereof.

"47<sup>th</sup> and King Drive Redevelopment Area" shall have the meaning set forth in the Recitals hereof.

"Redevelopment Plan" shall have the meaning set forth in the Recitals hereof.

"Redevelopment Project Costs" shall mean redevelopment project costs as defined in Section 5/11-74.4-3(q) of the Act that are included in the budget set forth in the Redevelopment Plan or otherwise referenced in the Redevelopment Plan.

"Regquisition Form" shall mean the document, in the form attached hereto as Exhibit K, to be delivered by the Developer to DPD pursuant to Section 4.04 of this Agreement.

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"Scope Drawings" shall mean preliminary construction documents containing a site plan and preliminary drawings and specifications for the Project.

"Survey" shall mean a Class A plat of survey in the most recently revised form of ALTA/NSPS land title survey of the Property dated within 45 days prior to the Closing Date, acceptable in form and content to the City and the Title Company, prepared by a surveyor registered in the State of Illinois, certified to the City and the Title Company, and indicating whether the Property is in a flood hazard area as identified by the United



States Federal Emergency Management Agency (and updates thereof to reflect improvements to the Property in connection with the construction of the Facility and related improvements as required by the City or lender (s) providing Lender Financing).

"Term of the Agreement" shall mean the period of time commencing on the Closing Date and ending on December 31, 2031.

"TIF Adoption Ordinance" shall have the meaning set forth in the Recitals hereof.

"TIF Bonds" shall have the meaning set forth in the Recitals hereof.

"TIF Bond Ordinance" shall have the meaning set forth in the Recitals hereof.

"TIF Bond Proceeds" shall have the meaning set forth in the Recitals hereof.

"TIF Fund" shall mean the special tax allocation fund created by the City pursuant to the TIF Adoption Ordinance in connection with the 47<sup>th</sup> and King Drive Redevelopment Area into which the Incremental Taxes will be deposited.

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

"TIF Ordinances" shall have the meaning set forth in the Recitals hereof.

"Title Company" shall mean Title Services, Inc. as agent for Commonwealth Land Title Insurance Company.

"Title Policy" shall mean a title insurance policy, issued by the Title Company, in the most recently revised ALTA or equivalent form, showing the Developer as the insured, noting the recording of this Agreement as an encumbrance against the Property.

"WARN Act" shall mean the Worker Adjustment and Retraining Notification Act (29 U.S.C. Section 2101 et seq.).

**"WBE(s)" has the meaning defined in Section 10.03.**

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### SECTION 3. THE PROJECT

1 The Project. With respect to the Facility, the Developer will complete construction (which term, as used in this Agreement, shall mean and include the renovation of the Facility as contemplated by the Plans and Specifications) of the Project no later than 18 months after the Closing Date, subject to the provisions of

Section 18.17 (Force Majeure). The Developer shall promptly notify the City when construction has begun.

2     Scope Drawings and Plans and Specifications. The Developer has delivered the Scope Drawings and Plans and Specifications to DPD and DPD has approved same. After such initial approval, subsequent proposed changes to the Scope Drawings or Plans and Specifications shall be submitted to DPD as a Change Order pursuant to Section 3.04 hereof. The Scope Drawings and Plans and Specifications shall at all times conform to the Redevelopment Plan and all applicable federal, state and local laws, ordinances and regulations. . The Developer shall submit all necessary documents to the City's Building Department, Department of Transportation and such other City departments or governmental authorities as may be necessary to acquire building permits and other required approvals for the Project.

3     Project Budget. The Developer has furnished to DPD, and DPD has approved, a Project Budget showing total costs for the Project in the approximate amount of not less than \$33,718,414. The Developer hereby certifies to the City that together with the City Funds (a) it has Lender Financing and Equity in an amount sufficient to pay for all Project costs; and (b) the Project Budget is true, correct and complete in all material respects. The Developer shall promptly deliver to DPD certified copies of any Change Orders with respect to the Project Budget for approval pursuant to Section 3.04 hereof.

4     Change Orders. All Change Orders (and documentation substantiating the need and identifying the source of funding therefor) relating to material changes to the Project must be submitted by the Developer to DPD for DPD's prior written approval. The Developer shall not authorize or permit the performance of any work relating to any such Change Order or the furnishing of materials in connection therewith prior to the receipt by the Developer of DPD's written approval. The Construction Contract, and each contract between one or more of the Developer Parties and any contractor, shall contain a provision to this effect. An approved Change Order shall not be deemed to imply any obligation on the part of the City to increase the amount of City Funds which the City has pledged pursuant to this Agreement or provide any other additional assistance to the Developer Parties.

5     DPD Approval. Any approval granted by DPD of the Scope Drawings, Plans and Specifications and the Change Orders is for the purposes of this Agreement only and does not affect or constitute any approval required by any other City department or pursuant to any City ordinance, code, regulation or any other governmental approval, nor does any approval by DPD pursuant to this Agreement constitute approval of the quality, structural soundness or safety of the Property or the Project.

6     Other Approvals. Any DPD approval under this Agreement shall have no effect upon, nor shall it operate as a waiver of, the Developer's obligations to comply with the provisions of Section 5.03 (Other Governmental Approvals) hereof. The Developer shall not commence construction of the Project until the Developer has obtained all necessary permits and approvals (including but not limited to DPD's approval of the Scope Drawings and Plans and Specifications) and proof of the General Contractor's and each subcontractor's bonding as required hereunder.

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7     Progress Reports and Survey Updates. The Developer shall provide DPD with written quarterly progress reports detailing the status of the Project, including a revised completion date, if necessary (with any change in completion date being considered a Change Order, requiring DPD's written approval pursuant to Section 3.04). The Developer shall provide three (3) copies of an updated Survey to DPD upon the request of DPD or any lender providing Lender Financing, reflecting improvements made to the Property.

8     Inspecting Agent or Architect. An inspecting agent or architect, which may be the architect or agent of a lender providing Lender Financing, shall perform periodic inspections with respect to the Project, providing certifications with respect thereto to DPD, prior to requests for disbursement for costs related to the Project hereunder.

3.09 Barricades. Prior to commencing any construction requiring barricades, the Developer shall install a construction barricade of a type and appearance satisfactory to the City and constructed in compliance with all applicable federal, state or City laws, ordinances and regulations. DPD retains the right to approve the maintenance, appearance, color scheme, painting, nature, type, content and design of all barricades.

10 Signs and Public Relations. The Developer shall erect a sign of size and style approved by the City in a conspicuous location on the Property during the Project, indicating that financing has been provided by the City. The City reserves the right to include the name, photograph, artistic rendering of the Project and other pertinent information regarding the Developer Parties, the Property and the Project in the City's promotional literature and communications.

11 Utility Connections. The Developer may connect all on-site water, sanitary, storm and sewer lines constructed on the Property to City utility lines existing on or near the perimeter of the Property, provided the Developer first complies with all City requirements governing such connections, including the payment of customary fees and costs related thereto.

12 Permit Fees. In connection with the Project, the Developer shall be obligated to pay only those building, permit, engineering, tap on and inspection fees that are assessed on a uniform basis throughout the City of Chicago and are of general applicability to other property within the City of Chicago.

13 Environmental Features. The Project will incorporate green initiatives including, roofing materials with high solar reflectance index, direct vent high efficiency (90% AFUE) boilers, zoned heating and cooling for first floor spaces and second floor activity rooms, insulated cold water piping, and planting beds with organic mulch. In addition, not later than the second anniversary of the Certificate of Issuance, the Developer shall provide evidence of Energy Star Recognition.

## SECTION 4. FINANCING

4.01 Total Project Cost and Sources of Funds. The cost of the Project is estimated to be \$33,718,414 to be applied in the manner stated in the Project Budget. Such costs shall be funded from the following sources:

Equity (subject to Sections [4.03(b)1 and 4.06])

Lender Financing

City Multi-Family Loan Funds

\$ 12,140,086 \$ 10,596,000 \$ 2,492,624

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Assumed Existing Debt	\$ 2,291,234
Deferred Developer Fee	\$ 1,719,191
Existing Reserve Fund	\$ 180,000
Estimated City Funds (subject to Section 4.03)	\$ 4,299,179

ESTIMATED TOTAL \$ 33,718,414

2 Developer Funds. Equity, Lender Financing, City Multi-Family Loan Funds and the City Funds will be used to pay all Project costs, including but not limited to costs of TIF-Funded Improvements.

### 3 City Funds.

#### a) Uses of City Funds.

City Funds may only be used to pay directly or reimburse the Developer Parties for costs (incurred by the Developer Party so reimbursed) of TIF-Funded Improvements that constitute Redevelopment Project Costs. Exhibit C sets forth, by line item, the TIF-Funded Improvements for the Project, and the maximum amount of costs that may be paid by or reimbursed from City Funds for each line item therein (subject to Sections 4.03(b)), contingent upon receipt by the City of documentation satisfactory in form and substance to DPD evidencing such cost and its eligibility as a Redevelopment Project Cost. If the City pays any of the City Funds to BHCD or the General Partner, then BHCD or the General Partner, respectively, shall be required to loan or contribute the City Funds to the Developer (any such loan being referred to as the "BHCD Loan").

b) Sources of City Funds. Subject to the terms and conditions of this Agreement, including but not limited to this Section 4.03 and Section 5 hereof, the City hereby agrees to provide City funds (the "City Funds") from the sources and in the amounts described directly below to pay for or reimburse any of the Developer Parties for the costs of the TIF-Funded Improvements:

#### Source of City Funds

#### Maximum Amount

Available Incremental Taxes and/or  
TIF Bond proceeds \$4,299,179

provided, however, that the total amount of City Funds expended for TIF-Funded Improvements shall be an amount not to exceed and provided further, that the \$M&99ftM to be derived from Available Incremental Taxes and/or TIF Bond proceeds, if any, shall be available to pay costs related to TIF-Funded Improvements and allocated by the City for that purpose only so long as the amount of the Available Incremental Taxes deposited into the TIF Fund shall be sufficient to pay for such costs.

To supplement the amount of Incremental Taxes on deposit in the TIF Fund, the City may use its Transfer Rights and transfer a portion of the 47<sup>th</sup> King Incremental Taxes to the TIF Fund to pay for a portion of the TIF-Funded Improvements related to the Project.

The Developer Parties acknowledge and agree that the City's obligation to pay for TIF-Funded Improvements up to a maximum of is contingent upon the fulfillment of the foregoing conditions. In the event that such conditions are not fulfilled, the amount of Equity to

### 9

be contributed by the Developer Parties pursuant to Section 4.01 hereof shall increase proportionately.

The City Funds shall be deposited by DPD, from time to time, in the manner described in the last paragraph of Section 4.3(a). Such deposits will be made by DPD as TIF-Funded Improvements are reviewed, approved and certified by DPD in its sole discretion. Deposits will be made no more than once in a 30-day period.

(c) City Funds Subject to the conditions described in this Section 4.03, the City shall pay City Funds to Developer in three installments as follows:

i) Upon the completion of 33% of the Project (based on the amount of expenditures incurred in

relation to the Project Budget), an amount equal to 33% of the City Funds;

ii) Upon the completion of 66% of the Project (based on the amount of expenditures incurred in relation to the Project Budget), an amount equal to 33% of the City Funds;

(iii) Upon the issuance of the Certificate, an amount equal to 34% of the City Funds;

4 Requisition Form. The Developer shall submit a Requisition Form along with the other necessary documentation, if any, described in the Escrow Agreement prior to each disbursement of City Funds. The Developer shall meet with DPD at the request of DPD to discuss the Requisition Form(s) previously delivered.

## **5 Treatment of Prior Expenditures and Subsequent Disbursements.**

(a) Prior Expenditures. Only those expenditures made by any of the Developer Parties with respect to the Project prior to the Closing Date, evidenced by documentation satisfactory to DPD and approved by DPD as satisfying costs covered in the Project Budget, shall be considered previously contributed Equity or Lender Financing hereunder (the Prior Expenditures"). Exhibit I hereto sets forth the prior expenditures approved by DPD as of the date hereof as Prior Expenditures. Prior Expenditures made for items other than TIF-Funded Improvements shall not be reimbursed to any of the Developer Parties by the City with City Funds but may be eligible for reimbursement through the Lender Financing or Equity identified in Section 4.01 hereof.

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

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

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7 Preconditions of Disbursement. Prior to each disbursement of City Funds hereunder, one or more of the Developer Parties shall submit documentation regarding the applicable expenditures to DPD, which shall be satisfactory to DPD in its sole discretion. Delivery by one or more of the Developer Parties to DPD of any request for disbursement of City Funds hereunder shall, in addition to the items therein expressly set forth, constitute a certification to the City, as of the date of such request for disbursement, that:

a) the total amount of the Requisition Form represents the actual cost of the actual amount payable to (or paid to) the contractors who have performed work on the Project, and/or their payees, and/or (ii) the architect for the inspections performed in monitoring the construction of the Project;

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

c) the Developer has approved all work and materials for the current Requisition Form, and such work and materials conform to the Plans and Specifications;

d) the representations and warranties contained in this Redevelopment Agreement are true and correct and the Developer Parties are in compliance with all covenants contained herein;

e) none of the Developer Parties have received notice and have no knowledge of any liens or claim of lien either filed or threatened against the Property except for the Permitted Liens;

f) no Event of Default or condition or event which, with the giving of notice or passage of time or both, would constitute an Event of Default exists or has occurred; and

g) the Project is In Balance. The Project shall be deemed to be in balance ("In Balance") only if the total of the Available Project Funds (as defined hereinafter) equals or exceeds the aggregate of the amount necessary to pay all unpaid Project costs incurred or to be incurred in the completion of the Project. Available Project Funds" as used herein shall mean: (i) the undisbursed City Funds; (ii) the undisbursed Lender Financing, if any; (iii) the undisbursed Equity and (iv) any other amounts deposited by any of the Developer Parties pursuant to this Agreement. The Developer hereby agrees that, if the Project is not In Balance, the Developer shall, within 10 days after a written request by the City, deposit with the escrow agent or will make available (in a manner acceptable to the City), cash in an amount that will place the Project In Balance, which deposit shall first be exhausted before any further disbursement of the City Funds shall be made.

The City shall have the right, in its discretion, to require the Developer Parties to submit further documentation as the City may require in order to verify that the matters certified to above are true and correct, and any disbursement by the City shall be subject to the City's review and approval of such documentation and its satisfaction that such certifications are true and correct; provided, however, that nothing in this sentence shall be deemed to prevent the City from relying on such certifications by the Developer Parties. In addition, the Developer Parties shall have satisfied all other preconditions of disbursement of City Funds for each disbursement, including but not limited to requirements set forth in the TIF Bond Ordinance, if any, the TIF Bonds, if any, the TIF Ordinances, this Agreement and/or the Escrow Agreement.

## **8 Sale or Transfer of the Property or Project by Developer.**

### **11**

a) **Prior to the Date of Issuance of the Certificate. Developer must obtain the prior approval of the City for any sale or transfer of any part of the Property or the Project prior to the issuance of the Certificate. Such approval by the City will be subject to the reasonable discretion requirement stated in Section 18.14.**

b) After the Date of Issuance of the Certificate. After the date of the Certificate, Developer need not obtain prior approval for any sale or transfer of any part of the Property or the Project. Developer must, however, notify the City not less than 60 days before any closing of sale of Developer's intention to sell any part of the Property or the Project. Developer must provide the City with true and correct copies of any contract for sale and related documents as part of such notice.

4.09 Conditional Grant. The City Funds being provided hereunder are being granted on a conditional basis, subject to the Developer Parties' compliance with the provisions of this Agreement. The City Funds disbursed are subject to being reimbursed by the Developer Parties upon the Developer Parties' noncompliance with the provisions of this Agreement.

## SECTION 5. CONDITIONS PRECEDENT

The following conditions have been complied with to the City's satisfaction on or prior to the Closing Date:

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

2 Scope Drawings and Plans and Specifications. The Developer has submitted to DPD, and DPD has approved, the Scope Drawings and Plans and Specifications in accordance with the provisions of Section 3.02 hereof.

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

4 Financing. The Developer has furnished proof reasonably acceptable to the City that the Developer has Equity and Lender Financing in the amounts set forth in Section 4.01 hereof to complete the Project and satisfy its obligations under this Agreement. If a portion of such funds consists of Lender Financing, the Developer has furnished proof as of the Closing Date that the proceeds thereof are available to be drawn upon by the Developer as needed and are sufficient (along with the Equity and other sources set forth in Exhibit H) to complete the Project. Any liens against the Property in existence at the Closing Date have been subordinated to certain encumbrances of the City set forth herein pursuant to a subordination agreement, in a form acceptable to the City, executed on or prior to the Closing Date, which is to be recorded, at the expense of the Developer, with the Office of the Recorder of Deeds of Cook County.

5 Acquisition and Title. On the Closing Date, the Developer has furnished the City with a copy of the Title Policy for the Property, certified by the Title Company, showing the Developer as the named insured. The Title Policy is dated as of the Closing Date and contains only those title exceptions listed as Permitted Liens on Exhibit G hereto and evidences the recording of this Agreement pursuant to the provisions of Section 8.18 hereof. The Title Policy

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also contains such endorsements as shall be required by Corporation Counsel, including, but not limited to: an owner's comprehensive endorsement and satisfactory endorsements regarding zoning (3.1 with parking), contiguity, location, access and survey. The Developer has provided to DPD on or prior to the Closing Date certified copies of all easements and encumbrances of record with respect to the Property not addressed, to DPD's satisfaction, by the Title Policy and any endorsements thereto.

5.06 Evidence of Clean Title. The Developer, at its own expense, has provided the City with searches as follows:

Secretary of State Secretary of State

Cook County Recorder Cook County Recorder Cook County Recorder Cook County Recorder Cook County Recorder U.S. District Court

Clerk of Circuit Court, Cook County

UCC search Federal tax search UCC search Fixtures search Federal tax search State tax search

Memoranda of judgments search Pending suits and judgments Pending suits and judgments

showing no liens against the Developer, the General Partner, the Property or any fixtures now or hereafter affixed thereto, except for the Permitted Liens.

7 Surveys. The Developer has furnished the City with three (3) copies of the Survey.

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

9 Opinion of the Developer Parties' Counsel. On the Closing Date, the Developer Parties have furnished the City with an opinion of counsel, substantially in the form attached hereto as Exhibit J, with such changes as required by or acceptable to Corporation Counsel. If any of the Developer Parties have engaged special counsel in connection with the Project, and such special counsel is unwilling or unable to give some of the opinions set forth in Exhibit J hereto, such opinions were obtained by the Developer Parties from their general corporate counsel.

10 Evidence of Prior Expenditures. One or more of the Developer Parties have provided evidence satisfactory to DPD in its sole discretion of the Prior Expenditures in accordance with the provisions of Section 4.05(a) hereof.

11 Financial Statements. The Developer shall provide Financial Statements to DPD for its most recent fiscal year, and audited or unaudited interim financial statements.

**12 Documentation. The Developer Parties have provided documentation to DPD, satisfactory in form and substance to DPD, with respect to current employment matters including the reports described in Section 8.06.**

13 Environmental. The Developer has provided DPD with copies of that certain phase I environmental site assessment completed with respect to the Property and any phase II environmental site assessment with respect to the Property required by the City. The Developer

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has provided the City with a letter from the environmental engineer(s) who completed such audit(s), authorizing the City to rely on such audits.

14 Corporate Documents; Economic Disclosure Statement. The Developer has provided (a) a copy of its certificate of limited partnership containing the original certification of the Secretary of State of Illinois; the Developer's certificate of existence from the Secretary of State of Illinois; a certified copy of the Developer's partnership agreement; an incumbency certificate for the Developer; (b) a certificate of good standing for the General Partner from the Secretary of State of Illinois; copies of the General Partner's articles of organization containing the original certification of the Secretary of State of Illinois, secretary's certificate for the General Partner; and (c) a certificate of good standing for BHCDC from the Secretary of State of Illinois; copies of BHCDC's articles of incorporation containing the original certification of the Secretary of State of Illinois, secretary's certificate for BHCDC; a certified copy of BHCDC's by-laws and an incumbency certificate for BHCDC.

The Developer and the General Partner have provided to the City an Economic Disclosure Statement, in the City's then current form, dated as of the Closing Date, and which is incorporated herein by reference. Developer will further provide any other affidavits or certifications as may be required by federal, state or local law in the award of public contracts, all of which affidavits or certifications are also incorporated herein by reference. Notwithstanding acceptance by the City of the EDS, failure of the EDS to include all information required under the Municipal Code renders this Agreement voidable at the option of the City. Developer and any other parties required by this Section 5.14 to complete an EDS must promptly update their EDS(s) on file with the City whenever any information or response provided in the EDS(s) is no longer complete and



accurate, including changes in ownership and changes in disclosures and information pertaining to ineligibility to do business with the City under Chapter 1-23 of the Municipal Code, as such is required under Sec. 2-154-020, and failure to promptly provide the updated EDS(s) to the City will constitute an event of default under this Agreement.

15 Litigation. The Developer Parties have provided to Corporation Counsel and DPD, a description of all pending or threatened litigation or administrative proceedings involving the Developer Parties, specifying, in each case, the amount of each claim, an estimate of probable liability, the amount of any reserves taken in connection therewith and whether (and to what extent) such potential liability is covered by insurance.

**16 Relocation Plan. Developer Parties shall have submitted to DPD, and DPD shall have approved, a relocation plan for tenants residing in the Facility when construction of the Project is to commence (such approved plan referred to as the "Relocation Plan")**

## **SECTION 6. AGREEMENTS WITH CONTRACTORS**

6.01 Bid Requirement for Contractors. Prior to entering into an agreement with any contractor for construction of the Project, the Developer Parties shall solicit bids from one or more qualified contractors eligible to do business with the City of Chicago, and shall submit all bids received to DPD for its inspection and written approval. For the TIF-Funded Improvements, the Developer Parties shall select the contractor submitting the lowest responsible bid who can complete the Project in a timely manner. If the Developer Parties selects any contractor submitting other than the lowest responsible bid for the TIF-Funded Improvements, the difference between the lowest responsible bid and the bid selected may not be paid out of City Funds. The Developer Parties shall submit copies of the Construction Contract to DPD in accordance with Section 6.02 below. Photocopies of all subcontracts

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entered or to be entered into in connection with the TIF-Funded Improvements shall be provided to DPD within five (5) business days of the execution thereof. The Developer Parties shall ensure that no contractors shall begin work on the Project until the Plans and Specifications have been approved by DPD and all requisite permits have been obtained.

2 Construction Contract. Prior to the execution thereof, the Developer Parties shall deliver to DPD a copy of the proposed Construction Contract with the General Contractor selected to handle the Project in accordance with Section 6.01 above, for DPD's prior written approval, which shall be granted or denied within ten (10) business days after delivery thereof.

3 Performance and Payment Bonds. Prior to the commencement of any portion of the Project which includes work on the public way, the Developer Parties shall require that the General Contractor be bonded for its payment by sureties having an AA rating or better.

4 Employment Opportunity. The Developer Parties shall contractually obligate and cause the General Contractor, and the General Contractor shall cause each of its subcontractors, to agree to the provisions of Section 10 hereof.

5 Other Provisions. In addition to the requirements of this Section 6, the Construction Contract and each contract with any subcontractor shall contain provisions required pursuant to Section 3.04 (Change Orders), Section 8.08 (Prevailing Wage), Section 10.01(e) (Employment Opportunity), Section 10.02 (City Resident Employment Requirement), Section 10.03 (MBEA/VBE Requirements, as applicable), Section 12 (Insurance) and Section 14.01 (Books and Records) hereof. Photocopies of all contracts or subcontracts entered or to be entered into in connection with the TIF-Funded Improvements shall be provided to DPD within five (5) business days of the execution thereof.

## SECTION 7. COMPLETION OF CONSTRUCTION

1 Certificate of Completion of Construction. Upon completion of the construction of the Project in accordance with the terms of this Agreement, and upon the Developer Parties' written request, DPD shall issue to the Developer Parties a Certificate in recordable form certifying that the Developer Parties have fulfilled their obligation to complete the Project, including full compliance, as determined by DPD in its sole discretion, with the Relocation Plan, in accordance with the terms of this Agreement. DPD shall respond to the Developer Parties' written request for a Certificate within forty-five (45) days by issuing either a Certificate or a written statement detailing the ways in which the Project does not conform to this Agreement or has not been satisfactorily completed, and the measures which must be taken by the Developer Parties in order to obtain the Certificate. The Developer Parties may resubmit a written request for a Certificate upon completion of such measures.

2 Effect of Issuance of Certificate; Continuing Obligations. The Certificate relates only to the construction of the Project and the compliance by the Developer Parties of the Relocation Plan, and upon its issuance, the City will certify that the terms of the Agreement specifically related to the Developer Parties' obligation to complete such activities have been satisfied. After the issuance of a Certificate, however, all executory terms and conditions of this Agreement and all representations and covenants contained herein will continue to remain in full force and effect throughout the Term of the Agreement as to the parties described in the following paragraph, and the issuance of the Certificate shall not be construed as a waiver by the City of any of its rights and remedies pursuant to such executory terms.

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Those covenants specifically described at Sections 8.02, 8.06, 8.18 and 8.19 as covenants that run with the land are the only covenants in this Agreement intended to be binding upon any transferee of the Property (including an assignee as described in the following sentence) throughout the Term of the Agreement notwithstanding the issuance of a Certificate; provided, that upon the issuance of a Certificate, the covenants set forth in Section 8.02 shall be deemed to have been fulfilled. The other executory terms of this Agreement that remain after the issuance of a Certificate shall be binding only upon the Developer Parties or a permitted assignee of the Developer Parties who, pursuant to Section 18.15 of this Agreement, has contracted to take an assignment of the Developer Parties' rights under this Agreement and assume the Developer Parties' liabilities hereunder.

7.03 Failure to Complete. If the Developer Parties fail to complete the Project in

accordance with the terms of this Agreement, then the City has, but shall not be limited to, any

of the following rights and remedies:

a) the right to terminate this Agreement and cease all disbursement of City Funds not yet disbursed pursuant hereto;

b) the right (but not the obligation) to complete those TIF-Funded Improvements that are public improvements and to pay for the costs of TIF-Funded Improvements (including interest costs) out of City Funds or other City monies. In the event that the aggregate cost of completing the TIF-Funded Improvements exceeds the amount of City Funds available pursuant to Section 4.01, the Developer Parties shall reimburse the City for all reasonable costs and expenses incurred by the City in completing such TIF-Funded Improvements in excess of the available City Funds; and

c) the right to seek reimbursement of the City Funds from the Developer Parties.

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

## **SECTION 8. COVENANTS/REPRESENTATIONS/WARRANTIES OF THE DEVELOPER PARTIES.**

8.01 General. The Developer Parties represent, warrant and covenant, as of the date of this Agreement and as of the date of each disbursement of City Funds hereunder, that:

a) (i) the Developer is an Illinois limited partnership duly organized, validly existing, qualified to do business in Illinois, and licensed to do business in any other state where, due to the nature of its activities or properties, such qualification or license is required, (ii) the General Partner is an Illinois limited liability company duly organized, validly existing, qualified to do business in Illinois, and licensed to do business any other state where, due to the nature of its activities or properties, such qualification or license is required, and (iii) BHCDL is an Illinois not-for-profit corporation duly organized, validly existing, qualified to do business in Illinois, and licensed to do business any other state where, due to the nature of its activities or properties, such qualification or license is required;

b) the Developer Parties have the right, power and authority to enter into, execute, deliver and perform this Agreement;

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c) the execution, delivery and performance by the Developer Parties of this Agreement has been duly authorized by all necessary partnership, limited liability company and corporate action, as applicable, and does not and will not violate its organizational documents, any applicable provision of law, or constitute a breach of, default under or require any consent under any agreement, instrument or document to which the any one of the Developer Parties is now a party or by which any one of the Developer Parties is now or may become bound;

d) the Developer shall acquire and shall maintain good, indefeasible and merchantable fee simple title to the Property (and all improvements thereon) free and clear of all liens (except for the Permitted Liens, Lender Financing as disclosed in the Project Budget and nongovernmental charges that the Developer is contesting in good faith pursuant to Section 8.18 hereof);

e) the Developer Parties are now and for the Term of the Agreement shall remain solvent and able to pay their debts as they mature;

f) there are no actions or proceedings by or before any court, governmental commission, board, bureau or any other administrative agency pending, threatened or affecting the Developer Parties which would impair their ability to perform under this Agreement;

g) the Developer Parties have and shall maintain all government permits, certificates and consents (including, without limitation, appropriate environmental approvals) necessary to conduct their business and to construct, complete and operate the Project;

h) the Developer Parties are not in default with respect to any indenture, loan agreement, mortgage, deed, note or any other agreement or instrument related to the borrowing of money to which any one of the

Developer Parties is a party or by which any one of the Developer Parties is bound;

(i) the Financial Statements, when hereafter required to be submitted, will be, complete, correct in all material respects and accurately present the assets, liabilities, results of operations and financial condition of the Developer Parties, and there has been no material adverse change in the assets, liabilities, results of operations or financial condition of any one of the Developer Parties since the date of the such Developer Parties most recent Financial Statements;

(j) prior to the issuance of a Certificate, the Developer Parties shall not do any of the following without the prior written consent of DPD: (1) be a party to any merger, liquidation or consolidation; (2) sell, transfer, convey, lease or otherwise dispose of all or substantially all of its assets or any portion of the Property (including but not limited to any fixtures or equipment now or hereafter attached thereto) except in the ordinary course of business; (3) enter into any transaction outside the ordinary course of the Developer Parties' business; (4) assume, guarantee, endorse, or otherwise become liable in connection with the obligations of any other person or entity (other than in connection with the financing for the Project); or (5) enter into any transaction that would cause a material and detrimental change to the Developer Parties' financial condition;

(k) the Developer has not incurred, and, prior to the issuance of a Certificate, shall not, without the prior written consent of the Commissioner of DPD, allow the existence of any liens against the Property (or improvements thereon) other than the Permitted Liens; or incur any indebtedness, secured or to be secured by the Property (or improvements thereon) or any

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fixtures now or hereafter attached thereto, except Lender Financing disclosed in the Project Budget;

(l) the Developer Parties have not made or caused to be made, directly or indirectly, any payment, gratuity or offer of employment in connection with this Agreement or any contract paid from the City treasury or pursuant to City ordinance, for services to any City agency (a "City Contract") as an inducement for the City to enter into the Agreement or any City Contract with any one of the Developer Parties in violation of Chapter 2-156-120 of the Municipal Code of the City; and

(m) none of the Developer Parties nor any Affiliate of the Developer Parties is listed on any of the following lists maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the Bureau of Industry and Security of the U.S. Department of Commerce or their successors, or on any other list of persons or entities with which the City may not do business under any applicable law, rule, regulation, order or judgment: the Specially Designated Nationals List, the Denied Persons List, the Unverified List, the Entity List and the Debarred List. For purposes of this subparagraph (m) only, the term "affiliate," when used to indicate a relationship with a specified person or entity, means a person or entity that, directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with such specified person or entity, and a person or entity shall be deemed to be controlled by another person or entity, if controlled in any manner whatsoever that results in control in fact by that other person or entity (or that other person or entity and any persons or entities with whom that other person or entity is acting jointly or in concert), whether directly or indirectly and whether through share ownership, a trust, a contract or otherwise.

(n) Developer understands that (i) the City Funds are limited obligations of the City,

payable solely from moneys on deposit in the [[ Account of the ]]TIF Fund; (ii) the City Funds do not constitute indebtedness of the City within the meaning of any constitutional or statutory provision or limitation; (iii) Developer will have no right to compel the exercise of any taxing power of the City for payment of the City Funds; and (iv) the City Funds do not and will not represent or constitute a general obligation or a pledge of the faith and credit of the City, the State of Illinois or any political subdivision thereof;

(o) Developer has sufficient knowledge and experience in financial and business matters, including municipal projects and revenues of the kind represented by the City Funds, and has been supplied with access to information to be able to evaluate the risks associated with the receipt of City Funds;

(p) Developer understands that there is no assurance as to the amount or timing of receipt of City Funds, and that the amounts of City Funds actually received by such party are likely to be substantially less than the maximum amounts set forth in Section 4.03(b);

(q) Developer understands it may not sell, assign, pledge or otherwise transfer its interest in this Agreement or City Funds in whole or in part except in accordance with the terms of Section 18.21 of this Agreement, and, to the fullest extent permitted by law, agrees to indemnify the City for any losses, claims, damages or expenses relating to or based upon any sale, assignment, pledge or transfer of City Funds in violation of this Agreement; and

(r) Developer acknowledges that with respect to City Funds, the City has no obligation to provide any continuing disclosure to the Electronic Municipal Market Access System maintained by the Municipal Securities Rulemaking Board, to any holder of a note relating to City Funds or any other person under Rule 15c2-12 of the Commission promulgated

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under the Securities Exchange Act of 1934 or otherwise, and shall have no liability with respect thereto.

2 Covenant to Redevelop. Upon DPD's approval of the Project Budget, the Scope Drawings and Plans and Specifications as provided in Sections 3.02 and 3.03 hereof, and the Developer's receipt of all required building permits and governmental approvals, the Developer Parties shall redevelop the Property in accordance with this Agreement and all Exhibits attached hereto, the TIF Ordinances, the Scope Drawings, Plans and Specifications, Project Budget and all amendments thereto, and all federal, state and local laws, ordinances, rules, regulations, executive orders and codes applicable to the Project, the Property and/or the Developer Parties. The covenants set forth in this Section shall run with the land and be binding upon any transferee, but shall be deemed satisfied upon issuance by the City of a Certificate with respect thereto.

3 Redevelopment Plan. The Developer Parties represent that the Project is and shall be in compliance with all of the terms of the Redevelopment Plan.

4 Use of City Funds. City Funds disbursed to any of the Developer Parties shall be used by the Developer Parties solely to pay for (or to reimburse the Developer Parties for their payment for) the TIF-Funded Improvements as provided in this Agreement. If the City pays any of the City Funds to the General Partner or BHCDC, the General Partner or BHCDC, as the case may be, shall be required to loan or contribute the City Funds to the Developer.

5 TIF Bonds. The Developer Parties shall, at the request of the City, agree to any reasonable amendments to this Agreement that are necessary or desirable in order for the City to issue (in its sole discretion) TIF Bonds in connection with the 47<sup>th</sup>/King Redevelopment Area, the proceeds of which may be used to reimburse the City for expenditures made in connection with, or provide a source of funds for the payment for, the TIF-Funded Improvements; provided, however, that any such amendments shall not have a material adverse effect on the Developer Parties or the Project; provided, further, that the proceeds of TIF

Bonds issued on a tax-exempt basis cannot be used as a source of City Funds or to repay the City Funds. The Developer Parties shall, at the Developer Parties' expense, cooperate and provide reasonable assistance in connection with the marketing of any such TIF Bonds, including but not limited to providing written descriptions of the Project, making representations, providing information regarding its financial condition and assisting the City in preparing an offering statement with respect thereto.

6 Employment Opportunity; Progress Reports, (a) The Developer Parties covenant and agree to abide by, and contractually obligate and use reasonable efforts to cause the General Contractor (and the General Contractor shall, in turn, use reasonable efforts to cause its subcontractors) to abide by the terms set forth in Section 10 hereof. The Developer shall deliver to the City written progress reports detailing compliance with the requirements of Sections 8.08, 10.02 and 10.03 of this Agreement. Such reports shall be delivered to the City when the Project is 25%, 50%, 70% and 100% completed (based on the amount of expenditures incurred in relation to the Project Budget). If any such reports indicate a shortfall in compliance, the Developer shall also deliver a plan to DPD which shall outline, to DPD's satisfaction, the manner in which the Developer shall correct any shortfall.

(b) The Developer anticipates that the Project will result in the creation of (i) six full-time equivalent permanent jobs (the "Permanent Jobs"), and (ii) approximately 49 full-time equivalent, construction jobs at the Project during the construction thereof (the "Construction Jobs," and collectively with the Permanent Jobs, the "Jobs"). Throughout the Term of the Agreement, the Developer shall submit certified employment reports disclosing the number of

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Jobs at the Project to DPD as a part of the Developer's submission of the Annual Compliance Report. Notwithstanding any other provision in this Agreement to the contrary, the failure to create the specified number of Jobs shall not constitute an Event of Default.

7 Employment Profile. The Developer Parties shall submit, and contractually obligate and cause the General Contractor (and the General Contractor shall, in turn, use reasonable efforts to cause its subcontractors) to submit, to DPD, from time to time, statements of its employment profile upon DPD's request.

8 **Prevailing Wage.** The Developer covenants and agrees to pay, and to contractually obligate and cause the General Contractor to pay and to contractually cause each subcontractor to pay, the prevailing wage rate as ascertained by the federal government pursuant to the Davis-Bacon Act, to all their respective employees working on constructing the Project or otherwise completing the TIF-Funded Improvements. All such contracts will list the specified rates to be paid to all laborers, workers and mechanics for each craft or type of worker or mechanic employed pursuant to such contract. If federal prevailing wage rates are revised, the revised rates will apply to all such contracts. Upon the City's request, Developer will provide the City with copies of all such contracts entered into by Developer or the General Contractor to evidence compliance with this Section 8.08.

9 Arms-Length Transactions. Unless DPD has given its prior written consent with respect thereto, no Affiliate of the Developer Parties may receive any portion of City Funds, directly or indirectly, in payment for work done, services provided or materials supplied in connection with any TIF-Funded Improvement. The Developer Parties shall provide information with respect to any entity to receive City Funds directly or indirectly (whether through payment to the Affiliate by the Developer Parties and reimbursement to the Developer Parties for such costs using City Funds, or otherwise), upon DPD's request, prior to any such disbursement.

10 Conflict of Interest. Pursuant to Section 5/11-74.4-4(n) of the Act, the Developer Parties

represent, warrant and covenant that, to the best of their knowledge, no member, official, or employee of the City, or of any commission or committee exercising authority over the Project, the 47<sup>th</sup>/King Redevelopment Area or the Redevelopment Plan, or any consultant hired by the City or the Developer Parties with respect thereto, owns or controls, has owned or controlled or will own or control any interest, and no such person shall represent any person, as agent or otherwise, who owns or controls, has owned or controlled, or will own or control any interest, direct or indirect, in the Developer Parties' business, the Property or any other property in the 47<sup>th</sup>/King Redevelopment Area.

11 Disclosure of Interest. The Developer Parties' counsel has no direct or indirect financial ownership interest in any of the Developer Parties, the Property or any other aspect of the Project.

12 Financial Statements. The Developer shall obtain and provide to DPD Financial Statements for the fiscal year ended December 31, 2016 and each December 31<sup>st</sup> thereafter during the Term of the Agreement. In addition, the Developer Parties shall submit unaudited financial statements as soon as reasonably practical following the close of each fiscal year and for such other periods as DPD may request.

13 Insurance. The Developer, at its own expense, shall comply with all provisions of Section 12 hereof.

**14 Non-Governmental Charges.**

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(a) Payment of Non-Governmental Charges. Except for the Permitted Liens, the Developer agrees to pay or cause to be paid when due any Non-Governmental Charge assessed or imposed upon the Project, the Property or any fixtures that are or may become attached thereto, which creates, may create, or appears to create a lien upon all or any portion of the Property or Project; provided however, that if such Non-Governmental Charge may be paid in installments, the Developer may pay the same together with any accrued interest thereon in installments as they become due and before any fine, penalty, interest, or cost may be added thereto for nonpayment. The Developer shall furnish to DPD, within thirty (30) days of DPD's request, official receipts from the appropriate entity, or other proof satisfactory to DPD, evidencing payment of the Non-Governmental Charge in question.

(b) Right to Contest. The Developer has the right, before any delinquency occurs:

i) to contest or object in good faith to the amount or validity of any Non-Governmental Charge by appropriate legal proceedings properly and diligently instituted and prosecuted, in such manner as shall stay the collection of the contested Non-Governmental Charge, prevent the imposition of a lien or remove such lien, or prevent the sale or forfeiture of the Property (so long as no such contest or objection shall be deemed or construed to relieve, modify or extend the Developer's covenants to pay any such Non-Governmental Charge at the time and in the manner provided in this Section 8.14); or

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

15 Developer Parties' Liabilities. The Developer Parties shall not enter into any transaction that

would materially and adversely affect their ability to perform their obligations hereunder or to repay any material liabilities or perform any material obligations of the Developer Parties to any other person or entity. The Developer Parties shall immediately notify DPD of any and all events or actions which may materially affect the Developer Parties' ability to carry on its business operations or perform its obligations under this Agreement or any other documents and agreements.

16 Compliance with Laws. To the best of the Developer Parties' knowledge, after diligent inquiry, the Property and the Project are and shall be in compliance with all applicable federal, state and local laws, statutes, ordinances, rules, regulations, executive orders and codes pertaining to or affecting the Project and the Property. Upon the City's request, the Developer Parties shall provide evidence satisfactory to the City of such compliance.

17 Recording and Filing. The Developer shall cause this Agreement, certain exhibits (as specified by Corporation Counsel), all amendments and supplements hereto to be recorded and filed against the Property on the date hereof in the conveyance and real property records of Cook County, Illinois. The Developer shall pay all fees and charges incurred in connection with any such recording. Upon recording, the Developer shall immediately transmit to the City an executed original of this Agreement showing the date and recording number of record.

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**8.18 Real Estate Provisions.**

(a) Governmental Charges.

i) Payment of Governmental Charges. The Developer agrees to pay or cause to be paid when due all Governmental Charges (as defined below) which are assessed or imposed upon the Developer, the Property or the Project, or become due and payable, and which create, may create, or appear to create a lien upon the Developer or all or any portion of the Property or the Project. "Governmental Charge" shall mean all federal, State, county, the City, or other governmental (or any instrumentality, division, agency, body, or department thereof) taxes, levies, assessments, charges, liens, claims or encumbrances (except for those assessed by foreign nations, states other than the State of Illinois, counties of the State other than Cook County, and municipalities other than the City) relating to the Developer, the Property or the Project including but not limited to real estate taxes.

ii) Right to Contest. The Developer has the right before any delinquency occurs to contest or object in good faith to the amount or validity of any Governmental Charge by appropriate legal proceedings properly and diligently instituted and prosecuted in such manner as shall stay the collection of the contested Governmental Charge and prevent the imposition of a lien or the sale or forfeiture of the Property. The Developer's right to challenge real estate taxes applicable to the Property is limited as provided for in Section 8.18(c) below; provided, that such real estate taxes must be paid in full when due and may be disputed only after such payment is made. No such contest or objection shall be deemed or construed in any way as relieving, modifying or extending the Developer's covenants to pay any such Governmental Charge at the time and in the manner provided in this Agreement unless the Developer has given prior written notice to DPD of the Developer's intent to contest or object to a Governmental Charge and, unless, at DPD's sole option,

iii) the Developer shall demonstrate to DPD's satisfaction that legal proceedings instituted by the Developer contesting or objecting to a Governmental Charge shall conclusively operate to prevent or remove a lien against, or the sale or forfeiture of, all or any part of the Property to satisfy such Governmental Charge prior to final determination of such proceedings; and/or

iv) the Developer shall furnish a good and sufficient bond or other security satisfactory to DPD in such form and amounts as DPD shall require, or a good and sufficient undertaking as may be required or permitted by



law to accomplish a stay of any such sale or forfeiture of the Property during the pendency of such contest, adequate to pay fully any such contested Governmental Charge and all interest and penalties upon the adverse determination of such contest.

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

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DPD by the Developer. Notwithstanding anything contained herein to the contrary, this paragraph shall not be construed to obligate the City to pay any such Governmental Charge. Additionally, if the Developer fails to pay any Governmental Charge, the City, in its sole discretion, may require the Developer to submit to the City audited Financial Statements at the Developer's own expense.

(c) Real Estate Taxes.

(i) Real Estate Tax Exemption. With respect to the Property or the Project, neither the Developer nor any agent, representative, lessee, tenant, assignee, transferee or successor in interest to the Developer shall, during the Term of this Agreement, seek, or authorize any exemption (as such term is used and defined in the Illinois Constitution, Article IX, Section 6 (1970)) for any year that the Redevelopment Plan is in effect.

**(ii) Covenants Running with the Land. The parties agree that the restrictions contained in this Section 8.18(c) are covenants running with the land and this Agreement shall be recorded by the Developer as a memorandum thereof, at the Developer's expense, with the Cook County Recorder of Deeds on the Closing Date. These restrictions shall be binding upon the Developer Parties and their agents, representatives, lessees, successors, assigns and transferees from and after the date hereof, provided however, that the covenants shall be released when the 47<sup>th</sup> and King Drive Redevelopment Area is no longer in effect. The Developer agrees that any sale, lease, conveyance, or transfer of title to all or any portion of the Property or 47<sup>th</sup> and King Drive Redevelopment Area from and after the date hereof shall be made explicitly subject to such covenants and restrictions. Notwithstanding anything contained in this Section 8.18(c) to the contrary, the City, in its sole discretion and by its sole action, without the joinder or concurrence of the Developer Parties, their successors or assigns, may waive and terminate the Developer Parties' covenants and agreements set forth in this Section 8.18(c).**

8.19 Affordable Housing Covenant. The Developer Parties agree and covenant to the City that, the following provisions shall govern the terms of the obligation to provide affordable housing under this Agreement:

a) The Facility shall be operated and maintained solely as residential rental housing;

b) All of the residential units in the Facility shall be available for occupancy to and be occupied solely by one or more qualifying as Low Income Families (as defined below) upon initial occupancy; and

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

(d) As used in this Section 8.19, the following terms has the following meanings:

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

ii) "Low Income Families" shall mean Families whose annual income does not exceed sixty percent (60%) of the Chicago-area median income, adjusted for Family size, as such annual income and Chicago-area median income are determined from time to time by the United States Department of Housing and Urban Development, and thereafter such income limits shall apply to this definition.

(e) The covenants set forth in this Section 8.19 shall run with the land and be binding upon any transferee.

8.20 Survival of Covenants. All warranties, representations, covenants and agreements of the Developer Parties contained in this Section 8 and elsewhere in this Agreement shall be true, accurate and complete at the time of the Developer Parties' execution of this Agreement, and shall survive the execution, delivery and acceptance hereof by the parties hereto and (except as provided in Section 7 hereof upon the issuance of a Certificate) shall be in effect throughout the Term of the Agreement.

8.21 Compliance with Relocation Plan. During the construction of the Project, the Developer shall comply with the Relocation Plan which compliance shall be determined by DPD in its sole discretion.

## **SECTION 9. COVENANTS/REPRESENTATIONS/WARRANTIES OF CITY**

1 General Covenants. The City represents that it has the authority as a home rule unit of local government to execute and deliver this Agreement and to perform its obligations hereunder.

2 Survival of Covenants. All warranties, representations, and covenants of the City contained in this Section 9 or elsewhere in this Agreement shall be true, accurate, and complete at the time of the City's execution of this Agreement, and shall survive the execution, delivery and acceptance hereof by the parties hereto and be in effect throughout the Term of the Agreement.

## SECTION 10. DEVELOPER PARTIES' EMPLOYMENT OBLIGATIONS

10.01 Employment Opportunity. The Developer Parties on behalf of themselves and their successors and assigns, hereby agree, and shall contractually obligate its or their various contractors, subcontractors or any Affiliate of the Developer Parties operating on the Property (collectively, with the Developer Parties, the "Employers" and individually an "Employer") to agree, that for the Term of this Agreement with respect to Developer Parties during the period of any other party's provision of services in connection with the construction of the Project or occupation of the Property:

(a) No Employer shall discriminate against any employee or applicant for employment based upon race, religion, color, sex, national origin or ancestry, age, handicap or disability, sexual orientation, military discharge status, marital status, parental status or source of income as defined in the City of Chicago Human Rights Ordinance, Chapter 2-160, Section 2-160-010 et seq., Municipal Code, except as otherwise provided by said ordinance and as amended from time to time (the "Human Rights Ordinance"). Each Employer shall take affirmative action to ensure that applicants are hired and employed without discrimination based upon race, religion,

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color, sex, national origin or ancestry, age, handicap or disability, sexual orientation, military discharge status, marital status, parental status or source of income and are treated in a nondiscriminatory manner with regard to all job-related matters, including without limitation: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. Each Employer agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the City setting forth the provisions of this nondiscrimination clause. In addition, the Employers, in all solicitations or advertisements for employees, shall state that all qualified applicants shall receive consideration for employment without discrimination based upon race, religion, color, sex, national origin or ancestry, age, handicap or disability, sexual orientation, military discharge status, marital status, parental status or source of income.

b) To the greatest extent feasible, each Employer is required to present opportunities for training and employment of low- and moderate-income residents of the City and preferably of the 47<sup>th</sup>/King Redevelopment Area; and to provide that contracts for work in connection with the construction of the Project be awarded to business concerns that are located in, or owned in substantial part by persons residing in, the City and preferably in the 47<sup>th</sup>/King Redevelopment Area.

c) Each Employer shall comply with all federal, state and local equal employment and affirmative action statutes, rules and regulations, including but not limited to the City's Human Rights Ordinance and the Illinois Human Rights Act, 775 ILCS 5/1-101 et seq. (1993), and any subsequent amendments and regulations promulgated thereto.

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

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

f) Failure to comply with the employment obligations described in this Section 10.01 shall be a basis

for the City to pursue remedies under the provisions of Section 15.02 hereof.

10.02 City Resident Construction Worker Employment Requirement. The Developer Parties agree for themselves and their successors and assigns, and shall contractually obligate their contractors and subcontractors, as applicable, to agree, that during the construction of the Project they shall comply with the minimum percentage of total worker hours performed by actual residents of the City as specified in Section 2-92-330 of the Municipal Code of Chicago (at least 50 percent of the total worker hours worked by persons on the site of the Project shall be performed by actual residents of the City); provided, however, that in addition to complying with this percentage, the Developer Parties, their contractors and each subcontractor shall be required to make good faith efforts to utilize qualified residents of the City in both unskilled and skilled labor positions.

The Developer Parties may request a reduction or waiver of this minimum percentage level of Chicagoans as provided for in Section 2-92-330 of the Municipal Code of Chicago in

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accordance with standards and procedures developed by the Chief Procurement Officer of the City.

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

The Developer Parties, the contractors and each subcontractor shall provide for the maintenance of adequate employee residency records to show that actual Chicago residents are employed on the Project. Each Employer shall maintain copies of personal documents supportive of every Chicago employee's actual record of residence.

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

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

At the direction of DPD, affidavits and other supporting documentation will be required of the Developer Parties, the contractors and each subcontractor to verify or clarify an employee's actual address when doubt or lack of clarity has arisen.

Good faith efforts on the part of the Developer Parties, the contractors and each subcontractor to provide utilization of actual Chicago residents (but not sufficient for the granting of a waiver request as provided for in the standards and procedures developed by the Chief Procurement Officer) shall not suffice to replace the actual, verified achievement of the requirements of this Section concerning the worker hours performed by actual Chicago residents.

When work at the Project is completed, in the event that the City has determined that the Developer Parties have failed to ensure the fulfillment of the requirement of this Section concerning the worker hours performed by actual Chicago residents or failed to report in the manner as indicated above, the City will thereby be damaged in the failure to provide the benefit of demonstrable employment to Chicagoans to the degree stipulated in this Section. Therefore, in such a case of non-compliance, it is agreed that 1/20 of 1

percent (0.0005) of the aggregate hard construction costs set forth in the Project budget (the product of .0005 x such aggregate hard construction costs) (as the same shall be evidenced by approved contract value for the actual contracts) shall be surrendered by the Developer Parties to the City in payment for each percentage of shortfall toward the stipulated residency requirement. Failure to report the residency of employees entirely and correctly shall result in the surrender of the entire liquidated damages as if no Chicago residents were employed in either of the categories. The willful falsification of statements and the certification of payroll data may subject the Developer Parties, the General Contractor and/or the subcontractors to prosecution. Any retainage to cover contract performance that may become due to the Developer Parties pursuant to Section 2-92-250 of the Municipal Code of Chicago may be withheld by the City pending the Chief

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Procurement Officer's determination as to whether the Developer Parties must surrender damages as provided in this paragraph.

Nothing herein provided shall be construed to be a limitation upon the "Notice of Requirements for Affirmative Action to Ensure Equal Employment Opportunity, Executive Order 11246 " and "Standard Federal Equal Employment Opportunity, Executive Order 11246," or other affirmative action required for equal opportunity under the provisions of this Agreement or related documents.

The Developer Parties shall cause or require the provisions of this Section 10.02 to be included in all construction contracts and subcontracts related to the Project.

10.03. MBEA/VBE Commitment, (a) Consistent with the findings which support the Minority-Owned and Women-Owned Business Enterprise Procurement Program (the "MBEA/VBE Program"), Section 2-92-420 et seq., Municipal Code of Chicago, and in reliance upon the provisions of the MBEA/VBE Program to the extent contained in, and as qualified by, the provisions of this Section 10.03, during the course of construction of the Project, at least the following percentages of the MBEAA/BE Budget (as set forth in Exhibit H-2 hereto) shall be expended for contract participation by minority-owned businesses ("MBEs") and by women-owned businesses ("WBEs") as follows:

1. at least 26 percent by MBEs;
2. at least 6 percent by WBEs.

**c) Consistent with Section 2-92-440, Municipal Code of Chicago, the Developer Parties' MBEA/VBE commitment may be achieved in part by the Developer Parties' status as an MBE or WBE (but only to the extent of any actual work performed on the Project by the Developer Parties) or by a joint venture with one or more MBEs or WBEs (but only to the extent of the lesser of (i) the MBE or WBE participation in such joint venture or (ii) the amount of any actual work performed on the Project by the MBE or WBE), by the Developer Parties utilizing a MBE or a WBE as a contractor (but only to the extent of any actual work performed on the Project by such contractor), by subcontracting a portion of the Project to one or more MBEs or WBEs, or by the purchase of materials used in the Project from one or more MBEs or WBEs, or by any combination of the foregoing. Those entities which constitute both a MBE and a WBE shall not be credited more than once with regard to the Developer Parties' MBEA/VBE commitment as described in this Section 10.03.**

d) The Developer Parties shall deliver quarterly reports to DPD during the Project describing its efforts to achieve compliance with this MBEAA/BE commitment. Such reports shall include, inter alia, the name and business address of each MBE and WBE solicited by the Developer Parties or a contractor to work on the Project, and the responses received from such solicitation, the name and business address of each MBE or WBE actually involved in the Project, a description of the work performed or products or services supplied, the date and amount of such work, product or service, and such other information as may assist DPD in determining the Developer Parties' compliance with this MBEAA/BE commitment. The Developer Parties shall

maintain records of all relevant data with respect to the utilization of MBEs and WBEs in connection with the Project for at least five years after completion of the Project, and DPD shall have access to all such records maintained by the Developer Parties, on five Business Days' notice, to allow the City to review the Developer Parties' compliance with its commitment to MBEAA/BE participation and the status of any MBE or WBE performing any portion of the Project.

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(e) Upon the disqualification of any MBE or WBE contractor or subcontractor, if such status was misrepresented by the disqualified party, the Developer Parties shall be obligated to discharge or cause to be discharged the disqualified contractor or subcontractor, and, if possible, identify and engage a qualified MBE or WBE as a replacement. For purposes of this Section 10.03, the disqualification procedures are further described in Sections 2-92-540 and 2-92-730 of the Municipal Code of Chicago.

f) Any reduction or waiver of the Developer Parties' MBE/WBE commitment as described in this Section 10.03 shall be undertaken in accordance with Sections 2-92-450 and 2-92-730 of the Municipal Code of Chicago.

g) Prior to the commencement of the Project, the Developer Parties shall be required to meet with the monitoring staff of DPD with regard to the Developer Parties' compliance with its obligations under this Section 10.03. All contractors and all major subcontractors shall be required to attend this pre-construction meeting. During said meeting, the Developer Parties shall demonstrate to DPD their plan to achieve their obligations under this Section 10.03, the sufficiency of which shall be approved by DPD. During the Project, the Developer Parties shall submit the documentation required by this Section 10.03 to the monitoring staff of DPD. Failure to submit such documentation on a timely basis, or a determination by DPD, upon analysis of the documentation, that the Developer Parties are not complying with their obligations under this Section 10.03, shall, upon the delivery of written notice to the Developer Parties, be deemed an Event of Default. Upon the occurrence of any such Event of Default, in addition to any other remedies provided hereunder, the City may: (1) issue a written demand to the Developer Parties to halt the Project, (2) withhold any further payments to, or on behalf of, the Developer Parties, (3) draw on the Letter of Credit or (4) seek any other remedies against the Developer Parties available at law or in equity.

The Developer Parties will include the foregoing provisions in every contract entered into in connection with the Project and every agreement with any Affiliate operating on the Property so that such provision will be binding upon each contractor or Affiliate, as the case may be.

## **SECTION 11. ENVIRONMENTAL MATTERS**

The Developer Parties hereby represent and warrant to the City that the Developer Parties have conducted environmental studies sufficient to conclude that the Project may be constructed, completed and operated in accordance with all Environmental Laws and this Agreement and all Exhibits attached hereto, the Scope Drawings, Plans and Specifications and all amendments thereto, and the Redevelopment Plan.

Without limiting any other provisions hereof, the Developer Parties agree to indemnify, defend and hold the City harmless from and against any and all losses, liabilities, damages, injuries, costs, expenses or claims of any kind whatsoever including, without limitation^ any losses, liabilities, damages, injuries, costs, expenses or claims asserted or arising under any Environmental Laws incurred, suffered by or asserted against the City as a direct or indirect result of any of the following, regardless of whether or not caused by, or within the control of the Developer Parties: (i) the presence of any Hazardous Material on or under, or the escape, seepage, leakage, spillage, emission, discharge or release of any Hazardous Material from (A) all or any portion of the Property or (B) any other real property in which the Developer Parties or any person directly or

indirectly controlling, controlled by or under common control with the Developer Parties, holds any estate or interest whatsoever (including, without limitation, any property owned by a land trust in which the beneficial interest is owned, in whole or in part, by

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the Developer Parties), or (ii) any liens against the Property permitted or imposed by any Environmental Laws, or any actual or asserted liability or obligation of the City or the Developer Parties or any of its Affiliates under any Environmental Laws relating to the Property.

## SECTION 12. INSURANCE

The Developer must provide and maintain, at Developer's own expense, or cause to be provided and maintained during the term of this Agreement, the insurance coverage and requirements specified below, insuring all operations related to the Agreement.

a) Prior to execution and delivery of this Agreement.

i) Workers Compensation and Employers Liability

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

ii) Commercial General Liability (Primary and Umbrella)

Commercial General Liability Insurance or equivalent with limits of not less than \$1,000,000 per occurrence for bodily injury, personal injury, and property damage liability. Coverages must include the following: All premises and operations, products/completed operations independent contractors, separation of insureds, defense, and contractual liability (with no limitation endorsement). The City of Chicago is to be named as an additional insured on a primary, non-contributory basis for any liability arising directly or indirectly from the work.

iii) All Risk Property

All Risk Property Insurance at replacement value of the property to protect against loss of, damage to, or destruction of the building/facility. The City is to be named as an additional insured and loss payee/mortgagee if applicable.

b) Construction. Prior to the construction of any portion of the Project, Developer will cause its architects, contractors, subcontractors, project managers and other parties constructing the Project to procure and maintain the following kinds and amounts of insurance:

i) Workers Compensation and Employers Liability

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

ii) Commercial General Liability (Primary and Umbrella)

Commercial General Liability Insurance or equivalent with limits of not less than \$2,000,000 per occurrence for bodily injury, personal injury, and property damage liability. Coverages must include the following: All premises and operations, products/completed operations (for a minimum of two (2) years following project

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completion), explosion, collapse, underground, separation of insureds, defense, and contractual liability (with no limitation endorsement). The City of Chicago is to be named as an additional insured on a primary, non-contributory basis for any liability arising directly or indirectly from the work.

iii) Automobile Liability (Primary and Umbrella)

When any motor vehicles (owned, non-owned and hired) are used in connection with work to be performed, the Automobile Liability Insurance with limits of not less than \$2,000,000 per occurrence for bodily injury and property damage. The City of Chicago is to be named as an additional insured on a primary, non-contributory basis.

iv) Railroad Protective Liability

When any work is to be done adjacent to or on railroad or transit property, Developer must provide cause to be provided with respect to the operations that Contractors perform, Railroad Protective Liability Insurance in the name of railroad or transit entity. The policy must have limits of not less than \$2,000,000 per occurrence and \$6,000,000 in the aggregate for losses arising out of injuries to or death of all persons, and for damage to or destruction of property, including the loss of use thereof.

v) All Risk /Builders Risk

When the Developer undertakes any construction, including improvements, betterments, and/or repairs, the Developer must provide or cause to be provided All Risk Builders Risk Insurance at replacement cost for materials, supplies, equipment, machinery and fixtures that are or will be part of the project. The City of Chicago is to be named as an additional insured and loss payee/mortgagee if applicable.

vi) Professional Liability

When any architects, engineers, construction managers or other professional consultants perform work in connection with this Agreement, Professional Liability Insurance covering acts, errors, or omissions must be maintained with limits of not less than \$1,000,000. Coverage must include contractual liability. When policies are renewed or replaced, the policy retroactive date must coincide with, or precede, start of work on the Contract. A claims-made policy which is not renewed or replaced must have an extended reporting period of two (2) years.

vii) Valuable Papers

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

viii) Contractors Pollution Liability

When any remediation work is performed which may cause a pollution exposure, the Developer must cause remediation contractor to provide Contractor Pollution Liability covering bodily injury, property damage and other losses caused by pollution conditions that arise from the contract scope of work with limits of not less



than \$1,000,000 per

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occurrence. Coverage must include completed operations, contractual liability, defense, excavation, environmental cleanup, remediation and disposal. When policies are renewed or replaced, the policy retroactive date must coincide with or precede, start of work on the Agreement. A claims-made policy which is not renewed or replaced must have an extended reporting period of two (2) years. The City of Chicago is to be named as an additional insured.

c) Post Construction:

(i) All Risk Property Insurance at replacement value of the property to protect against loss of, damage to, or destruction of the building/facility. The City is to be named as an additional insured and loss payee/mortgagee if applicable.

d) Other Requirements:

The Developer must furnish the City of Chicago, Department of Planning and Development, City Hall, Room 1000, 121 North LaSalle Street 60602, original Certificates of Insurance, or such similar evidence, to be in force on the date of this Agreement, and Renewal Certificates of Insurance, or such similar evidence, if the coverages have an expiration or renewal date occurring during the term of this Agreement. The Developer must submit evidence of insurance on the City of Chicago Insurance Certificate Form (copy attached) or equivalent prior to closing. The receipt of any certificate does not constitute agreement by the City that the insurance requirements in the Agreement have been fully met or that the insurance policies indicated on the certificate are in compliance with all Agreement requirements. The failure of the City to obtain certificates or other insurance evidence from Developer is not a waiver by the City of any requirements for the Developer to obtain and maintain the specified coverages. The Developer shall advise all insurers of the Agreement provisions regarding insurance. Non-conforming insurance does, not relieve Developer of the obligation to provide insurance as specified herein. Nonfulfillment of the insurance conditions may constitute a violation of the Agreement, and the City retains the right to stop work and/or terminate agreement until proper evidence of insurance is provided.

The insurance must provide for 60 days prior written notice to be given to the City in the event coverage is substantially changed, canceled, or non-renewed.

Any deductibles or self insured retentions on referenced insurance coverages must be borne by Developer and Contractors.

The Developer hereby waives and agrees to require their insurers to waive their rights of subrogation against the City of Chicago, its employees, elected officials, agents, or representatives.

The coverages and limits furnished by Developer in no way limit the Developer's liabilities and responsibilities specified within the Agreement or by law.

Any insurance or self insurance programs maintained by the City of Chicago do not contribute with insurance provided by the Developer under the Agreement.

The required insurance to be carried is not limited by any limitations expressed in the indemnification language in this Agreement or any limitation placed on the indemnity in this Agreement given as a matter of law.

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If Developer is a joint venture or limited liability company, the insurance policies must name the joint

venture or limited liability company as a named insured.

The Developer must require all contractors and subcontractors to provide the insurance required herein, or Developer may provide the coverages for contractors and subcontractors. All Contractors and subcontractors are subject to the same insurance requirements of Developer unless otherwise specified in this Agreement.

If Developer, any contractor or subcontractor desires additional coverages, the party desiring the additional coverages is responsible for the acquisition and cost.

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

### **SECTION 13. INDEMNIFICATION**

13.01 General Indemnity. The Developer Parties agree to indemnify, pay, defend and hold the City, and its elected and appointed officials, employees, agents and Affiliates (individually an "Indemnatee," and collectively the "Indemnitees") harmless from and against, any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, costs, expenses and disbursements of any kind or nature whatsoever (and including without limitation, the reasonable fees and disbursements of counsel for such Indemnitees in connection with any investigative, administrative or judicial proceeding commenced or threatened, whether or not such Indemnities shall be designated a party thereto), that may be imposed on, suffered, incurred by or asserted against the Indemnitees in any manner relating or arising out of:

i) the Developer Parties' failure to comply with any of the terms, covenants and conditions contained within this Agreement; or

ii) the Developer Parties' or any contractor's failure to pay contractors, subcontractors or materialmen in connection with the TIF-Funded Improvements or any other Project improvement; or

iii) the existence of any material misrepresentation or omission in this Agreement, the Redevelopment Plan or any other document related to this Agreement that is the result of information supplied or omitted by the Developer Parties or any Affiliate of the Developer Parties or any agents, employees, contractors or persons acting under the control or at the request of the Developer Parties or any Affiliate of the Developer Parties; or

iv) the Developer Parties' failure to cure any misrepresentation in this Agreement or any other agreement relating hereto;

provided, however, that Developer Parties shall have no obligation to an Indemnatee arising from the wanton or willful misconduct of that Indemnatee. To the extent that the preceding sentence may be unenforceable because it violates any law or public policy, Developer Parties shall contribute the maximum portion that they are permitted to pay and satisfy under the applicable law, to the payment and satisfaction of all indemnified liabilities incurred by the Indemnitees or any of them. The provisions of the undertakings and indemnification set out in this Section 13.01 shall survive the termination of this Agreement.

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### **SECTION 14. MAINTAINING RECORDS/RIGHT TO INSPECT**

14.01 Books and Records. The Developer Parties shall keep and maintain separate, complete, accurate and detailed books and records necessary to reflect and fully disclose the total actual cost of the Project and the disposition of all funds from whatever source allocated

thereto, and to monitor the Project. All such books, records and other documents, including but not limited to the Developer Parties' loan statements, if any, General Contractor's and subcontractors' sworn statements, general contracts, subcontracts, purchase orders, waivers of lien, paid receipts and invoices, shall be available at the Developer Parties' offices for inspection, copying, audit and examination by an authorized representative of the City, at the Developer Parties' expense. The Developer Parties shall incorporate this right to inspect, copy, audit and examine all books and records into all contracts entered into by the Developer Parties with respect to the Project.

14.02 Inspection Rights. Upon three (3) business days' notice, any authorized representative of the City has access to all portions of the Project and the Property during normal business hours during the Term of the Agreement.

## **SECTION 15. DEFAULT AND REMEDIES**

15.01 Events of Default. The occurrence of any one or more of the following events, subject to the provisions of Section 15.03, shall constitute an "Event of Default" by the Developer Parties hereunder:

a) the failure of the Developer Parties to perform, keep or observe any of the covenants, conditions, promises, agreements or obligations of the Developer Parties under this Agreement or any related agreement;

b) the failure of the Developer Parties to perform, keep or observe any of the covenants, conditions, promises, agreements or obligations of the Developer Parties under any other agreement with any person or entity if such failure may have a material adverse effect on the Developer Parties' business, property, assets, operations or condition, financial or otherwise;

(c) the making or furnishing by the Developer Parties to the City of any representation, warranty, certificate, schedule, report or other communication within or in connection with this Agreement or any related agreement which is untrue or misleading in any material respect;

d) except as otherwise permitted hereunder, the creation (whether voluntary or involuntary) of, or any attempt to create, any lien or other encumbrance upon the Property, including any fixtures now or hereafter attached thereto, other than the Permitted Liens, or the making or any attempt to make any levy, seizure, or attachment thereof;

e) the commencement of any proceedings in bankruptcy by or against the Developer Parties or for the liquidation or reorganization of the Developer Parties, or alleging that the Developer Parties are insolvent or unable to pay its debts as they mature, or for the readjustment or arrangement of the Developer Parties' debts, whether under the United States Bankruptcy Code or under any other state or federal law, now or hereafter existing for the relief of debtors, or the commencement of any analogous statutory or non-statutory proceedings involving the Developer Parties; provided, however, that if such commencement of proceedings

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is involuntary, such action shall not constitute an Event of Default unless such proceedings are not dismissed within sixty (60) days after the commencement of such proceedings;

f) the appointment of a receiver or trustee for the Developer Parties, for any substantial part of the Developer Parties' assets or the institution of any proceedings for the dissolution, or the full or partial liquidation, or the merger or consolidation, of the Developer Parties; provided, however, that if such

appointment or commencement of proceedings is involuntary, such action shall not constitute an Event of Default unless such appointment is not revoked or such proceedings are not dismissed within sixty (60) days after the commencement thereof;

g) the entry of any judgment or order against the Developer Parties which remains unsatisfied or undischarged and in effect for sixty (60) days after such entry without a stay of enforcement or execution;

(h) the occurrence of an event of default under the Lender Financing, which default is

not cured within any applicable cure period;

(i) the dissolution of the Developer Parties or the death of any natural person who owns

a material interest in the Developer Parties;

(j) the institution in any court of a criminal proceeding (other than a misdemeanor) against the Developer Parties, or any natural person who owns a material interest in the Developer Parties, which is not dismissed within thirty (30) days, or the indictment of the Developer Parties or any natural person who owns a material interest in the Developer Parties, for any crime (other than a misdemeanor); or

(k) prior to the expiration of the Term of the Agreement, the sale or transfer of a majority of the ownership interests of the Developer Parties without the prior written consent of the City, except that the Developer's limited partner may sell a limited partner interest in the Developer without the prior written consent of the City.

For purposes of Sections 15.01 (i) and 15.01 (j) hereof, a person with a material interest in the Developer shall be one owning in excess of ten (10%) of the Developer's partnership interests.

2 Remedies. Upon the occurrence of an Event of Default, the City may terminate this Agreement and all related agreements, and may suspend disbursement of City Funds. Additionally, upon the occurrence of an Event of Default in relation to Section 8.19, the Developer Parties shall reimburse the City all of the City Funds disbursed to any one of the Developer Parties to date. The City may, in any court of competent jurisdiction by any action or proceeding at law or in equity, pursue and secure any available remedy, including but not limited to reimbursement of all or part of the City Funds, injunctive relief or the specific performance of the agreements contained herein.

3 Curative Period. In the event the Developer Parties shall fail to perform a monetary covenant which the Developer Parties are required to perform under this Agreement, notwithstanding any other provision of this Agreement to the contrary, an Event of Default shall not be deemed to have occurred unless the Developer Parties have failed to perform such monetary covenant within ten (10) days of its receipt of a written notice from the City specifying that it has failed to perform such monetary covenant. In the event the Developer Parties shall fail to perform a non-monetary covenant which the Developer Parties are required to perform

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under this Agreement, notwithstanding any other provision of this Agreement to the contrary, an Event of Default shall not be deemed to have occurred unless the Developer Parties have failed to cure such default within thirty (30) days of its receipt of a written notice from the City specifying the nature of the default; provided, however, with respect to those non-monetary defaults which are not capable of being cured within such thirty (30) day period, the Developer Parties shall not be deemed to have committed an Event of Default under this Agreement if they have commenced to cure the alleged default within such thirty (30) day period

and thereafter diligently and continuously prosecutes the cure of such default until the same has been cured. Under the same terms and conditions stated in this Section 15.03, The anticipated investors in the Low Income Housing Tax Credits ("LIHTC"), the syndication of which shall produce the Equity set forth in Section 4.01, and their successors and assigns (solely as LIHTC investor) shall have the right, but not the obligation, to cure an Event of Default if the Developer Parties fail to do so before the City exercises its remedies. However, the City shall be under no obligation to provide notice specifically to said investors, it being understood that notice to the Developer shall be sufficient for such purpose.

## SECTION 16. MORTGAGING OF THE PROJECT

All mortgages or deeds of trust in place as of the date hereof with respect to the Property or any portion thereof are listed on Exhibit G hereto (including but not limited to mortgages made prior to or on the date hereof in connection with Lender Financing) and are referred to herein as the "Existing Mortgages." Any mortgage or deed of trust that the Developer Parties may hereafter elect to execute and record or permit to be recorded against the Property or any portion thereof is referred to herein as a "New Mortgage." Any New Mortgage that the Developer Parties may hereafter elect to execute and record or permit to be recorded against the Property or any portion thereof with the prior written consent of the City is referred to herein as a "Permitted Mortgage." It is hereby agreed by and between the City and the Developer Parties as follows:

(a) In the event that a mortgagee or any other party shall succeed to the Developer's interest in the Property or any portion thereof pursuant to the exercise of remedies under a New Mortgage (other than a Permitted Mortgage), whether by foreclosure or deed in lieu of foreclosure, and in conjunction therewith accepts an assignment of the Developer's interest hereunder in accordance with Section 18.15 hereof, the City may, but shall not be obligated to, attorn to and recognize such party as the successor in interest to the Developer for all purposes under this Agreement and, unless so recognized by the City as the successor in interest, such party shall be entitled to no rights or benefits under this Agreement, but such party shall be bound by those provisions of this Agreement that are covenants expressly running with the land.

(b) In the event that any mortgagee shall succeed to the Developer's interest in the Property or any portion thereof pursuant to the exercise of remedies under an Existing Mortgage or a Permitted Mortgage, whether by foreclosure or deed in lieu of foreclosure, and in conjunction therewith accepts an assignment of the Developer's interest hereunder in accordance with Section 18.15 hereof, the City hereby agrees to attorn to and recognize such party as the successor in interest to the Developer Parties for all purposes under this Agreement so long as such party accepts all of the obligations and liabilities of "the Developer Parties" hereunder; provided, however, that, notwithstanding any other provision of this Agreement to the contrary, it is understood and agreed that if such party accepts an assignment of the Developer Parties' interest under this Agreement, such party has no liability under this Agreement for any Event of Default of the Developer Parties which accrued prior to the time such party succeeded to the interest of the Developer Parties under this Agreement, in which case the Developer Parties shall be solely responsible. However, if such mortgagee under a

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Permitted Mortgage or an Existing Mortgage does not expressly accept an assignment of the Developer Parties' interest hereunder, such party shall be entitled to no rights and benefits under this Agreement, and such party shall be bound only by those provisions of this Agreement, if any, which are covenants expressly running with the land.

(c) Prior to the issuance by the City to the Developer Parties of a Certificate pursuant to Section 7 hereof, no New Mortgage shall be executed with respect to the Property or any portion thereof without the

prior written consent of the Commissioner of DPD.

### **SECTION 17. NOTICE**

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

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

With Copies To:                      City of Chicago  
Department of Law  
Finance and Economic Development Division 121 North  
LaSalle Street, Room 600 Chicago, IL 60602

If to the Developer  
Parties:                      PGS Bronzeville III Limited  
Partnership or  
Grand Boulevard Housing IV, LLC  
400 East 41<sup>st</sup> Street, Suite 100  
Chicago, Illinois 60653  
Attention: Mr. Fred Bonner  
  
Bronzeville Housing and Community Development Corporation  
  
Chicago, Illinois 60653  
  
Attention:

With Copies To:                      Jay Gilbert, Esq.  
Kutak Rock LLP  
One South Wacker Drive, Suite 2050 Chicago,  
Illinois 60606-4614

And To:

And To:

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Such addresses may be changed by notice to the other parties given in the same manner provided above. Any notice, demand, or request sent pursuant to clause (a) hereof shall be deemed received upon such personal service. Any notice, demand or request sent pursuant to clause (b) shall be deemed received on the day immediately following deposit with the overnight courier and any notices, demands or requests sent pursuant to subsection (c) shall be deemed received two (2) business days following deposit in the mail.

### **SECTION 18. MISCELLANEOUS**

1      Amendment. This Agreement and the Exhibits attached hereto may not be amended or modified without the prior written consent of the parties hereto; provided, however, that the City, in its sole discretion, may amend, modify or supplement Exhibit D hereto without the consent of any party hereto. It is agreed that no material amendment or change to this Agreement shall be made or be effective unless ratified or authorized by an ordinance duly adopted by the City Council. The term "material" for the purpose of this Section 18.01 shall be defined as any deviation from the terms of the Agreement which operates to cancel or otherwise reduce any developmental, construction or job-creating obligations of Developer Parties (including those set forth in Sections 10.02 and 10.03 hereof) by more than five percent (5%) or materially changes the Project site or character of the Project or any activities undertaken by Developer Parties affecting the Project site, the Project, or both, or increases any time agreed for performance by the Developer Parties by more than ninety (90) days.

2      Entire Agreement. This Agreement (including each Exhibit attached hereto, which is hereby incorporated herein by reference) constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and it supersedes all prior agreements, negotiations and discussions between the parties relative to the subject matter hereof.

3      Limitation of Liability. No member, official or employee of the City shall be personally liable to the Developer Parties or any successor in interest in the event of any default or breach by the City or for any amount which may become due to the Developer Parties from the City or any successor in interest or on any obligation under the terms of this Agreement.

4      Further Assurances. The Developer Parties agree to take such actions, including the execution and delivery of such documents, instruments, petitions and certifications as may become necessary or appropriate to carry out the terms, provisions and intent of this Agreement.

5      Waiver. Waiver by the City or the Developer Parties with respect to any breach of this Agreement shall not be considered or treated as a waiver of the rights of the respective party with respect to any other default or with respect to any particular default, except to the extent specifically waived by the City or the Developer Parties in writing. No delay or omission on the part of a party in exercising any right shall operate as a waiver of such right or any other right unless pursuant to the specific terms hereof. A waiver by a party of a provision of this Agreement shall not prejudice or constitute a waiver of such party's right otherwise to demand strict compliance with that provision or any other provision of this Agreement. No prior waiver by a party, nor any course of dealing between the parties hereto, shall constitute a waiver of any such parties' rights or of any obligations of any other party hereto as to any future transactions.

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6      Remedies Cumulative. The remedies of a party hereunder are cumulative and the exercise of any one or more of the remedies provided for herein shall not be construed as a waiver of any other remedies of such party unless specifically so provided herein.

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

8      Headings. The paragraph and section headings contained herein are for convenience only and are not intended to limit, vary, define or expand the content thereof.

9 Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed an original and all of which shall constitute one and the same agreement.

10 Severability. If any provision in this Agreement, or any paragraph, sentence, clause, phrase, word or the application thereof, in any circumstance, is held invalid, this Agreement shall be construed as if such invalid part were never included herein and the remainder of this Agreement shall be and remain valid and enforceable to the fullest extent permitted by law.

11 Conflict. In the event of a conflict between any provisions of this Agreement and the provisions of the TIF Ordinances, such ordinance(s) shall prevail and control.

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

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

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

15 Assignment. The Developer Parties may not sell, assign or otherwise transfer their interest in this Agreement in whole or in part without the written consent of the City. Any successor in interest to the Developer Parties under this Agreement shall certify in writing to the City its agreement to abide by all remaining executory terms of this Agreement, including but not limited to Sections 8.18, 8.19 and 8.20 hereof, for the Term of the Agreement. The Developer Parties consent to the City's sale, transfer, assignment or other disposal of this Agreement at any time in whole or in part.

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

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permitted assigns (as provided herein). Except as otherwise provided herein, this Agreement shall not run to the benefit of, or be enforceable by, any person or entity other than a party to this Agreement and its successors and permitted assigns. This Agreement should not be deemed to confer upon third parties any remedy, claim, right of reimbursement or other right.

18.17 Force Majeure. Neither the City, the Developer Parties nor any successor in interest to any of them shall be considered in breach of or in default of its obligations under this Agreement in the event of any delay caused by damage or destruction by fire or other casualty, strike, shortage of material, unusually adverse weather conditions such as, by way of illustration and not limitation, severe rain storms or below freezing temperatures of abnormal degree or for an abnormal duration, tornadoes or cyclones, and other events or conditions beyond the reasonable control of the party affected which in fact interferes with the ability of such party to discharge its obligations hereunder. The individual or entity relying on this section with respect to any such delay shall, upon the occurrence of the event causing such delay, immediately give



written notice to the other parties to this Agreement. The individual or entity relying on this section with respect to any such delay may rely on this section only to the extent of the actual number of days of delay effected by any such events described above.

18.18 Exhibits. All of the exhibits attached hereto are incorporated herein by reference.

19 Business Economic Support Act. Pursuant to the Business Economic Support Act (30 ILCS 760/1 et seq.), if the Developer Parties are required to provide notice under the WARN Act, the Developer Parties shall, in addition to the notice required under the WARN Act, provide at the same time a copy of the WARN Act notice to the Governor of the State, the Speaker and Minority Leader of the House of Representatives of the State, the President and minority Leader of the Senate of State, and the Mayor of each municipality where the Developer Parties has locations in the State. Failure by the Developer Parties to provide such notice as described above may result in the termination of all or a part of the payment or reimbursement obligations of the City set forth herein.

20 Venue and Consent to Jurisdiction. If there is a lawsuit under this Agreement, each party hereto agrees to submit to the jurisdiction of the courts of Cook County, the State of Illinois and the United States District Court for the Northern District of Illinois.

21 Costs and Expenses. In addition to and not in limitation of the other provisions of this Agreement, Developer Parties agree to pay upon demand the City's out-of-pocket expenses, including attorney's fees, incurred in connection with the enforcement of the provisions of this Agreement. This includes, subject to any limits under applicable law, attorney's fees and legal expenses, whether or not there is a lawsuit, including attorney's fees for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals and any anticipated post-judgment collection services. Developer Parties also will pay any court costs, in addition to all other sums provided by law.

22 Business Relationships. The Developer Parties acknowledge (A) receipt of a copy of Section 2-156-030 (b) of the Municipal Code of Chicago, (B) that Developer Parties have read such provision and understand that pursuant to such Section 2-156-030 (b), it is illegal for any elected official of the City, or any person acting at the direction of such official, to contact, either orally or in writing, any other City official or employee with respect to any matter involving any person with whom the elected City official or employee has a "Business Relationship" (as defined in Section 2-156-080 of the Municipal Code of Chicago), or to participate in any discussion in any City Council committee hearing or in any City Council

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meeting or to vote on any matter involving any person with whom the elected City official or employee has a "Business Relationship" (as defined in Section 2-156-080 of the Municipal Code of Chicago), or to participate in any discussion in any City Council committee hearing or in any City Council meeting or to vote on any matter involving the person with whom an elected official has a Business Relationship, and (C) that a violation of Section 2-156-030 (b) by an elected official, or any person acting at the direction of such official, with respect to any transaction contemplated by this Agreement shall be grounds for termination of this Agreement and the transactions contemplated hereby. The Developer Parties hereby represent and warrant that, to the best of their knowledge after due inquiry, no violation of Section 2-156-030 (b) has occurred with respect to this Agreement or the transactions contemplated hereby.

23 Debarment Certification. Failure by the Developer Parties or any controlling person of either, as defined in Section 1-23-010 of the Municipal Code, thereof to maintain eligibility to do business with the City as required by Section 1-23-030 of the Municipal Code shall be grounds for termination of this Agreement and the transactions contemplated thereby.

24 Inspector General and Legislative Inspector General. It is the duty of the Developer Parties, any subgrantee, bidder, proposer, contractor, subcontractor, and every applicant for certification of eligibility for a City contract or program, and all officers, directors, agents, partners, and employees of any such subgrantee, bidder, proposer, contractor, subcontractor or such applicant to cooperate with the Inspector General in any investigation or hearing undertaken pursuant to Chapter 2-56 of the Municipal Code. The Developer Parties represent that they understand and will abide by all provisions of Chapter 2-56 of the Municipal Code and that the Developer Parties will inform subcontractors of this provision and require their compliance.

It is the duty of the Developer Parties, any subgrantee, bidder, proposer, contractor, subcontractor, and every applicant for certification of eligibility for a City contract or program, and all officers, directors, agents, partners, and employees of the Developer Parties, any such subgrantee, bidder, proposer, contractor, subcontractor or such applicant to cooperate with the Legislative Inspector General in any investigation undertaken pursuant to Chapter 2-55 of the Municipal Code. The Developer Parties represent that they understand and will abide by all provisions of Chapter 2-55 of the Municipal Code and that the Developer Parties will inform subcontractors of this provision and require their compliance.

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

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK.]

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IN WITNESS WHEREOF, the parties hereto have caused this Redevelopment Agreement to be executed on or as of the day and year first above written.

DEVELOPER:

PGS Bronzeville III Limited Partnership, an Illinois limited partnership

By: Grand Boulevard Housing IV, LLC, an Illinois limited liability  
company Its General Partner

By: Peoples Co-Op for Affordable Elderly Housing, an Illinois not-for-  
profit corporation , Its Manager

By:

Fred L. Bonner  
Its Chief Executive Officer

GENERAL PARTNER:

GRAND BOULEVARD HOUSING IV, LLC, an Illinois limited liability company

By: Peoples Co-Op for Affordable Elderly Housing, an Illinois not-for-profit corporation  
Its Manager

By:  
Fred L. Bonner  
Its Chief Executive Officer

BHCDC:

BRONZEVILLE HOUSING AND COMMUNITY DEVELOPMENT CORPORATION,  
an Illinois not-for-profit corporation

By:  
Kenneth Grant President & Director

CITY:

CITY OF CHICAGO

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

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STATE OF ILLINOIS )

) SS

COUNTY OF COOK )

I, the undersigned, a Notary Public in and for the county and State aforesaid, DO HEREBY CERTIFY THAT Fred Bonner, personally known to me to be the Chief Executive Officer of Peoples Co-Op for Affordable Elderly Housing, an Illinois not-for-profit corporation, and the manager of Grand Boulevard Housing IV, LLC, an Illinois limited liability company (the "General Partner"), the general partner of PGS Bronzeville III Limited Partnership, an Illinois limited partnership (the "Developer"), 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 Chief Executive Officer, he signed and delivered the said instrument as the free and voluntary act and deed of the General Partner and the Developer for the uses and purposes therein set forth.

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

Notary Public

(SEAL)

My Commission Expires.

42

STATE OF ILLINOIS )

)SS

COUNTY OF COOK )

I, the undersigned, a Notary Public in and for the county and State aforesaid, DO HEREBY CERTIFY THAT Fred Bonner, personally known to me to be the Chief Executive Officer of Peoples Co-Op for Affordable Elderly Housing, an Illinois not-for-profit corporation, and the manager of Grand Boulevard Housing IV, LLC, an Illinois limited liability company (the "General Partner"), 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 Chief Executive Officer, he signed and delivered the said instrument as the free and voluntary act and deed of the General Partner for the uses and purposes therein set forth.

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

Notary Public

(SEAL)

My Commission Expires^

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STATE OF ILLINOIS )

) SS

COUNTY OF COOK )

I, \_\_\_\_\_, a notary public in and for the said County, in the State  
aforesaid, DO HEREBY CERTIFY that Kenneth Grant, personally known to me to be the President and a  
Director of Bronzeville Housing and Community Development Corporation ("BHCDC"), and personally known  
to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this  
day in person and acknowledged that he signed, sealed, and delivered said instrument pursuant to the  
authority given to him by the Board of Directors of BHCDC, as his free and voluntary act and as the free and  
voluntary act of BHCDC, for the uses and purposes therein set forth.

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

Notary Public

(SEAL)

My Commission Expires.

44 ,

STATE OF ILLINOIS )

)SS

COUNTY OF COOK )

I, \_\_\_\_\_, a notary public in and for the said County, in the State  
aforesaid, DO HEREBY CERTIFY that David L. Reifman, personally known to me to be the Commissioner of  
the Department of Planning and Development of the City of Chicago (the "City"), and personally known to me  
to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in  
person and acknowledged that she signed, sealed, and delivered said instrument pursuant to the authority  
given to her by the City, as her free and voluntary act and as the free and voluntary act of the City, for the uses  
and purposes therein set forth.

GIVEN under my hand and official seal this \_\_\_\_\_ day of \_\_\_\_\_, 2016.

(SEAL)

Notary Public

My Commission Expires.

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LIST OF EXHIBITS

[Redacted Signature]

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

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EXHIBIT A

AND MARTIN LUTHER KING DRIVE REDEVELOPMENT AREA LEGAL DESCRIPTION

[Not attached for ordinance submission]



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**EXHIBIT B PROPERTY LEGAL DESCRIPTION**

'^a«aCHe\_dforordinancssubmjssion]

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**EXHIBITS**

Expense

Rehabilitation Relocation Total  
Amount

\$15,264,025 412,725 \$15,676,750\*

\*Notwithstanding the total amount referenced above, the City Funds for the TIF-Funded Improvements shall not exceed \$4,299,179.

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EXHIBIT D REDEVELOPMENT PLAN

[Not attached for ordinance submission]

[I

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EXHIBIT E CONSTRUCTION CONTRACT

[Not attached for ordinance submission]

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EXHIBIT F

[Intentionally Deleted.]

**EXHIBIT G**

## PERMITTED LIENS

1. Liens or encumbrances against the Property:
2. Liens or encumbrances against the Developer or the Project, other than liens against the Property, if any:

## EXHIBIT H-1 PROJECT BUDGET

Line Item	Amount	
Building Cost	\$4,159,505	
Land Cost	320,000	
Carrying Costs	112,000	
	, Transfer Stamps	53,856
Net Construction Costs	15,264,025	
Surface Parking	219,065	
General Conditions	810,490	
Overhead	340,406	
Profit	680,812	
Furniture, Fixtures, & Equip't	262,252	
Building Permits	107,736	
Bond Premium/ LOC Fees	139,964	
Landscaping	102,296	
Site Preparation	523,789	
Other Construction	1,816,148	
Sewer & Water	20,000	
Contingency	2,000	
Architect - Design	410,405	
Architect - Supervision	136,802	
Engineering Fees	30,000	
Blueprints & Reproductions	25,000	
PNA Report	2,625	
Permit Expediter	5,450	
As-Is Plats & Surveys	20,000	
Accountant - Tax Preparation	22,500	
Accountant -- 8609s	20,000	
Accountant -- General	2,500	
Legal - Organizational	207,000	
Legal - Syndication	45,000	
Consultants - Financial	60,000	
Appraisal	20,000	
Market Study	16,000	
Phase I Environ. Report	16,000	
Title & Recording Fees	43,011	
Other Professional Fees	13,000	
Lender Fees(including Bond)	2,564,026	
LiabilityS Hazard Insurance	171,640	
Real Estate Taxes	157,000	
Advertising	15,000	
Tenant Relocation	412,725	
Developer Fee	1,000,000	
Deferred Developer Fee	1,719,191	
Reserves	1,649.195	
<b>Total Dev Costs</b>	<b>\$33,718,414</b>	



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**EXHIBIT H-2 MBE/WBE BUDGET**

Line Item Rehabilitation

**Total**

Cost

\$15,264,025 \$15,264,025

MBE requirement (26%) = \$3,968,647 WBE requirement (6%) = \$ 915,842

**EXHIBIT I APPROVED PRIOR EXPENDITURES**

[Not attached for ordinance submission]

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e^hTbTtlj

[To be retyped on the Developer Parties' Counsel's letterhead]

City of Chicago  
121 North LaSalle Street  
Chicago, IL 60602

ATTENTION: Corporation Counsel

Ladies and Gentlemen:

I have acted as counsel to PGS Bronzeville III Limited Partnership, an Illinois limited partnership (the "Developer") and its general partner, Grand Boulevard Housing IV, LLC, an Illinois limited liability company (the "General Partner"), in connection with the acquisition of certain land and the rehabilitation of a building thereon located in the 47<sup>th</sup> and King Drive Redevelopment Project Area (the "Project"). In that capacity, I have examined, among other things, the following agreements, instruments and documents of even date herewith, hereinafter referred to as the "Documents":

- (a) PGS Bronzeville III Limited Partnership Redevelopment Agreement (the "Agreement") of even date herewith, executed by the Developer, the General Partner

Agreement ) of even date herewith, executed by the Developer, the General Partner and the City of Chicago (the "City"); and

(b) all other agreements, instruments and documents executed in connection with the foregoing.

In addition to the foregoing, I have examined:

a) the original or certified, conformed or photostatic copies of (1) the Developer's (i) Certificate of Limited Partnership, (ii) limited partnership agreement, as amended to date, (iii) certificate of existence in all states in which the Developer is qualified to do business, (iii) records of all partnership proceedings relating to the Project; and (2) the General Partner's (i) Articles of Organization, (ii) operating agreement, as amended to date, (ii) By-Laws, if any, as amended to date, (iii) the certificate of good standing, and (iv) records of all members' proceedings relating to the Project; and

b) such other documents, records and legal matters as I have deemed necessary or relevant for purposes of issuing the opinions hereinafter expressed.

In all such examinations, I have assumed the genuineness of all signatures (other than those of the Developer and the General Partner), the authenticity of documents submitted to us as originals and conformity to the originals of all documents submitted to us as certified, conformed or photostatic copies.

Based on the foregoing, it is my opinion that:

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1. The Developer is a limited partnership, duly organized and validly existing under the laws of its state of formation, has full power and authority to own and lease its properties and to carry on its business as presently conducted, and is in good standing and duly qualified to do business as a limited partnership under the laws of every state in which the conduct of its affairs or the ownership of its assets requires such qualification, except for those states in which its failure to qualify to do business would not have a material adverse effect on it or its business. The General Partner is a limited liability company, duly organized, validly existing and in good standing under the laws of its state of incorporation, has full power and authority to own and lease its properties and to carry on its business as presently conducted, and is in good standing and duly qualified to do business as a foreign corporation under the laws of every state in which the conduct of its affairs or the ownership of its assets requires such qualification, except for those states in which its failure to qualify to do business would not have a material adverse effect on it or its business.

2. The Developer and the General Partner have full right, power and authority to execute and deliver the Documents to which they are a party and to perform their obligations thereunder. Such execution, delivery and performance will not conflict with, or result in a breach of, the Developer's partnership agreement or the General Partner's articles of organization, or result in a breach or other violation of any of the terms, conditions or provisions of any law or regulation, order, writ, injunction or decree of any court, government or regulatory authority, or, to the best of my knowledge after diligent inquiry, any of the terms, conditions or provisions of any agreement, instrument or document to which the Developer or the General Partner is a party or by which the Developer or the General Partner or its properties is bound. To the best of my knowledge after diligent inquiry, such execution, delivery and performance will not constitute grounds for acceleration of the maturity of any agreement, indenture, undertaking or other instrument to which the Developer or the General Partner is a party or by which it or any of its property may be bound, or result in the creation or imposition of (or the obligation to create or impose) any lien, charge or encumbrance on, or security interest in, any of its property pursuant to the provisions of any of the foregoing, other than liens or security interests in favor of the lender providing Lender Financing (as defined in the Agreement).

security interests in favor of the lender providing Lender financing (as defined in the Agreement).

3. The execution and delivery of each Document and the performance of the transactions contemplated thereby have been duly authorized and approved by all requisite action on the part of the Developer and the General Partner.

4. Each of the Documents to which the Developer or the General Partner is a party has been duly executed and delivered by a duly authorized officer of the Developer or the General Partner, as applicable, and each such Document constitutes the legal, valid and binding obligation of the Developer or the General Partner enforceable in accordance with its terms, except as limited by applicable bankruptcy, reorganization, insolvency or similar laws affecting the enforcement of creditors' rights generally.

5. To the best of my knowledge after diligent inquiry, no judgments are outstanding against the Developer or the General Partner nor is there now pending or threatened, any litigation, contested claim or governmental proceeding by or against the Developer or the General Partner or affecting the Developer or the General Partner or its property, or seeking to restrain or enjoin the performance by the Developer or the General Partner of the Agreement or the transactions contemplated by the Agreement, or contesting the validity thereof. To the best of my knowledge after diligent inquiry, the Developer or the General Partner is not in default with respect to any order, writ, injunction or decree of any court, government or regulatory authority or in default in any respect under any law, order, regulation

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or demand of any governmental agency or instrumentality, a default under which would have a material adverse effect on the Developer or, the General Partner or its business.

6. To the best of my knowledge after diligent inquiry, there is no default by the Developer or the General Partner or any other party under any material contract, lease, agreement, instrument or commitment to which the Developer or the General Partner is a party or by which the company or its properties is bound.

7. To the best of my knowledge after diligent inquiry, all of the assets of the Developer or the General Partner are free and clear of mortgages, liens, pledges, security interests and encumbrances except for those specifically set forth in the Documents.

8. The execution, delivery and performance of the Documents by the Developer or the General Partner have not and will not require the consent of any person or the giving of notice to, any exemption by, any registration, declaration or filing with or any taking of any other actions in respect of, any person, including without limitation any court, government or regulatory authority.

9. To the best of my knowledge after diligent inquiry, the Developer or the General Partner own or possess or is licensed or otherwise have the right to use all licenses, permits and other governmental approvals and authorizations, operating authorities, certificates of public convenience, goods carriers permits, authorizations and other rights that are necessary for the operation of its business.

10. A federal or state court sitting in the State of Illinois and applying the choice of law provisions of the State of Illinois would enforce the choice of law contained in the Documents and apply the law of the State of Illinois to the transactions evidenced thereby.

I am admitted to practice in the State of Illinois and I express no opinion as to any laws other than federal laws of the United States of America and the laws of the State of Illinois.

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This opinion is issued at the Developer's and the General Partner's request for the benefit of the City and its counsel, and may not be disclosed to or relied upon by any other person, except as required by law.

Very truly yours,

By: \_ Name:

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**EXHIBIT K**  
**REQUISITION FORM**

STATE OF ILLINOIS )  
 ) SS  
COUNTY OF COOK )

The affiant, Fred L. Bonner, the Chief Executive Officer of Peoples Co-Op for Affordable Elderly Housing, an Illinois not-for-profit corporation, the manager of Grand Boulevard Housing IV, LLC, an Illinois limited liability company ("the General Partner") and the general partner of PGS Bronzeville III Limited Partnership, an Illinois limited partnership (the "Developer"), hereby certifies that with respect to that certain PGS Bronzeville III Limited Partnership Redevelopment Agreement among the Developer, the General Partner and the City of Chicago dated , 2011 (the "Agreement"):

A. Expenditures for the Project, in the total amount of \$ , have been made:

B. This paragraph B sets forth and is a true and complete statement of all costs of TIF-Funded Improvements for the Project reimbursed by the City to date:

\$

C. The Developer requests reimbursement for the following cost of TIF-Funded Improvements:

\$

D. None of the costs referenced in paragraph C above have been previously reimbursed by the City.

E. The Developer hereby certifies to the City that, as of the date hereof:

1. Except as described in the attached certificate, the representations and warranties contained in the Redevelopment Agreement are true and correct and the Developer is in compliance with all applicable covenants contained herein.
2. No event of Default or condition or event which, with the giving of notice or passage of time or both, would constitute an Event of Default, exists or has occurred.

All capitalized terms which are not defined herein has the meanings given such terms in the Agreement.

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**PGS BRONZEVILLE III LIMITED PARTNERSHIP,**  
an Illinois limited partnership

By: Grand Boulevard Housing IV, LLC, an Illinois limited liability company Its General Partner

By: Peoples Co-Op for Affordable Elderly Housing, an Illinois not-for-profit corporation Its  
Manager

By:  
Fred L. Bonner  
Its Chief Executive Officer

Subscribed and sworn before me this      day of

My commission expires:

Agreed and accepted:

Name:  
Title:  
City of Chicago  
Department of Planning and Development

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**EXHIBIT L**

**HUD-REQUIRED PROVISIONS RIDER [FORM ATTACHED HERETO MAY BE SUBSTITUTED  
WITH NEW CURRENT FORM]**

THIS RIDER is attached to and made a part of that certain PGS Bronzeville III Limited Partnership Redevelopment Agreement (the "Document"), dated on \_\_\_\_\_, 20\_\_\_\_, by \_\_\_\_\_ and among PGS Bronzeville III Limited Partnership, an Illinois limited partnership (the "Developer"), Grand Boulevard Housing IV LLC, an Illinois limited liability company and the general partner of the Developer ("General Partner"), Peoples Co-Op for Affordable Elderly Housing, an Illinois not-for-profit corporation and a member and the manager of the General Partner ("Peoples"), Bronzeville Housing and Community Development Corporation, an Illinois not-for-profit corporation and a member of the General Partner ("Bronzeville") and the City of Chicago, Illinois, an Illinois municipal corporation (the "City"), through its Department of Planning and Development ("DPD"), having its offices at 121 North LaSalle Street, Room 1000, Chicago, Illinois 60602, relating to the property located at 460 E. 41<sup>st</sup> Street in Chicago, Illinois. In the event of any conflict, inconsistency or ambiguity between the provisions of this Rider and the provisions of the Document, the provisions of this Rider shall control. All capitalized terms used herein and not otherwise defined herein shall have the meaning given to such terms in the Document. As used herein, the term "HUD" shall mean the United States Department of Housing and Urban Development; the term "FHA" shall mean the Federal Housing Administration, an organizational unit within HUD; the term "Project" shall have the same meaning as in the HUD Regulatory Agreement described below; and the term "HUD/FHA Loan Documents" shall mean the following documents relating to the HUD-insured mortgage loan for the Project (Project No. [\_\_\_\_\_] )::

- A. Commitment for Insurance dated [\_\_\_\_\_] , as amended, issued by the Secretary of HUD pursuant to Section [[221(d)(4)]] to P/R Mortgage & Investment Corp. ("Mortgagee");



- B. Building Loan Agreement dated as of [ ], between the Developer and Mortgagee;
- C. Mortgage Note dated as of [ ], made by the Developer payable to the order of Mortgagee in the principal amount of \$10,596,000 (the "Mortgage Note");
- D. Mortgage dated as of [ ], made by Developer in favor of Mortgagee and encumbering the Project as security for the Mortgage Note (the "Mortgage");
- E. Security Agreement dated as of [ ], between the Developer, as debtor, and Mortgagee and/or the Secretary of HUD as their interests may appear, as secured party;
- F. UCC-1 Financing Statement made by the Developer, as debtor, in favor of Mortgagee and/or the Secretary of HUD as their interests may appear, as secured party recorded with the Cook County Recorder's Office and to be filed with the Illinois Secretary of State;

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- G. Regulatory Agreement for Multifamily Housing Projects, dated as of [ ], between the Developer and HUD (the "HUD Regulatory Agreement");

- R-1 Notwithstanding anything in the Document to the contrary, the provisions of the Document are subordinate to all applicable Federal Statutes, HUD mortgage insurance regulations and related HUD directives and administrative requirements other than those HUD Mortgage insurance regulations, related HUD directives or administrative requirements which have been waived in writing by HUD with respect to the Project. The provisions of the Document are also expressly subordinate to the HUD/FHA Loan Documents. In the event of any conflict between the Document and the provisions of applicable Federal statutes, HUD mortgage insurance regulations, related HUD directives and administrative requirements, or HUD/FHA Loan Documents, the Federal statutes, HUD mortgage insurance regulations, related HUD directives and administrative requirements and HUD/FHA Loan Documents shall control, except for those HUD mortgage insurance regulations, related HUD directives or administrative requirements which have been waived in writing by HUD with respect to the Project.
- R-2 Failure on the part of the Developer to comply with the covenants contained in the Document shall not serve as a basis for default on any HUD-insured or HUD-held mortgage on the Project. Additionally, and notwithstanding any term or condition to the contrary in the Document, no failure on the part of the Developer or its successors or assigns to comply with the covenants in the Mortgage Note, the HUD Mortgage, the HUD Regulatory Agreement, or any of the other HUD/FHA Loan Documents shall serve as a basis for DPD, its successors or assigns, or any other party acting by or through the rights provided therein, to declare a default under the Document, without the express written approval of the senior lender, or its successors and assigns to the HUD Mortgage, and HUD.
- R-3 Compliance by the Developer with the provisions and covenants of the Document and enforcement of the provisions and covenants contained in the Document, including, but not limited to, any indemnification provisions or covenants, will not and shall not result in any claim or lien against the Project, any asset of the Project, the proceeds of the Mortgage, any reserve, or deposit required by HUD in connection with the Mortgage transaction or the rents or other income from the Project, other than distributable "Surplus Cash" (as that term "Surplus Cash" is defined in the HUD Regulatory Agreement).
- R-4 No amendment to the Document made after the date of the HUD initial endorsement of the Mortgage Note shall have any force or effect until and unless such amendment is approved in writing by HUD. No

note shall have any force or effect until and unless such amendment is approved in writing by HUD. No amendment made after the aforesaid date to any HUD/FHA Loan Document shall be binding upon DPD unless DPD has consented thereto in writing.

- R-5 Unless waived in writing by HUD with respect to the Project, any action of the Developer which is prohibited or required by HUD pursuant to applicable Federal law, HUD regulations, HUD directives and administrative requirements or the HUD/FHA Loan Documents shall supersede any conflicting provision of the Document, and the performance or failure to perform of the Developer in accordance with such laws, regulations, directives, administrative requirements or HUD/FHA Loan Documents shall not constitute an event of default under the Document.

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

Department of Housing and Urban Development 77 West  
Jackson Blvd., 23<sup>rd</sup> Floor Chicago, IL 60604  
Attention: Director of Multi-Family Housing  
Project No. [   ]

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

- R-9 Notwithstanding anything in the Document to the contrary, the Developer and its successors and assigns may sell, convey, transfer, lease, sublease or encumber the Project or any part thereof provided it obtains the prior written consent of HUD to any such sale, conveyance, transfer, lease, sublease or encumbrance. The Developer may make application to HUD for approval of a Transfer of Physical Assets in accordance with HUD regulations, directives and policies. A duplicate copy of such application shall be served on DPD. Within 90 days after such service, DPD shall serve written notice of its approval of such transfer, or of its requirements for approval of such transfer, on HUD, the Mortgagee and the Developer. No such transfer shall occur or be effective until DPD's requirements shall have been satisfied. In the event DPD fails to serve such notice on HUD, the Mortgagee and the Developer within said time, then any consent by HUD to such transfer shall be conclusively deemed to be DPD's prior written consent to such transfer and consummation of such transfer shall not be a default under the Document.
- R-10 The Developer's covenants contained in the Document shall automatically terminate in the event of a foreclosure or deed in lieu of foreclosure of any mortgage insured or held by HUD with respect to the

foreclosure or deed in lieu of foreclosure of any mortgage insured or held by HUD with respect to the Project, or any portion thereof. Upon such termination, DPD shall furnish to HUD such releases and other documentation as HUD shall deem necessary or convenient to confirm or evidence such termination.

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R-11 Notwithstanding anything in the Document to the contrary, the provisions of this HUD-Required Provisions Rider are for the benefit of and are enforceable by HUD and the Mortgagee.

66

Executed as of the date set forth above.

**DEVELOPER:**

PGS BRONZEVILLE III LIMITED PARTNERSHIP, an Illinois limited partnership

By: Grand Boulevard Housing Iv, LLC, an Illinois limited liability  
company Its General Partner

By: Peoples Co-Op for Affordable Elderly Housing, an Illinois not-for-  
profit corporation Its Manager

By:  
Fred L. Bonner  
Its Chief Executive Officer

**GENERAL PARTNER:**

GRAND BOULEVARD HOUSING IV, LLC, an Illinois limited liability company

By: Peoples Co-Op for Affordable Elderly Housing, an Illinois not-for-profit  
corporation Its Manager

By:  
Fred L. Bonner  
Its Chief Executive Officer

**BHCDC:**

BRONZEVILLE HOUSING AND COMMUNITY DEVELOPMENT CORPORATION, an  
Illinois not-for-profit corporation

By:  
Kenneth Grant President & Director

**CITY:**

**CITY OF CHICAGO**

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

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**Ordinance Exhibit H Le****sa, Description** ofProperty **t^^cttos.^****^^^^^^^**

**H-1**

OFFICE OF THE MAYOR

CITY OF CHICAGO

RAHM EMANUEL MAYOR

July 20, 2016

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

Ladies and Gentlemen:

At the request of the Commissioner of Planning and Development, I transmit herewith an ordinance authorizing the execution of a loan agreement, redevelopment agreement and issuance of tax-exempt bonds for PGS Bronzeville.

Your favorable consideration of this ordinance will be appreciated.

Mayor

Very truly yours,

**CHICAGO September 14, 2016 To the**

**President and Members of the City Council: Your Committee on Finance having had under  
consideration**

An ordinance authorizing the Commissioner of the Department of Planning and Development to enter into and execute a Loan Agreement, a Redevelopment Agreement, and issue City of Chicago Multi-Family

and execute a Loan Agreement, a Redevelopment Agreement, and issue City of Chicago Multi-Family Housing Revenue Bonds (Paul G. Stewart Apartments Phase III Tower Project), Series 2016 and Multi-Family Housing Revenue Notes (Paul G. Stewart Apartments Phase III Tower Project), Series 2016.

02016-6078

Amount of Bonds: \$ 10,596,000 Amount of Notes:  
\$5,700,000 Amount of Loan: \$2,492,624

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

**This recommendation was concurred in by (aiyiva voce vote  
of members of the committee with dissenting vote(s)**

Alderman Burke abstains from voting on this matter pursuant to the provisions of Rule 14.

**Respectfully submitted**

**yjO o-A. U x-.**  
(signed)

**Chairman**