

ORDINANCE NO. 2011-07-088

**AN ORDINANCE APPROVING AND AUTHORIZING
THE EXECUTION OF AN URBANA HOME CONSORTIUM COMMUNITY
HOUSING DEVELOPMENT ORGANIZATION AGREEMENT**

**(Homestead Corporation of Champaign-Urbana,
CHDO Operating FY 2011-2012)**

WHEREAS, the City Council of Urbana approved the *City of Urbana and Urbana HOME Consortium Annual Action Plan FY 2010-2011* on April 19, 2010, which reserved a portion of Community Housing Development Organization Operating (CHDO) Funds in the amount of \$11,537 for an eligible CHDO; and

WHEREAS, the City Council of Urbana approved the *City of Urbana and Urbana HOME Consortium Annual Action Plan FY 2011-2012* on May 9, 2011, which approved CHDO Operating Funds in the amount of \$50,028 to be allocated to certified CHDOs serving the Urbana HOME Consortium; and

WHEREAS, the City Council of the City of Urbana, Illinois, has found and determined that execution of the attached Community Housing Development Organization agreement is desirable and necessary to carry out one of the corporate purposes of the City of Urbana, to wit: implementation of Strategies and Objectives to Address the Affordable Housing Needs of Low and Moderate Income Households described in the *City of Urbana and Urbana HOME Consortium FY 2010-2014 Consolidated Plan*.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF URBANA, ILLINOIS, as follows:

Section 1. That an Agreement providing \$22,500 in HOME Program funds, for administration and operating expenses related to the continued operation and agency capacity expansion, between the City of Urbana and Homestead Corporation of Champaign-Urbana, in substantially the form of the copy of said Agreement attached hereto and hereby incorporated by reference, be and the same is hereby authorized and approved.

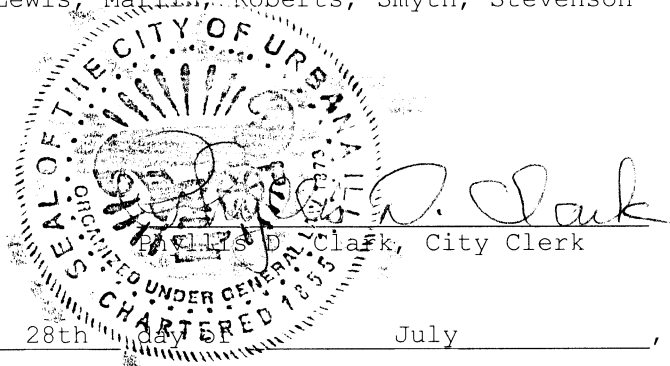
Section 2. That the Mayor of the City of Urbana, Illinois, be and the same is hereby authorized to execute and deliver and the City Clerk of the City of Urbana, Illinois, be and the same is authorized to attest to said execution of said Agreement as so authorized and approved for and on behalf of the City of Urbana, Illinois.

PASSED by the City Council this 18th day of July,
2011 .


AYES: Bowersox, Jakobsson, Lewis, Marlin, Roberts, Smyth, Stevenson

NAYS:

ABSTAINS:



APPROVED by the Mayor this 28th day of July,
2011 .



Laurel Lunt Prussing, Mayor
By: Charles A. Smyth, Mayor Pro-tem

WHEREAS, the BORROWER has been fully informed regarding any and all requirements, and, obligations that must be met by the PROJECT in order to utilize HOME Program funds, including but not limited to the requirement that the for the five-year period after completion of rehabilitation, not less than 20% of the HOME assisted dwelling units must remain affordable to very-low income households (50% of the Area Median Income as established by HUD) and the remaining number of HOME assisted dwelling unit(s) must remain affordable to low-income households (60% of Area Median Income as established by HUD) for a period of five (5) years from the date the PROJECT has achieved full initial occupancy, in accordance with 24 CFR Part 92, Sections 203, 251-253; and

WHEREAS, the BORROWER, after said evaluation and assessment of the PROJECT by the AGENCY, and having been fully informed regarding the requirements of the HOME Program, is committed to commencing said PROJECT with the assistance of HOME Program funds on or before **June 30, 2011** and has made necessary arrangements to provide any required matching private contribution towards the cost of said PROJECT;

NOW, THEREFORE, in consideration of the mutual covenants, promises and representations contained herein, the parties hereto agree as follows:

ARTICLE I: HOME REQUIREMENTS

Section 1: USE of HOME Funds

The AGENCY agrees to provide the BORROWER an amount not to exceed a total of \$164,989.00 allocation to assist with the rehabilitation of **eleven** affordable rental dwelling units (hereafter the "HOME-ASSITED UNITS") in the PROJECT that will be assisted with HOME funds on the site. BORROWER shall comply with the following requirements:

- a.) Complete work on the PROJECT in accordance with the following documents:
 1. Scope of Work/Project Description including the schedule, attached hereto as Exhibit "A"
 2. The Budget, attached hereto as Exhibit "B", each of which is incorporated by reference herein.
 3. The plans, drawings and specifications, as submitted to, and approved by, the City of Urbana Building Safety Division of the Department of Community Development Services are incorporated by reference herein.

Section 2. BORROWER Covenants, Representations and Warranties

- a.) Title: The BORROWER holds fee simple title to the PROPERTY.
- b.) Rental Property: The PROPERTY is and during the term of this Agreement shall remain a rental property owned by the BORROWER.

6/3/11 10:07 AM

CITY OF URBANA
as a member of the URBANA HOME CONSORTIUM

OWNER
RENTAL HOUSING AGREEMENT

This Rental Housing Recipient Agreement, hereafter referred to as "Agreement", is made as of this 3 day of June, 2011, by and between the City of Urbana, as a member of the Urbana HOME Consortium (hereinafter the "AGENCY") and Aspen Court Apartments, LLC, hereinafter the "BORROWER".

WITNESSETH

WHEREAS, the Congress of the United States has enacted the Cranston-Gonzalez National Affordable Housing Act of 1990 which created the HOME Investment Partnerships Program (hereinafter the "HOME Program") to provide funds to state and local government for affordable housing assistance that is most appropriate for local needs; and

WHEREAS, the City of Urbana, the City of Champaign, and Champaign County have been jointly designated as a Participating Jurisdiction by the Department of Housing and Urban Development (HUD) for purposes of receiving HOME funds in the name of Urbana HOME Investment Partnerships Consortium CFDA 14.239 under provisions of Title II of Cranston-Gonzalez National Affordable Housing Act of 1990 as amended (42 U.S.C. 12701, et seq.) (Hereinafter the "National Affordable Housing Act"); and

WHEREAS, BORROWER desires to serve as an owner of an affordable rental housing development within the City of Urbana; and

WHEREAS, BORROWER is the owner of the real property commonly known as 1557 South Hunter Street, Urbana, IL 61802, more particularly described in Exhibit C attached hereto and made a part hereof (the "PROPERTY") and has applied to the AGENCY for a loan from the AGENCY in the amount of **One Hundred Sixty Four Thousand Nine Hundred Eighty-Nine and 00/100 Dollars (\$164,989.00)** (the "Loan") to rehabilitate eleven affordable rental dwelling units (hereafter the "PROJECT" in the PROPERTY); and

WHEREAS, the AGENCY as a member of the Urbana HOME Consortium has authority under the provisions of the HOME Investment Partnerships Program (the "HOME Program") to provide financial assistance for the rehabilitation of residential rental property; and

WHEREAS, the AGENCY has reviewed said proposal, and has conducted an evaluation of said PROJECT, including a comprehensive review of the site and rehabilitation plans that will achieve the minimum property standard, as established by the AGENCY, as part of said PROJECT and an estimated total cost of said PROJECT; and

WHEREAS, the AGENCY has determined that the PROJECT is eligible for funding under the HOME Program, and

- c.) Eligible Costs. Loan proceeds shall be used to pay only Eligible Costs (as that term is defined in 24 CFR Part 92.206 of the Regulations) relating to the rehabilitation of units in the PROJECT
- d.) Affordability Requirements. The BORROWER shall comply with the occupancy and rental restrictions set forth in Section 7 of this Agreement.
- e.) Budget and Schedule. The rehabilitation work shall be performed in accordance with the Construction Budget attached hereto as **Exhibit B**. Expenditure of Program funds per unit shall not exceed \$14,999.00.
- f.) BORROWER Match: The BORROWER shall provide as matching funds an amount equivalent to 25 percent of the total PROJECT cost, with the condition that all PROJECT costs exceeding **\$14,999.00** per unit shall be borne entirely by the BORROWER.
- g.) Escrow of BORROWER Match: The BORROWER agrees to escrow the BORROWER's portion of the PROJECT costs (MATCH) in the amount of **\$41,247.00** with the AGENCY at or before closing of this transaction.
- h.) Flood Insurance: The BORROWER shall procure and maintain flood insurance satisfactory to the AGENCY if the PROPERTY is located within a 100-year flood plain.

Section 3. Loan Terms and Conditions

- a) Amount, Interest, Term and Security. The Loan shall be in the amount of One Hundred Sixty Four Thousand Nine Hundred Eighty-Nine and 00/100 Dollars (\$164,989.00), shall bear no interest, shall be for a term of five (5) years, and shall be evidenced by the Note, as provided in Paragraph 4(c) hereof.
- b) Use. The proceeds of the Loan shall be used to rehabilitate the PROPERTY, as more fully described herein.
- c) Note. The Loan shall be evidenced by and promissory note in substantially the form as attached hereto as **Exhibit D** (the "Note"), pursuant to which the BORROWER agrees, among other things, to repay to the AGENCY all or a portion of the Loan if any of the following occurs within five (5) years of the date of project completion (each, a "Recapture Event"):
 - 1) A default by the BORROWER, beyond any applicable cure period, under this Agreement or under any other document evidencing or securing the Loan; or
 - 2) The sale, conveyance or transfer of ownership of the PROPERTY, provided, however, that if the BORROWER is an individual, that no transfer to a spouse upon dissolution of a marriage or to a surviving spouse upon the

death of BORROWER, as the case may be, shall be deemed to be a sale, conveyance or transfer for purposes of this subparagraph; provided further that if the BORROWER is a joint tenancy or tenancy in common, that no transfer of interest from one tenant to another shall be deemed a sale, conveyance or transfer for purposes of this subparagraph.

If a Recapture Event occurs during the first sixty (60) months after the date of project completion, BORROWER agrees to repay, and the AGENCY shall have the right to accelerate payment of, the entire Loan amount.

- (d) Loan Documents. Upon the AGENCY's approval of the PROJECT, the AGENCY shall prepare for execution by the BORROWER the following documents, and such other documents as the AGENCY may require in its sole discretion, all executed in the manner indicated therein (collectively, including this Agreement, the "Loan Documents"):
 - (i) The Note;
in the form attached hereto as **Exhibit D**;
 - (ii) The Mortgage,
in the form attached hereto as **Exhibit E** (the "Mortgage"), to be recorded in the Office of the Champaign County Recorder;
 - (iii) The Regulatory and Land Use Restriction Agreement,
in the form attached hereto as **Exhibit F**, to be recorded in the Office of the Champaign County Recorder; and
- (e) Payment. From time to time, upon completion of all or any portion of a PROJECT, the BORROWER may submit a Pay Request Form to the AGENCY. No more than ten (10) business days after the AGENCY receives the payment request, the AGENCY or its agent shall inspect the PROPERTY and approve or reject the payment request. If the AGENCY approves the payment request, the AGENCY shall disburse the applicable portion of the Loan and MATCH to the Contractor. The AGENCY shall not make a disbursement until it has received partial and/or final lien waivers from all such contractors and subcontractors. If the AGENCY rejects the payment request it shall give its reasons for such rejection in writing to the BORROWER and Contractor.

Section 4. HOME Program Requirements and PROJECT Occupancy Restrictions

1. The BORROWER shall comply with all income determinations and affordability requirements of the HOME Program for each HOME ASSISTED UNIT described in subparagraph d below, as set forth in 24 CFR 92.203, 92.252, as applicable. The BORROWER shall determine each household is income eligible by determining the household's annual income in accordance with the Part 5 (Section 8) methodology allowed in 24 CFR 92.203. The HOME assisted units in a rental housing project must be occupied only by households that

are eligible as low-income families, defined as 50% of Area Median Income (for Very Low Income Units) and 60% (for remaining Low-Income Units) of Area Median Income, as established by HUD and must meet the affordability requirements as described more fully in 24 CFR 92.252(e).

- a.) **Affordability Period:** For **five (5) years** following project completion (hereinafter referred to “the Affordability Period”), the BORROWER agrees to restrict the use of the HOME ASSISTED UNITS to “affordable housing” by recording Deed Restrictions in form of a Regulatory and Land Use Restriction Agreement and with the same content as that executed under event date herewith.
- b.) **Maximum Tenant Income:** The maximum income for households residing in not less than 20% of the HOME ASSISTED UNITS, (three (3) or more units), cannot exceed fifty (50%) percent of the Area Median Income (Very Low-Income), as defined annually by HUD. The maximum income for households residing in the remaining HOME ASSISTED UNITS cannot exceed sixty (60%) percent of the Area Median Income (Low-Income), adjusted by household size, as defined annually by HUD.
- c.) **Rent Limitations:** The gross rent for all HOME ASSISTED UNITS (base rent plus applicable utility allowance computed in accordance with Section 42 of the Internal Revenue Code and applicable HOME regulations) shall be as follows:
 - 1. **LOW HOME RENT :** The rent for the three (3) or more Very Low-Income HOME ASSISTED UNITS shall not exceed the maximum LOW HOME Rents as published annually by HUD, and issued annually by the AGENCY.
 - 2. **HIGH HOME RENT :** The rent for the remaining eight (8) Low- Income HOME ASSISTED UNITS shall not exceed the maximum HIGH HOME Rents as published annually by HUD, and issued annually by the AGENCY.
 - 3. The initial monthly rent for each LOW HOME or HIGH HOME unit cannot exceed:

# of Occupants*	High HOME Rents	Low HOME Rents
1	\$ 537.00	\$ 537.00
2	\$ 533.00	\$ 533.00
3	\$ 528.00	\$ 528.00
4	\$ 523.00	\$ 523.00
5	\$ 519.00	\$ 519.00
6	\$ 515.00	\$ 515.00

*Tenant occupancy limits must comply with local code restrictions.

- d.) **Certification of Tenants’ Income:** PROJECT BORROWER shall submit or cause to be submitted to the AGENCY within ninety (90) days of its fiscal year end the income records of all tenants that are or have been occupying HOME ASSISTED UNITS within the preceding twelve (12) months, and verifying that those tenants

meet the income guidelines set forth herein, or in the case of existing tenants in said HOME ASSISTED UNITS whose income has increased above eighty (80%) percent of Area Median Income, as defined annually by HUD, that BORROWER has complied with applicable HOME Program regulations in filling the next available vacant units.

- e.) Increases in Tenant Income: To the extent specifically required by the regulations under the HOME Program, if an existing tenant’s adjusted income increases to the extent that it exceeds eighty (80%) percent of the area median income, as defined annually by HUD, said tenant’s rent shall be increased to an amount equal to thirty (30%) percent of the family’s adjusted monthly income. (If the loan is being made available for units that have been allocated a low-income housing tax credit by the State Housing Finance Agency pursuant to Section 42 of the Internal Revenue Code, and if and so long as applicable regulations under the HOME Program allow an exemption, such rental increase requirements shall not apply.)

- 2. HOME ASSISTED UNIT Designation: PROJECT BORROWER in agreement with the AGENCY has designated the dwelling units described below as the CITY HOME ASSISTED UNITS :

Designated City of Urbana HOME Units:

Size of Unit	Address of Unit
2 bedroom	1301 Ivanhoe Way, Urbana, IL
2 bedroom	1302 Ivanhoe Way, Urbana, IL
2 bedroom	1303 Ivanhoe Way, Urbana, IL
2 bedroom	1304 Ivanhoe Way, Urbana, IL
2 bedroom	1305 Ivanhoe Way, Urbana, IL
2 bedroom	1306 Ivanhoe Way, Urbana, IL
2 bedroom	1307 Ivanhoe Way, Urbana, IL
2 bedroom	1308 Ivanhoe Way, Urbana, IL
2 bedroom	1309 Ivanhoe Way, Urbana, IL
2 bedroom	1310 Ivanhoe Way, Urbana, IL
2 bedroom	1311 Ivanhoe Way, Urbana, IL

- 3. Lease Provisions: All leases between the BORROWER and tenants residing in a HOME ASSISTED UNIT shall be for not less than one (1) year in duration and shall comply with and not contain any of the following prohibited lease provisions in accordance with 24 CFR 92.253. The leases **may not contain** any of the following provisions:

- a. *Agreement to be sued. Agreement by the tenant to be sued, to admit guilt, or to a judgment in favor of the owner in a lawsuit brought in connection with the lease;*
- b. *Treatment of property. Agreement by the tenant that the owner may take, hold, or sell personal property of household members without notice to the tenant and a court decision on the rights of the parties. This prohibition, however,*

does not apply to an agreement by the tenant concerning disposition of personal property remaining in the housing unit after the tenant has moved out of the unit. The owner may dispose of this personal property in accordance with State law;

- c. Excusing owner from responsibility. Agreement by the tenant not to hold the owner or the owner's agents legally responsible for any action or failure to act, whether intentional or negligent;*
- d. Waiver of notice. Agreement of the tenant that the owner may institute a lawsuit without notice to the tenant;*
- e. Waiver of legal proceedings. Agreement by the tenant that the owner may evict the tenant or household members without instituting a civil court proceeding in which the tenant has the opportunity to present a defense, or before a court decision on the rights of the parties;*
- f. Waiver of a jury trial. Agreement by the tenant to waive any right to a trial by jury;*
- g. Waiver of right to appeal court decision. Agreement by the tenant to waive the tenant's right to appeal, or to otherwise challenge in court, a court decision in connection with the lease; and*
- h. Tenant chargeable with cost of legal actions regardless of outcome. Agreement by the tenant to pay attorney's fees or other legal costs even if the tenant wins in a court proceeding by the owner against the tenant. The tenant, however, may be obligated to pay costs if the tenant loses.*

- 4. Non-Discrimination Against Tenants and Prospective Tenants: The BORROWER shall not, in the provision of services, or in any other manner, discriminate against any person on the basis of race, color, creed, class, national origin, religion, sex, age, marital status, physical and/or mental disability, personal appearance, sexual orientation, family responsibilities, matriculation, political affiliation, prior arrest or conviction record or source of income.
- 5. Termination of Tenancy. BORROWER may not terminate the tenancy or refuse to renew the lease of a tenant of rental housing assisted with HOME funds except for serious or repeated violation of the terms and conditions of the lease; for violation of applicable Federal, State, or local law; for completion of the tenancy period for transitional housing; or for other good cause. To terminate or refuse to renew tenancy, the BORROWER must serve written notice upon the tenant specifying the grounds for the action at least 30 days before the termination of tenancy.

Section 5. Other Program Requirements

The BORROWER shall comply with requirements imposed by Title VIII of the Civil Rights Act of 1968, and any related rules and regulations; all requirements imposed by Title VI of the Civil Rights Act of 1964, 42 U.S.C. 2000d et seq.; the HUD regulations issued here under, 24 CFR, Subtitle A, Part 1, the HUD requirements pursuant to these regulations; and Executive Order 11063.

In accordance with all rules and regulations issued by HUD under Section 504 of the Rehabilitation Act of 1973, the BORROWER shall not discriminate against any person on the basis of handicap.

The BORROWER shall comply with any rules and regulations issued by HUD under the Age Discrimination Act of 1975, (42 U.S.C. 6101-07) and implementing regulations at 24 CFR parts 146;

The BORROWER shall comply with all applicable Federal and State lead paint laws, regulations and requirements, including but not limited to the Residential Lead-Based Paint Hazard Reduction Act of 1992--Title X and 24 CFR Part 35 PART 35--Lead-Based Paint Poisoning Prevention In Certain Residential Structures.

To the maximum extent feasible, a minimum of one (1) HOME ASSISTED UNIT must be made accessible to and usable by individuals with disabilities.

Cooperation in Equal Opportunity Compliance Reviews: The BORROWER shall cooperate with AGENCY and HUD in conducting compliance reviews and complaint investigations pursuant to all applicable civil rights statutes, Executive Orders, Environmental Assessments, and all related rules and regulations.

Governmental Approvals. The BORROWER shall obtain all Federal, State, and local governmental approvals required by law for the PROJECT.

Scope of Work. The AGENCY and the BORROWER agree that the only work to be done in connection with the PROJECT (the "Scope of Work"), subject to written change orders ("Change Orders"), shall be described in the construction contract (the "Construction Contract") to be entered into by the BORROWER and the contractor. All Change Orders must be in writing and approved by the AGENCY and the BORROWER before deletions, modifications, or additions can be made to the Scope of Work. The AGENCY shall authorize only those Change Orders necessary for the correction of building code violations identified during the course of the PROJECT or for changes necessary to complete the PROJECT in a workmanlike manner or for SRPP-eligible rehabilitation activities requested by the BORROWER.

THE BORROWER UNDERSTANDS AND AGREES THAT IF IT REQUESTS A CONTRACTOR TO PERFORM WORK NOT LISTED IN THE SCOPE OF WORK OR ON ANY APPROVED CHANGE ORDERS, THE BORROWER IS SOLELY RESPONSIBLE FOR THE PAYMENT FOR SUCH ADDITIONAL WORK.

Inspection. The AGENCY shall have the right to inspect the PROPERTY during the course of the PROJECT and during the Affordability Period (as defined in Sections 7(a) and 7(d)) to insure the PROJECT's compliance with the PROPERTY standards described below in Section 6.

Insurance Proceeds. If the BORROWER receives insurance proceeds for any damage or destruction to the PROPERTY prior to the expiration of the Affordability Period, the

BORROWER shall apply such proceeds to the repair of such damage or destruction, if practicable. If not practicable, the damage or destruction shall be deemed a Recapture Event as described in Section 4(c) and BORROWER shall repay the Loan in accordance with Section 4(c).

Cooperation. The BORROWER understands and agrees that the BORROWER shall cooperate at all times with the AGENCY and the BORROWER's contractors and will do all acts necessary to facilitate the PROJECT.

Section 6. Property Standards

The BORROWER shall cause the PROJECT to comply with all local codes, fire codes, ordinances, zoning ordinances, and HUD Section 8 Housing Quality Standards. The BORROWER agrees that all construction during the "Affordability Period" all HOME ASSISTED UNITS shall be maintained in accordance with the minimum property standards as established by the AGENCY, as well as meet all applicable State and local codes, rehabilitation standards, and zoning ordinances, at the time of project completion. All HOME ASSISTED UNITS must meet the accessibility requirements at 24 CFR Part 8, which implements Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and covered multifamily dwellings, as defined at 24 CFR 100.201, must also meet the design and construction requirements at 24 CFR 100.205, which implement the Fair Housing Act (42 U.S.C. 3601-3619).

The AGENCY shall have the right to inspect the PROPERTY during the course of the PROJECT and during the Affordability Period (as defined herein to insure the PROJECT's compliance with the property standards described herein.

The BORROWER agrees to allow at least annual inspections of the HOME ASSISTED UNITS during normal business hours and upon reasonable notice to ensure that the property condition remains in accordance with the applicable standards listed in this subpart for the duration of the affordability period.

Section 7. Federal Program Requirements

- a.) Affirmative Marketing of Rental or Vacant Units: The BORROWER will affirmatively market any HOME ASSISTED UNIT available for rent or purchase in a manner to attract tenants without regard to race, color, national origin, sex, religion, familial status or disability. The PROJECT BORROWER agrees, in soliciting tenants, to do the following:
- 1) Use the Equal Housing Opportunity logo in all advertising;
 - 2) Display a Fair Housing poster in the rental and sales office;
 - 3) Where appropriate, advertise; use media, including minority outlets, likely to reach persons least likely to apply for the housing;
 - 4) Maintain files of the PROJECT's affirmative marketing activities for five (5) years and provide access thereto to AGENCY Staff;

- 5) Not refrain from renting to any participating tenant holding a Section 8 Housing Choice Voucher, except for good cause, such as previous failure to pay rent and/or to maintain a rental unit, or the tenant's violation of other terms and conditions of tenancy;
 - 6) Comply with Section 8 Housing Choice Voucher Regulations when renting to any participating tenant; and
 - 7) Exercise affirmative marketing of the units when vacated; and
 - 8) Complete the Urbana HOME Consortium Affirmative Marketing Plan (Exhibit G).
- b.) Fair Housing and Equal Opportunity: In carrying out this Agreement, the BORROWER shall not discriminate against any employee or applicant for employment because of race, color, religion, sex, age, familial status, handicap or national origin. The BORROWER shall take the necessary steps to ensure that applicants for employment are employed, and that employees are treated during employment, without regard to their race, color, religion, sex, age, familial status, handicap or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The BORROWER shall post in conspicuous places, available to employees and applicants for employment, notices to be provided by the government setting forth the provisions of this non-discrimination clause. The BORROWER, upon execution of this Agreement, shall agree that all qualified candidates will receive consideration for employment without regard to race, color, religion, sex, age, familial status, handicap or national origin. The BORROWER shall comply with AGENCY Ordinance 26.5 Part 2, regarding Equal Employment Opportunity and Affirmative Action.
- c.) Displacement, Relocation and Acquisition: If applicable, BORROWER agrees to cooperate and assist the AGENCY in the provision of relocation assistance for temporarily relocated and/or permanently displaced persons residing in the PROJECT at the levels in accordance with the requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA) (42 U.S.C.4201 to 4655) and 49 CFR, Part 24.
- d.) Labor Requirements: The BORROWER agrees to comply with the Copeland Anti-Kick Back Act (18 U.S.C. 874 *et seq.*) and its implementing regulations of the U.S. Department of Labor at 29 CFR Part 5. The BORROWER shall maintain documentation that demonstrates compliance with hour and wage requirements of this part. Such documentation shall be made available to the Grantee for review upon request.
- e.) Disbarment & Suspension; The BORROWER certifies that it is not debarred or suspended, or otherwise excluded from or ineligible for participation in Federal

assistance programs under Executive Order 12549. BORROWER shall establish procedures to ensure they do not make any award to contractors and subcontractors at any tier in violation of the nonprocurement debarment and suspension common. The BORROWER shall verify and document that none of its grantees, subgrantees or contractors are debarred, suspended or otherwise excluded from participation through the effective use of the List of Parties Excluded from Federal Procurement or Nonprocurement programs ("List") (www.epls.gov). The BORROWER may request assistance from the AGENCY to access the List and document results.

- f.) Conflict of Interest: The BORROWER guarantees that no member of, or Delegate to, the Congress of the United States shall be admitted to any share or part of this contract or to any benefit to arise from the same. The BORROWER agrees that no members of the governing body of the locality in which the BORROWER is situated, and no other public official of such locality or localities who exercises any functions or responsibilities with respect to the Agreement during his/her tenure, or for one year thereafter, shall have any interest, direct or indirect, in any contract or subcontract, or the proceeds thereof, for work to be performed in connection with the services performed under this Agreement. Unless expressly permitted by HUD, BORROWER agrees that no person who is an employee, agent, consultant, officer, or elected or appointed official of the BORROWER and who exercises or has exercised any functions or responsibilities with respect to activities assisted with HOME Program funds, or who is in a position to participate in a decision making process to gain inside information with regard to such HOME-assisted activities, may obtain a financial interest or benefit from the HOME-assisted activity, or have any interest in any contract, subcontract, or agreement with respect thereto, or the proceeds there under, either for himself or herself or for those with whom he or she has family or business ties, during his or her tenure or for one (1) year thereafter. Unless expressly permitted by the AGENCY, no BORROWER, or officer, employee, agent or consultant of the BORROWER, may occupy a HOME-ASSISTED UNIT.
- g) Compliance with Section 3. BORROWER shall comply with Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u. The following forms are required to be completed and submitted to the AGENCY;

- _____ Section 3 Policy
- _____ Section 3 Self-Certification
- _____ Section 3 Compliance in the Provision of Training, Employment, and Business Opportunities
- _____ Proposed Subcontractor Breakdown – Table A
- _____ Estimated PROJECT Workforce Breakdown – Table B

(Note: The foregoing Certification forms will be provided by the AGENCY to the BORROWER. The BORROWER is responsible for distributing and collecting the Section 3 forms from each contractor and subcontractor associated with the PROJECT. (No work may begin until these forms are completed, returned to, and approved by the AGENCY).

h.) Air and Water

The BORROWER agrees to comply with the following requirements insofar as they apply to the performance of this Agreement:

Clean Air Act, 42 U.S.C. , 7401, *et seq.*;

Federal Water Pollution Control Act, as amended, 33 U.S.C., 1251, *et seq.*, as amended, 1318 relating to inspection, monitoring, entry, reports, and information, as well as other requirements specified in said Section 114 and Section 308, and all regulations and guidelines issued thereunder; Environmental Protection AGENCY (EPA) regulations pursuant to 40 CFR Part 50, as amended.

ARTICLE II: DISBURSEMENT OF FUNDS.

Section 1. Payment Generally

As consideration for the performance of the undertaking and completion of construction of aforementioned PROJECT, AGENCY shall reimburse BORROWER for all eligible costs, as determined by the AGENCY, in an amount not to exceed **\$164,989.00**. Payment for PROJECT shall be made in accordance with the budget detailed in Exhibit B and shall be limited to the statement of work described in "Exhibit A".

A request for disbursement shall be submitted by the BORROWER to the AGENCY for HOME Program funds under this Agreement when funds are needed for payment of eligible HOME Program costs. The disbursement request shall be in the form of a Contractor's Verified Statement, and be sufficient detail that provides name of all contractors/suppliers, total amount of each contract, amount for the current request for each and balance remaining. The maximum amount of each disbursement shall be limited HOME Program funds in the amount of 75% of the total approved amount expended for eligible project costs and escrowed MATCH funds in the amount of 25% of the total approved amount expended for eligible project costs. The BORROWER shall submit executed partial or final lien waivers for all contractors, subcontractors and suppliers listed on each payout request.

Section 2. Progress and Final Payments

The BORROWER may request from the AGENCY progress payments as soon as portions of the work described in "Exhibit A" have been completed. The AGENCY or his/her designee shall authorize said payments and said payments shall not be made until the AGENCY or his/her designee approves the payment. If all conditions are met, and the work performed and materials supplied in a manner satisfactory to the AGENCY, the BORROWER shall receive final payment.

ARTICLE III: RECORDKEEPING

The BORROWER must maintain such records and accounts, including program records, project records; financial records; program administration records; equal opportunity and fair housing records; MBE/WBE records; records demonstrating compliance with the income eligibility determination requirements of §92.203; recordkeeping requirements of 92.508; any records

demonstrating compliance with the requirements of §92.353 regarding displacement, relocation and real property acquisitions; records demonstrating compliance with the labor requirements of § 92.354; records demonstrating compliance with the lead-based paint requirements of §92.355; debarment and suspension certifications required by 24 CFR parts 24 and 92; and any other records, as are deemed necessary by the AGENCY to assure a proper accounting and monitoring of all HOME Program funds. The BORROWER shall retain all records and supporting documentation applicable to this Agreement for five (5) years after the “Affordability Period” has terminated.

ARTICLE IV: ENFORCEMENT

Section 1. Best Work Practices

A default shall consist of any use of HOME Program funds for a purpose other than as authorized by this Agreement, noncompliance with the HOME Investment Partnerships Act, any material breach of the Agreement, failure to expend HOME Program funds in a timely manner, or a misrepresentation in the application submission which, if known by AGENCY and/or HUD, would have resulted in HOME Program funds not being provided. Upon due notice to the BORROWER of the occurrence of any such default and the provision of a reasonable opportunity to respond, the AGENCY may take one or more of the following actions:

- a) Direct the BORROWER to prepare and follow a schedule of actions for carrying out the affected activities, consisting of schedules, timetables and milestones necessary to implement the affected activities;
- b) Establish and follow a management plan that assigns responsibilities for carrying out the remedial actions;
- c) Cancel or revise activities likely to be affected by the performance deficiency, before expending HOME Program funds for the activities;
- d) Reprogram HOME funds that have not yet been expended from affected activities to other eligible activities or withhold HOME Program funds;
- e) Direct the BORROWER to reimburse the AGENCY’s program accounts in any amount not used in accordance with the requirements of 24 CFR Part 92, et al;
- f) Suspend disbursement of HOME Program funds for affected activities;
- g) Other appropriate action including, but not limited to, any remedial action legally available, such as affirmative litigation seeking declaratory judgment, specific performance, damages, temporary or permanent injunctions, termination of the Agreement and any other available remedies.

For purposes of this Agreement, a reasonable opportunity to respond to any default shall be thirty (30) days from receipt by BORROWER of the AGENCY’s written notice of default. No delay or omission by AGENCY and/or HUD in exercising any right or remedy available to it under the Agreement shall impair any such right or remedy or constitute a waiver or acquiescence in any BORROWER default.

Unless the BORROWER'S default is waived, the AGENCY may, upon twenty-four (24) hour written notice, terminate this Agreement for said default. Waiver by the AGENCY of

BORROWER'S default under this Agreement shall not be deemed to be a waiver of any other default nor shall it be termination notice.

Notices required herein, shall be considered received by the BORROWER and the AGENCY if delivered in person with written proof thereof, or when deposited in the U.S. Mail, in a prepaid wrapper marked certified, return receipt requested.

Section 2. Recapture

If the PROPERTY is sold voluntarily by BORROWER, or by a foreclosure sale by AGENCY, or title is transferred without a sale, then the amount of money loaned to BORROWER by AGENCY shall be subject to the recapture provisions outlined below.

BORROWER understands that the *entire* amount of the deferred payment loan shall become due and payable immediately upon *any* violation of these mandatory requirements. The amount due shall not exceed the total amount of the original HOME investment.

BORROWER agrees to repay to the AGENCY and the AGENCY shall have the right to accelerate payment of the outstanding principal balance upon the earliest to occur within the Affordability Period:

- a.) a default by the BORROWER beyond any applicable cure period under the Mortgage or any other document evidencing or securing the Loan; or
- b.) the sale, conveyance or transfer of ownership of the PROPERTY, provided, that if the BORROWER is an individual, that no transfer to a spouse upon a dissolution of marriage or to surviving spouse upon the death of BORROWER shall be deemed to be a sale, conveyance or transfer for purposes of this subparagraph.

Failure to comply with *any* of the mandatory requirements shall disqualify the BORROWER from participating in the City of Urbana HOME programs in the future and may cause acceleration of the promissory note.

Section 3. Hold harmless

BORROWER shall indemnify and save harmless the City, its officers and employees against any and all claims for damages to property or injuries to or death of any person or persons, including property and employees or agents of the City and including attorney's fees incurred by the City or required in any way to be paid by the City, in defense thereof, and shall indemnify and save harmless the City from any and all claims, demands, suits, actions or proceedings of any kind or nature, including Worker's Compensation claims, of or by anyone whomsoever, proximately caused or proximately arising out of negligent acts or omissions to act by BORROWER in connection with its performance of this contract, including operations of its subcontractors and negligent acts or omissions of employees or agents of the BORROWER or its subcontractors. The City shall have the right to estimate the reasonable dollar value of such claims, demands, suits, actions or proceedings for damage or injuries, and withhold any such amount which shall

be deducted from the money due the BORROWER under this contract, or the whole or so much of the money due or to become due the BORROWER under this contract, and shall be retained by the City until such claims, demands, suits, actions or proceedings shall have been settled or otherwise disposed of, and satisfactory evidence to that effect furnished to the City. Insurance coverage specified in this Agreement constitutes the minimum requirements and said requirements shall not lessen or limit the liability of the BORROWER under the terms of the Agreement. The BORROWER shall procure and maintain at his own cost and expense, any additional kinds and amounts of insurance that, in the BORROWER's own judgment, may be necessary for the BORROWER's proper protection in the prosecution of the work

Section 4. Jurisdiction and Forum

The parties covenant and agree that the Laws of the State of Illinois shall govern this Agreement. The parties agree that all actions or proceedings arising in connection with this Agreement shall be tried and litigated exclusively in the State and/or Federal Court located in the County of Champaign, State of Illinois, and stipulate that those courts have jurisdiction and venue over each party for the purpose of litigating any dispute, controversy or proceeding arising out of or related to this Agreement. Further, each party hereby authorizes and accepts service of process sufficient for personal jurisdiction in any action against it as contemplated by this paragraph by registered or certified mail, return receipt requested, postage prepaid, to its address for the giving of notices as set forth in this Agreement.

ARTICLE V: NOTICES

The AGENCY and the BORROWER agree that all notices required by the Agreement shall be in writing and delivered by certified mail with return receipt requested or hand delivered to the office of the Chief Administrative Officer or duly authorized appointed representative of the AGENCY or BORROWER as specified herein:

BORROWER:

Name: Jamie Fairbanks, Manager
Name: Chris Saunders, Manager
Organization: Aspen Court Apartments, LLC
Address: 411 West University Avenue
Champaign, IL 61820

AGENCY:

Name: Laurel Lunt Prussing, Mayor
Organization: City of Urbana
Address: 400 S. Vine Street
Urbana, IL 61801

ARTICLE VI: SIGNATURE OF AGREEMENT

IN WITNESS WHEREOF, the parties hereto have caused this Contract to be executed by its officers as of the date first written above.

CITY OF URBANA

By: *James P. ...*
Its Mayor

Date: 6/9/11

BORROWER

BY: *Chris ...*
Its Manager

BY: *[Signature]*
Its Manager

Date: June 3rd, 2011

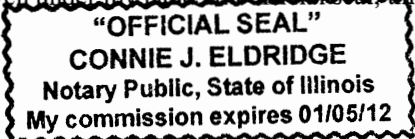
ATTEST:

Thyllia A. Clark
Its City Clerk
[Signature]
Deputy Clerk
Date: 6/9/11

STATE OF ILLINOIS)
) SS
COUNTY OF CHAMPAIGN)

I, the undersigned Notary Public in and for said County in the State aforesaid, DO HEREBY CERTIFY that Jamie Fairbanks, 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 and delivered the said instrument as his free and voluntary act in his capacity as Manager of Aspen Court Apartments, LLC, and as the free and voluntary act of said Limited Liability Company for the purposes therein set forth.

Given under my hand and official seal, this 3rd day of June, 2011.

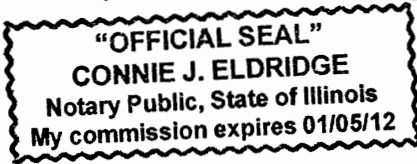


Connie J. Eldridge
Notary Public

STATE OF ILLINOIS)
) SS
COUNTY OF CHAMPAIGN)

I, the undersigned Notary Public in and for said County in the State aforesaid, DO HEREBY CERTIFY that Chris Saunders, 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 and delivered the said instrument as his free and voluntary act in his capacity as Manager of Aspen Court Apartments, LLC, and as the free and voluntary act of said Limited Liability Company for the purposes therein set forth.

Given under my hand and official seal, this 3rd day of June, 2011.



Connie J. Eldridge
Notary Public

Exhibit A
Scope of Services/Project Description/Schedule

CITY OF URBANA HOME PROGRAM

RENTAL REHABILITATION PROPOSAL: Aspen Court Apartments, Urbana, IL

Addresses of Units to be Rehabilitated:

1. 1301 Ivanhoe Way, Urbana, IL
2. 1302 Ivanhoe Way, Urbana, IL
3. 1303 Ivanhoe Way, Urbana, IL
4. 1304 Ivanhoe Way, Urbana, IL
5. 1305 Ivanhoe Way, Urbana, IL
6. 1306 Ivanhoe Way, Urbana, IL
7. 1307 Ivanhoe Way, Urbana, IL
8. 1308 Ivanhoe Way, Urbana, IL
9. 1309 Ivanhoe Way, Urbana, IL
10. 1310 Ivanhoe Way, Urbana, IL
11. 1311 Ivanhoe Way, Urbana, IL

Project Description

Completely remodeling the above addressed 11 units at Aspen Court Apartments in Urbana, Illinois. The project will allow us to renovate units that are currently vacant and in need of significant repair and remodeling to make into viable rental units. All required permits will be received for work from City of Urbana Building Safety Division.

Proposed Project Timeline

Eight (8) Weeks from startup to completion (estimated June 25, 2011 – August 14, 2011)

Schedule of Work to be completed

1. Replace all windows in all of the units listed above – Forty Four Windows (4 windows per unit in each of 11 units). Windows will be single hung, energy efficient Gorrell 5100 series windows with tempered glass in the lower level units.
2. Replace all entry and exterior doors – Twenty two doors with new hardware including deadbolt locks on each side and non locking handles on each door
3. Replace the entire roof of one building for units # 1301 through 1310 with a complete tear off and reinstall architectural shingles
4. Paint the exterior existing steel siding on one building, both front and back of building, units #1301 through 1310. The building will be tested for lead based paint, power washed, primed and painted with a neutral color. (one building front and back.)
5. New gutters installed on the front and back of the building, including downspouts and extensions that will flow into concrete splashblocks.
6. Demolition work on the interior of the units includes: removal of old cabinets, flooring and appliances that are in the unit.

7. Complete drywall repair work by patching any holes and removing any damaged drywall spots and prime and paint all walls. Walls will be tested for lead based paint and abated if necessary. Walls will be primed and painted, including all trim and doors.
8. Update all HVAC in each unit (11 – Furnaces, 11- Central ACs, 11- Water heaters) with reliant water heaters, Tempstar 80% efficiency furnaces and AC units.
9. Install vinyl flooring in all of the kitchens and baths of 11 units.
10. Install new kitchen cabinets, countertops in all 11 units using Kountry Wood maple cabinets and formica countertops.
11. Repair and replace trim and doors in all 11 units with prefinished and primed hollow core doors and wood trim. Trim will be painted and primed.
12. Install new bathroom vanities in the ½ bath and full bath in all 11 units with cabinets made by Kountry Wood products. They will be white prefinished vanity cabinets.
13. Install new outlets, switches and light fixtures in each of 11 units
14. New Frigidaire base level appliances in the kitchens (11- electric stoves, 11 refrigerators, 11- range hoods). Stove will be electric flat top stoves and refrigerators will be 16 cubic foot.
15. New toilets and sinks hooked up.
16. Carpet and pad to be installed in all 11 units.
17. Touch up and finish painting.
18. Final clean.
19. Site Improvements: New landscaping work in front of all units shall include plantings and edging with boxwoods, lilies and hostas that will be framed in with wood border and mulched.

ASPEN COURT PROJECT SCHEDULE:

Closing on Financing	June 2011
Start Construction	June 2011
Start Advertising	July 2011
Occupancy Begins	August 2011
Construction Completed	August 2011
100% Occupied	November 2011

CITY OF URBANA HOME PROGRAM

BUDGET: SOURCES & USES and CONSTRUCTION BUDGET

RENTAL REHABILITATION PROJECT: Aspen Court Apartments, Urbana IL

ADDRESSES OF HOME ASSISTED UNITS: 1301 Ivanhoe Way, 1302 Ivanhoe Way, 1303 Ivanhoe Way, 1304 Ivanhoe Way, 1305 Ivanhoe Way, 1306 Ivanhoe Way, 1307 Ivanhoe Way, 1308 Ivanhoe Way, 1309 Ivanhoe Way, 1310 Ivanhoe Way, and 1311 Ivanhoe Way, Urbana, IL

SOURCES OF FUNDS:

<i>Description</i>	<i>Amount</i>
City of Urbana HOME funds	\$164,989
Owner Cash Match funds	\$41,427

TOTAL SOURCES: \$206,416

USES OF FUNDS:

<i>Description</i>	<i>Total Cost</i>
Complete Rehabilitation of Eleven Units in Aspen Court	\$206,416

TOTAL USES: \$206,416

CONSTRUCTION BUDGET:

Contractor/Supplier	Type of Materials or Work	Total Estimated Contract	
Trademark Homes	Roofing – Compete tear off	\$15,000	
Robert Barcus	Window installation	\$14,000	
Nugent Construction	Interior Doors	\$8800	
World Painting Company	Exterior Painting	\$5000	
Rainbow Gutters	New Gutters and downspouts	\$2500	
Tristar Heating	New Furnace/AC/Water Heaters	\$45,000	
Green Street Realty	Demolition of units	\$5500	
World Painting Company	Prime/paint/drywall repair	\$9000	
Nugent Construction	Doors and trim work	\$5500	
Sikes Flooring	Vinyl Flooring kitchens/baths	\$8000	
Nugent Construction	Kitchen Cabinets/countertops	\$32,000	
Marshall Electric	Outlets, switches, fixtures	\$3000	
Tim Culver	Plumbing hook ups	\$5500	
Menards	New Appliances	\$9350	
Sikes Flooring	Carpeting	\$8250	
Nugent Construction	Bathroom vanities	\$5500	
Green Street Realty	Final Cleaning	\$3300	
Robert Barcus	Screen Doors	\$3300	
Custom Homes	Landscaping	\$5500	
Allied Waste	Dumpsters/Hauling	\$3000	
Miscellaneous	Misc	\$9416	
TOTAL		\$206,416	

Exhibit C

LEGAL DESCRIPTION & LOCATION OF PROJECT

Legal description:

Lot 114 in Weller's Scottswood Manor, as per plat recorded in Plat Book "V" at Page 3, except that portion now platted as part of Illinois Power Company Subdivision #1, situated in Champaign County, Illinois.

PIN: 92-21-16-403-001

Street Addresses:

COMMONLY KNOWN AS: 1557 South Hunter Street, Urbana, Illinois 61802

**FORM OF NOTE
CITY OF URBANA HOME PROGRAM
RENTAL PROPERTY REHABILITATION PROJECT
PROMISSORY NOTE**

FOR VALUE RECEIVED, the undersigned, **Aspen Court Apartments, LLC**, an Illinois Limited Liability Company ("Borrower"), covenants and promises to pay to the order of the City of Urbana, Illinois, (the "Payee"), a unit of local government, the principal sum of **One Hundred Sixty Four Thousand Nine Hundred Eighty-Nine and 00/100 Dollars (\$164,989.00)**, with interest in the amount of zero percent (0%). Absent the occurrence of either of the events set forth in clauses (i) or (ii) below (each, a "Recapture Event"), no principal payments shall be due or payable.

During the first sixty (60) months after the date of project completion, no portion of the principal balance of this Promissory Note shall be forgiven. Commencing on the day that is sixty-one (61) months after the date of project completion, payee shall forgive 100 percent original principal balance of this Promissory Note. The period from the date of this Promissory Note to the date that is sixty-one (61) months after the date of project completion is referred to herein as the "Recapture Period."

Borrower agrees to repay to the Payee, and the Payee shall have the right to accelerate payment of, the outstanding principal balance upon the earliest to occur, within the Recapture Period, of the following:

- (i) a default by the Borrower, beyond any applicable cure period, under the Recipient Agreement or under any other document evidencing or securing the Loan; or
- (ii) the sale, conveyance or transfer of ownership of the Project; provided, however, that if the Borrower is an individual, that no transfer to a spouse upon a dissolution of a marriage or to a surviving spouse upon the death of Borrower, as the case may be, shall be deemed a sale, conveyance, or transfer for purposes of this subparagraph; further provided that if the Borrower is a joint tenancy or tenancy in common, no transfer of interest from one tenant to another shall be deemed a sale, conveyance, or transfer for purposes of this subparagraph.

The Payee may exercise the foregoing right to accelerate, regardless of any prior forbearance, in accordance with the terms of the Mortgage. If suit is brought to collect the sums due under this Note, the Payee shall be entitled to collect all reasonable costs and expenses of suit, including, but not limited to, reasonable attorneys' fees.

Presentment, notice of dishonor and protest are hereby waived by all Borrowers, sureties, guarantors, and endorsers hereof. This Note shall be the joint and several obligation of all Borrowers, sureties, guarantors, and endorsers, and shall be binding upon them and their successors and assigns. Any subsequent holder of this Note shall have the same rights under this Note as Payee.

All defined terms used herein shall have the meanings attributed to them in the Recipient Agreement, unless otherwise provided herein.

This Note is governed by the Recipient Agreement and evidences money borrowed by Borrower for the Project.

BORROWER:

Aspen Court Apartments, LLC,
an Illinois Limited Liability Corporation

Jamie A. Fairbanks, Manager

Date

Chris Saunders, Manager

Date

STATE OF ILLINOIS)
) SS
COUNTY OF CHAMPAIGN)

I, the undersigned Notary Public in and for said County in the State aforesaid, DO HEREBY CERTIFY that Jamie A. Fairbanks, 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 and delivered the said instrument as his free and voluntary act in his capacity as Manager of Aspen Court Apartments, LLC, and as the free and voluntary act of said Limited Liability Company for the purposes therein set forth.

Given under my hand and official seal, this ____ day of _____, 2011.

Notary Public

STATE OF ILLINOIS)
) SS
COUNTY OF CHAMPAIGN)

I, the undersigned Notary Public in and for said County in the State aforesaid, DO HEREBY CERTIFY that Chris Saunders, 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 and delivered the said instrument as his free and voluntary act in his capacity as Manager of Aspen Court Apartments, LLC, and as the free and voluntary act of said Limited Liability Company for the purposes therein set forth.

Given under my hand and official seal, this ____ day of _____, 2011.

Notary Public

**FORM OF MORTGAGE
CITY OF URBANA HOME PROGRAM
RENTAL PROPERTY
REHABILITATION PROGRAM
MORTGAGE**

THIS MORTGAGE ("Mortgage") is given on this ____ day of _____, 2011 by Aspen Court Apartments, LLC, an Illinois Limited Liability Company (the "BORROWER"), to the City of Urbana, Illinois, a unit of local government (the "AGENCY"). BORROWER conditionally owes the AGENCY a maximum amount of One Hundred Sixty Four Thousand Nine Hundred Eighty Nine and 00/100 Dollars (\$164,989.00) as evidenced by BORROWER's promissory note dated the same date as this Mortgage (the "Note"), which provides for a five (5) year term commencing on the date of project completion (as defined in the below-referenced Recipient Agreement); provided, however, that so long as no Recapture Event (as defined in the Note) has occurred, no principal payments shall be due or payable.

This Mortgage secures to the AGENCY: (a) all repayment of the debt evidenced by the Note, and all renewals, extensions and modifications of the Note; (b) the payment of all other sums advanced by the AGENCY pursuant to Paragraph 7 of this Mortgage to protect the security of this Mortgage; and (c) the performance of BORROWER's covenants and agreements under this Mortgage, the Recipient Agreement between BORROWER and AGENCY dated the date hereof (the "Recipient Agreement"), and the Note.

For these purposes, BORROWER hereby mortgages, grants and conveys to the AGENCY, its successors and assigns, the real property described in **Exhibit A** attached hereto, located in the County of Champaign, State of Illinois (the "PROPERTY"), together with (a) all the improvements now or hereafter erected on the PROPERTY and all easements, rights, and appurtenances thereto; (b) all leases and licenses with respect to the PROPERTY; (c) all rents, royalties, and profits thereof; and (d) all fixtures and equipment now or hereafter in or on the PROPERTY. All replacements and additions shall also be covered by this Mortgage. The PROPERTY and all of the foregoing PROPERTY are referred to collectively in this Mortgage as the "PROJECT."

BORROWER covenants that BORROWER is the lawful owner of the PROJECT conveyed by this Mortgage and has the full right and power to mortgage, grant, and convey the PROJECT and that the PROJECT is unencumbered, except for the encumbrances of record described in **Exhibit B** attached hereto acceptable to the AGENCY (the "Permitted Encumbrances"). BORROWER warrants and will defend generally the title to the PROJECT against claims and demands, subject

to any Permitted Encumbrances.

BORROWER covenants to the AGENCY as follows:

1. Payment under the Note. BORROWER agrees to promptly pay when due any amounts required to be paid by the Note.
2. Application of Payments. Unless applicable law provides otherwise, all payment received by the AGENCY under Section 1 will be applied to principal due under the Note.
3. Charges and Liens. BORROWER shall pay all taxes, assessments, charges, and fines attributable to the PROJECT that may attain priority over this Mortgage. BORROWER shall pay these obligations on time directly to the person to whom payment is owed. BORROWER shall promptly furnish to the AGENCY all notices of amounts required to be paid under this section. After making such payments, BORROWER shall promptly furnish to the AGENCY receipts evidencing the payments.

BORROWER shall promptly discharge any lien that has priority over this Mortgage unless BORROWER (a) agrees in writing to pay the obligation secured by the lien in a manner acceptable to the AGENCY; (b) contests in good faith the lien by, or defends against enforcement of the lien in, legal proceedings which, in the AGENCY's opinion, operate to prevent the enforcement of the lien or forfeiture of any part of the PROJECT; or (c) secures from the holder of the lien an agreement satisfactory to the AGENCY subordinating the lien to this Mortgage. If the AGENCY determines that any part of the PROJECT is subject to a lien that may attain priority over this Mortgage, the AGENCY may give BORROWER a notice identifying the lien. BORROWER shall satisfy the lien or take one or more of the actions set forth above within 10 days of the AGENCY's giving of such notice.

4. Hazard Insurance. BORROWER shall keep the improvements now existing or hereafter erected on the PROJECT insured against loss by fire, hazards included within the term "extended coverage," and any other hazards for which the AGENCY requires insurance. All policies of insurance hereunder shall be from such companies and in such form and amounts as may be satisfactory to the AGENCY, shall name the AGENCY as a loss payee, and shall include a provision requiring 30 days advance written notice to the AGENCY prior to the termination or modification of such policy.

All insurance policies and renewals must be acceptable to the AGENCY and must include a standard mortgage clause. The AGENCY may hold the policies and renewals and, if the AGENCY requires, BORROWER shall promptly give to the AGENCY all receipts of paid premiums and renewal notices. Upon the occurrence of a loss covered by insurance, BORROWER shall give prompt notice to the insurance carrier and the AGENCY. The AGENCY may make proof of loss if not made promptly by BORROWER.

Insurance proceeds shall be applied to restoration or repair of the PROJECT damaged if the AGENCY determines that the restoration or repair is economically feasible and the AGENCY's security is not lessened by such restoration or repair. In such event, the AGENCY has the right to collect and hold the insurance proceeds and make the proceeds available to

BORROWER from time to time for the payment of the cost and expense of repair and restoration upon receipt of satisfactory evidence that such cost or expense has been incurred. If the AGENCY determines that the restoration or repair is not economically feasible or the AGENCY's security would be lessened, the insurance proceeds shall be applied to the sums secured by this Mortgage, whether or not then due, with any excess paid to BORROWER. If BORROWER abandons the PROJECT or does not answer within 30 days a notice from the AGENCY that the insurance carrier has offered to settle a claim, then the AGENCY may settle the claim with the insurance carrier and collect the insurance proceeds from the insurance carrier and may use the proceeds to repair or restore the PROJECT or to pay sums secured by this Mortgage, whether or not then due.

If, under Section 19 of this Mortgage, the PROJECT is acquired by the AGENCY, BORROWER's right to any insurance policies and all insurance proceeds resulting from damage to the PROJECT prior to the AGENCY's acquisition shall pass to the AGENCY to the extent of the sums secured by this Mortgage immediately prior to such acquisition.

5. Preservation and Maintenance of PROJECT. BORROWER shall not destroy, damage or substantially change the PROJECT, allow the PROJECT to deteriorate, or commit waste. BORROWER shall cause the PROJECT to comply with all local codes, ordinances, zoning ordinances, and the U.S. Department of Housing and Urban Development ("HUD") Section 8 Housing Quality Standards.

6. Occupancy and Rental Restrictions. BORROWER covenants that during the Affordability Period described in Section 6(c) below:

- (a) Occupancy Restrictions. The eleven (11) units in the PROJECT rehabilitated with proceeds from the Loan made pursuant to the Recipient Agreement shall provide affordable housing to at least three (3) Very Low-Income Families and eight (8) Low-Income Families whose for the period described in Paragraph 6(c) below (the "Affordability Period"). The maximum income for households residing in not less than 20% of the HOME ASSISTED UNITS, (three (3) or more units), cannot exceed fifty (50%) percent of the area median income (Very Low-Income), as defined annually by HUD. The maximum income for households residing in the remaining HOME ASSISTED UNITS cannot exceed sixty (60%) percent of the area median income (Low-Income), adjusted by household size, as defined annually by HUD.
- (b) Rental Restrictions. During the Affordability Period, the rents for the units in the PROJECT shall comply with the Regulations, including, without limitation, 24 CFR Part 92.252.
- (c) Affordability Period. Subject to termination in the event of foreclosure or transfer in lieu of foreclosure as provided in 24 CFR Part 92.252(a)(5), the occupancy and rent limitation provisions of this Section 6 shall remain in effect for a period of five (5) years from the date of "project completion" (as such term is defined in 24

CFR Part 92) (the "Affordability Period"). In the event of a foreclosure or deed in lieu of foreclosure relating to any other loan encumbering the PROJECT, the AGENCY shall have the right, but not the obligation, to acquire the PROJECT prior to such foreclosure or deed in lieu of foreclosure to preserve the foregoing affordability provisions as provided in 24 CFR Part 92.252 of the Regulations.

7. Protection of the AGENCY's Rights in the PROJECT; Mortgage Insurance. If BORROWER fails to perform the covenants and agreements contained in this Mortgage or if there is a legal proceeding that may significantly affect the AGENCY's rights in the PROJECT (such as a proceeding in bankruptcy, probate, for condemnation, or to enforce laws or regulations), then the AGENCY may do and pay for whatever is necessary to protect the value of the PROJECT and the AGENCY's rights in the PROJECT. The AGENCY's actions may include paying any sums secured by a lien which has priority over this Mortgage, appearing in court, paying reasonable attorneys' fees, and entering on the PROJECT to make repairs. Although the AGENCY may take action under this Paragraph 7, the AGENCY does not have to do so. Any amount disbursed by the AGENCY under this Section 7 shall become additional debt of BORROWER secured by this Mortgage.

8. Inspection. The AGENCY or its agents may make reasonable entries upon and inspections of the PROJECT. The AGENCY shall give BORROWER notice prior to the time of an inspection specifying reasonable cause for the inspection.

9. Condemnation. The proceeds of any award or claim for damages, direct or consequential, in connection with any condemnation or other taking of any part of the PROJECT or for conveyance in lieu of condemnation are hereby assigned and shall be paid to the AGENCY and shall be applied to the sums secured by this Mortgage as if the Note had been prepaid on the date the condemnation award is approved, whether or not then due, with any excess paid to BORROWER. If the PROJECT is abandoned by BORROWER or if, after notice by the AGENCY to BORROWER that the condemnor offers to make an award or settle a claim for damages, BORROWER fails to respond to the AGENCY within 30 days after the date the notice is given, the AGENCY is authorized to accept such award or settlement and to collect and apply the proceeds, at its option, either to restoration or repair of the PROJECT or to the sums secured by this Mortgage, whether or not then due.

10. BORROWER Not Released; Forbearance Not a Waiver. Extension of the time for payment or modification of payment of the sums secured by this Mortgage granted by the AGENCY to any successor in interest of BORROWER shall not operate to release the liability of the original BORROWER or BORROWER's successors in interest. The AGENCY shall not be required to commence proceedings against any successor in interest and may refuse to extend time for payment or otherwise modify payment of the sums secured by this Mortgage by reason of any demand made by the original BORROWER or BORROWER's successors in interest. Any forbearance by the AGENCY in exercising any right or remedy shall not be a waiver of or preclude the exercise of any right or remedy.

11. Successors and Assigns Bound. The covenants and agreements of this Mortgage shall bind and benefit the successors and assigns of the AGENCY and BORROWER and shall

be covenants running with, binding, and burdening the PROJECT, subject to the provisions of Sections 17 and 21.

12. Loan Charges. If the loan secured by this Mortgage is subject to a law which sets maximum loan charges, and that law is finally interpreted so the loan charges collected or to be collected in connection with the loan exceed the permitted limits, then (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) any sums already collected from BORROWER which exceeded permitted limits shall be refunded to BORROWER. The AGENCY may choose to make this refund by reducing the principal owed under the Note or by making a direct payment to BORROWER. If a refund reduces principal, the reduction will be treated as a partial prepayment without any prepayment charge under the Note. Notwithstanding anything to the contrary set forth in this Section 12, no interest or prepayment charge is payable under the Note.

13. Legislation Affecting the AGENCY's Rights. If enactment or expiration of applicable laws has the effect of rendering any provision of the Note or this Mortgage unenforceable according to its terms, the AGENCY, at its option, may invoke any remedies permitted by Section 19. If the AGENCY exercises this option, the AGENCY shall take the steps specified in Section 19.

14. Notices. Any notices, demand, request, or other communication that any party may desire or may be required to give to any other party hereunder shall be given in writing (at the addresses set forth below) by any of the following means: (a) personal service; (b) electronic communication, whether by telegram or telecopier, together with confirmation of transmission; (c) overnight courier; or (d) registered or certified United States mail, postage prepaid, return receipt requested.

The BORROWER: Aspen Court Apartments, LLC
 Jamie Fairbanks, Manager
 Chris Saunders, Manager
 411 West University Avenue
 Champaign, IL 61820

The AGENCY: City of Urbana
 Grants Management Division
 400 South Vine Street
 Urbana, IL 61801
 Attention: MANAGER
 Fax: 217-384-2367

Such addresses may be changed by notice to the other party given in the same manner as herein provided. Any notice, demand, request, or other communication sent pursuant to either Subsection (a) or (b) hereof shall be served and effective upon such personal service or upon confirmation of transmission by such electronic means. Any notice, demand, request, or other communication sent pursuant to Subsection (c) shall be served and effective one (1) business day after deposit with the overnight courier. Any notice, demand, request, or other communication

sent pursuant to Subsection (d) shall be served and effective three (3) business days after proper deposit with the United States Postal Service.

15. Governing Law; Severability. This Mortgage shall be governed by the laws of the State of Illinois. In the event that any provision or clause of this Mortgage, the Agreement, or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Mortgage, the Agreement, or the Note, as the case may be, which can be given effect without the conflicting provision. To this end the provisions of this Mortgage, the Agreement, and the Note are declared to be severable.

16. BORROWER's Copy. BORROWER shall be given one confirmed copy of the Note, the Agreement, and this Mortgage.

17. Transfer of the PROJECT or a Beneficial Interest in BORROWER. In the event of (a) a default by BORROWER, beyond any applicable cure period, of its obligations under the Recipient Agreement, the Note, or this Mortgage, or (b) a sale, conveyance, or other transfer of the PROJECT for consideration, excluding, however, if BORROWER is an individual, any sale, conveyance, or transfer to a spouse upon a dissolution of marriage, or to a surviving spouse upon the death of BORROWER, or if BORROWER is a joint tenancy or tenancy common, any transfer from one tenant to another, then BORROWER shall repay to the AGENCY the Loan, or such portion of the Loan as may be due and payable under the terms of the Note and Recipient Agreement.

Upon the occurrence of either of the foregoing events, the AGENCY shall give BORROWER notice of acceleration. This notice shall provide a period of not less than 30 days from the date the notice is given within which BORROWER must pay all sums required by this Section 17. If BORROWER fails to pay these sums prior to the expiration of this period, the AGENCY may invoke any remedies permitted by this Mortgage without further notice or demand on BORROWER.

18. BORROWER's Right to Reinstate. If BORROWER meets certain conditions, BORROWER shall have the right to have enforcement of this Mortgage discontinued at any time prior to the earlier of (a) five days (or such other period as applicable law may specify for reinstatement) before sale of the PROJECT pursuant to any power of sale contained in this Mortgage; or (b) entry of a judgement enforcing this Mortgage. Those conditions are that BORROWER (w) pays the AGENCY all sums which then would be due under this Mortgage and the Note had no acceleration occurred; (x) cures any default of any other covenants or agreements; (y) pays all expenses incurred in enforcing this Mortgage, including, but not limited to, reasonable attorneys' fees; and (z) takes such action as the AGENCY may reasonably require to assure that the lien of this Mortgage, the AGENCY's rights in the PROJECT, and BORROWER's obligations to pay the sums secured by this Mortgage shall continue unchanged. Upon reinstatement by BORROWER, this Mortgage and the obligations secured hereby shall remain fully effective as if no acceleration had occurred. However, this right to reinstate shall not apply in the case of acceleration under Sections 13 or 17.

19. Acceleration; Remedies. Prior to any acceleration of the amounts owed to the

AGENCY under the Note or this Mortgage (other than an acceleration under Sections 13 and 17 unless applicable law provides otherwise), the AGENCY shall give notice to BORROWER following BORROWER's breach of any covenant or agreement in this Mortgage (the "Default"). The notice shall specify (a) the Default; (b) the action required to cure the Default; (c) a date, not less than 30 days from the date the notice is given to BORROWER, by which the Default must be cured; and (d) that failure to cure the Default on or before the date specified in the notice may result in acceleration of the sums secured by this Mortgage, foreclosure by judicial proceeding and sale of the PROJECT. The notice shall further inform BORROWER of the right to reinstate after acceleration and the right to assert in the foreclosure proceeding the non-existence of a default or any other defense of BORROWER to acceleration and foreclosure. If the Default is not cured on or before the date specified in the notice, the AGENCY at its option may require immediate payment in full of all sums secured by this Mortgage without further demand and may foreclose this Mortgage by judicial proceeding. The AGENCY shall be entitled to collect all expenses incurred in pursuing the remedies provided in this Section 19, including, but not limited to, reasonable attorneys' fees and costs of title evidence, and such sums shall be immediately due and payable and shall be secured by this Mortgage. Upon any sale of the PROJECT made by virtue of judicial proceedings or a decree of foreclosure and sale, the AGENCY may bid for and acquire the PROJECT and in lieu of paying cash therefore may make settlement for the purchase price by crediting upon BORROWER's indebtedness secured by this Mortgage, the sale price, after first deducting from the sale price the expenses of the sale and the cost of the foreclosure. The proceeds of any foreclosure sale of the PROJECT shall be distributed and applied in the following order of priority: first, on account of all costs and expenses of the foreclosure proceedings; second, to repayment of the indebtedness of BORROWER secured by this Mortgage; and third, any excess to BORROWER, its successors, and assigns.

20. Possession. Upon acceleration under Section 19 or abandonment of the PROJECT and at any time prior to the expiration of any period of redemption following judicial sale, the AGENCY (in person, by agent, or by judicially appointed receiver) shall be entitled to enter upon, take possession of, and manage the PROJECT and to collect the rents of the PROJECT including those past due. Any rents collected by the AGENCY or the receiver shall be applied first to payment of the costs of management of the PROJECT and collection of rents, including, but not limited to, receiver's fees, premiums on receiver's bonds, and reasonable attorneys' fees, and then to the sums secured by this Mortgage.

21. Release. Upon the earlier of the satisfaction of the Note or the expiration of the Affordability Period, the AGENCY shall release this Mortgage without charge to BORROWER. BORROWER shall pay any recordation costs. Notwithstanding any satisfaction of the Note prior to the expiration of the Affordability Period, however, the Regulatory and Land Use Restriction Agreement shall not be released but shall remain effective for the entire Affordability Period.

22. Waiver of Homestead. BORROWER waives all right of homestead exemption in the PROJECT.

23. Filing and Recording Fees. BORROWER shall pay all title insurance premiums,

EXHIBIT A

Legal Description

Lot 114 Weller's Scottswood Manor, as per plat recorded in Plat Book "V" at page 3, except that portion now platted as part of Illinois Power Company Subdivision #1, situated in Champaign County, Illinois.

Common address: 1557 South Hunter Street, Urbana, Illinois 61802

PIN: 92-21-16-403-001

EXHIBIT B

Permitted Encumbrances

Mortgage dated July 29, 2010 recorded August 10, 2010 as Document Number 2010R17423 made by Aspen Court Apartments, LLC, an Illinois Limited Liability Company to First Federal Savings Bank of Champaign-Urbana, to secure indebtedness in the principal amount of \$2,000,000.00.

**CITY OF URBANA HOME PROGRAM
RENTAL PROPERTY REHABILITATION PROJECT**

**REGULATORY AND LAND USE RESTRICTION
AGREEMENT**

THIS REGULATORY AND LAND USE RESTRICTION AGREEMENT (the "Agreement") is made and entered into as of this _____ day of _____, 2011, by and between Aspen Court Apartments, LLC, an Illinois Limited Liability Company. (the "BORROWER"), and the City of Urbana, Illinois, a unit of local government having its principal offices at 400 South Vine Street, Urbana, Illinois 61801 (the "AGENCY").

RECITALS

- A. The AGENCY receives funds to promote affordable housing from the U.S. Department of Housing and Urban Development ("HUD") through the HOME Investment Partnerships Program (the "HOME Program"), as authorized by Title II of the National Affordable Housing Act of 1990 (P.L. 101-165) (the "Act") and the regulations promulgated thereunder and codified at 24 CFR Part 92 (the "Regulations"), as may be amended and supplemented from time to time. All capitalized terms used herein and not otherwise defined shall have the meaning established in the Act and the Regulations.
- B. The AGENCY has elected to utilize a portion of its FY 2010-2011 HOME Program carryover allocation to fund a Rental Property Rehabilitation Project (the "PROJECT") through which the AGENCY may make forgivable loans to eligible property owners for rehabilitation of eligible rental properties.
- C. The BORROWER is the owner of the real property commonly known as 1557 South Hunter Urbana, IL 61802, more particularly described in Exhibit A attached hereto and made a part hereof (the "PROPERTY") and has applied to the AGENCY for a loan from the AGENCY in the amount of One Hundred Sixty Four Thousand Nine Hundred Eighty-Nine and 00/100 Dollars (\$164,989.00) (the "Loan") for the rehabilitation of the PROPERTY pursuant to the PROJECT.
- D. The AGENCY has agreed to make a loan to BORROWER (the "Loan") in the amount of One Hundred Sixty Four Thousand Nine Hundred Eighty Nine and 00/100 Dollars (\$164,989.00), payable at the times and in the manner specified in the Note.
- E. Contemporaneously with the execution and delivery hereof, BORROWER has executed and delivered to the AGENCY its promissory note, (hereinafter, together with any renewals,

modifications, extensions, amendments, and replacements thereof, referred to as the "Note"), dated as of the date hereof, as evidence of the Loan, in the principal sum of One Hundred Sixty Four Thousand Nine Hundred Eighty Nine and 00/100 Dollars (\$164,989.00), payable at the times and in the manner as specified in the Note.

F. The Loan is evidenced, secured, and governed by (a) the Recipient Agreement dated as of the date hereof between the parties (the "Recipient Agreement"), (b) the Note, and (c) that certain Mortgage (the "Mortgage") dated as of the date hereof executed by BORROWER. This Agreement, the Recipient Agreement, the Note, the Mortgage, and all other documents executed by BORROWER which evidence, secure, or govern the Loan are hereinafter sometimes collectively referred to as the "Loan Documents."

G. As an inducement to the AGENCY to make the Loan, BORROWER has agreed to enter into this Agreement in accordance with the terms, conditions, and covenants set forth below and consents to be regulated and restricted by the AGENCY as herein provided and as provided for in the Act and the Regulations, as may be amended and supplemented from time to time, and as applicable.

NOW, THEREFORE, in consideration of the foregoing recitals and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto covenant and agree as follows:

1. RECITALS. The foregoing recitals are made a part of this Agreement.
2. GENERAL CONDITIONS. This Agreement and the Loan shall be subject to, and BORROWER agrees to comply with, the terms and conditions of the Act and the Regulations, as amended and supplemented from time to time.
3. BORROWER COVENANTS, REPRESENTATIONS, AND WARRANTIES. The BORROWER covenants, represents, and warrants to the AGENCY as follows.
 - (a) Title. The BORROWER holds fee simple title to the PROPERTY.
 - (b) Rental Property. The PROPERTY is and during the term of this Agreement shall remain a rental property owned by the BORROWER.
 - (c) Eligible Costs. Loan proceeds shall be used to pay only Eligible Costs (as that term is defined in 24 CFR Part 92.206 of the Regulations) relating to the rehabilitation of units in the PROJECT.
 - (d) Affordability Requirements. The BORROWER shall comply with the occupancy and rental restrictions set forth in Section 6.
4. ACTS REQUIRING AGENCY APPROVAL. BORROWER shall not without the prior written approval of AGENCY, which may be given or withheld in AGENCY's sole discretion:

- (a) Transfer of PROJECT. Convey, transfer, or encumber the PROJECT or any part thereof, or permit the conveyance, transfer, or encumbrance of the PROJECT or any part thereof;
- (b) Transfer of Rents. Convey, assign, or transfer any right to manage or receive the rents and profits from the PROJECT;
- (c) Rental Periods. Rent any unit for less than one (1) year, unless otherwise mutually agreed in writing by the BORROWER and the tenant in accordance with the Rules and Regulations;
- (d) Security Deposits. Require, as a condition of the occupancy or leasing of any unit in the PROJECT, any consideration or deposit other than the pre-payment of the first month's rent plus a security deposit in an amount not to exceed one (1) month's rent to guarantee the performance by the Tenant of the covenants of such lease. Any funds collected by BORROWER as security deposits shall be kept separate and apart from all other funds of the PROJECT; or
- (e) Prepayment. Prepay, in part or in whole, the Loan.

5. PROGRAM & PROJECT REQUIREMENTS. BORROWER further covenants, represents, and warrants to the AGENCY as follows.

- (a) Governmental Approvals. The BORROWER shall obtain all Federal, State, and local governmental approvals required by law for the PROJECT.
- (b) Compliance With Laws. The BORROWER shall cause the PROJECT to comply with all local codes, ordinances, zoning ordinances, and HUD Section 8 Housing Quality Standards, as set forth in Section 370.601 of the Rules.
- (c) Flood Insurance. The BORROWER shall procure flood insurance satisfactory to the AGENCY if the PROPERTY is located within a 100-year flood plain.
- (d) Inspections. The AGENCY shall have the right to inspect the PROPERTY during the course of the PROJECT and during the Affordability Period (as defined in Section 6) to insure the PROJECT's compliance with the project requirements described in Section 5(b).
- (e) Cooperation. The BORROWER understands and agrees that the BORROWER shall cooperate at all times with the AGENCY and the BORROWER's contractors and will do all acts necessary to facilitate the PROJECT.

6. OCCUPANCY AND RENTAL RESTRICTIONS. The BORROWER further covenants as follows.

- (a) Occupancy Restrictions. The eleven (11) units in the PROJECT rehabilitated with proceeds from the Loan made pursuant to the Recipient Agreement shall provide

affordable housing at least three (3) Very Low-Income Families and eight (8) Low-Income Families whose for the period described in Paragraph 6(d) below (the "Affordability Period"). The maximum income for households residing in not less than 20% of the HOME ASSISTED UNITS, (three (3) or more units), cannot exceed fifty (50%) percent of the area median income (Very Low-Income), as defined annually by HUD. The maximum income for households residing in the remaining HOME ASSISTED UNITS cannot exceed sixty (60%) percent of the area median income (Low-Income), adjusted by household size, as defined annually by HUD.

(b) Rental Restrictions. During the Affordability Period the rent for the units in the PROJECT shall comply with the Regulations, including, without limitation, 24 CFR Part 92.252. The initial rent for the unit in the PROJECT is set forth in Exhibit B. On an annual basis, the AGENCY shall review and approve rent proposed by the BORROWER for the PROJECT unit, and if applicable, the monthly allowances proposed by the BORROWER for utilities and services to be paid by the tenant. The BORROWER shall recalculate the maximum monthly rent annually and may change such maximum rent as changes in the applicable gross rent amount, the income adjustments, or the monthly allowances for utilities and services warrant. Any increase in rent for the PROJECT units are subject to the provisions of outstanding leases, and in any event, the BORROWER must provide tenants of the units not less than thirty (30) days prior written notice before implementing any increase in rent.

(c) Certification of Income. On forms provided by the AGENCY, the BORROWER shall obtain from each Very Low-Income and Low-Income Family applying for a PROJECT unit, prior to their admission to the PROJECT, a Certification of Income (the "Certification"), and at such intervals thereafter as required by the AGENCY, but not less than annually during the Affordability Period, a recertification of such income (the "Recertification") from each such Family. The BORROWER shall submit such Certifications and Recertifications, and such other certifications as the AGENCY may require, to the AGENCY in the manner prescribed by the AGENCY.

(d) Occupancy and Rental Restrictions. Subject to termination in the event of foreclosure or transfer in lieu of foreclosure as provided in Section 92.252(a)(5) of the Regulations, the occupancy and rental restriction provisions of this Section 6 shall remain in effect for a period of five (5) years from the date of "project completion" (as such term is defined in the Regulations). The BORROWER acknowledges and agrees that such Affordability Period shall apply notwithstanding any contrary affordability period set forth in the Rules and Regulations. In the event of foreclosure or deed in lieu of foreclosure relating to any other loan encumbering the PROJECT, the AGENCY shall have the right, but not the obligation, to acquire the PROJECT prior to such foreclosure or deed in lieu of foreclosure to preserve the foregoing affordability provisions in Section 92.252 of the Regulations.

7. RECORDS. At the request of the AGENCY, the BORROWER shall furnish such records and information as required by the AGENCY in connection with the maintenance, occupancy, and physical condition of the PROPERTY.

8. VIOLATION OF AGREEMENT BY BORROWER. Upon violation of any of the provisions of this Agreement or upon a default (as defined therein) under any of the other Loan Documents by BORROWER, AGENCY shall give written notice thereof to the BORROWER, as provided in Section 13 hereof. If such violation is not corrected to the satisfaction of AGENCY within thirty (30) days after the date such notice is mailed, or within such further time as the AGENCY in its sole discretion permits (but if such violation is of a nature that it **cannot be cured within such** thirty (30) day period, then so long as the BORROWER commences to cure within such thirty (30) day period and diligently pursues such cure to completion within a reasonable period not to exceed one hundred twenty (120) days from the date of such notice, it shall not be considered a violation), AGENCY may declare a default under this Agreement, effective on the date of such declaration of default and notice thereof to the BORROWER, and upon such default AGENCY may:

- (a) Acceleration of Indebtedness. Declare the whole of the indebtedness under the Note immediately due and payable and then proceed with the rights and remedies set forth in the Mortgage;
- (b) Collection of Rents. Collect all rents and charges in connection with the operation of the PROJECT and use such collections to pay BORROWER's obligations under this Agreement, the Note, the Mortgage, the other Loan Documents, and such other obligations of the BORROWER in connection with the PROJECT and the necessary expenses of preserving and operating the PROJECT;
- (c) Possession. Take possession of the PROJECT, bring any action necessary to enforce any rights of the BORROWER growing out of the operation of the PROJECT, and operate the PROJECT in accordance with the terms of this Agreement until such time as the AGENCY, in its sole discretion, determines that the BORROWER is again in a position to operate the PROJECT in accordance with the terms of this Agreement and in compliance with the requirements of the Note and the Mortgage;
- (d) Judicial Relief. Apply to any court, State or Federal, 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 as may be appropriate. Because the injury to the AGENCY arising from a default under any of the terms of this Agreement would be irreparable and the amount of damages would be difficult to ascertain, the BORROWER acknowledges and agrees that in the event of a violation of this Agreement, the AGENCY's remedies at law would be inadequate to assure the AGENCY's public purpose under the Act;
- (e) Cure Defaults. Use and apply any monies deposited by the BORROWER with the AGENCY, regardless of the purpose for which the same were deposited, to cure any such default or to repay any indebtedness under the Loan Agreement or any other Loan Document which is due and owing to the AGENCY; or
- (f) Other Available Remedies. Exercise such other rights or remedies as may be available to the AGENCY hereunder, at law or in equity.

The AGENCY's remedies are cumulative, and the exercise of one remedy shall not be deemed an election of remedies nor foreclose the exercise of any other remedy by the AGENCY. No waiver of any breach of this Agreement by the AGENCY shall be deemed to be a waiver of any other breach or a subsequent breach. If the AGENCY fails to exercise, or delays in exercising, any right under this Agreement, such failure or delay shall not be deemed a waiver of such right or any other right.

9. TERMINATION OF LIABILITIES.

(a) Permitted Assignment. In the event the AGENCY, in its sole discretion, consents to a sale or other transfer of the PROJECT, all of the duties, obligations, undertakings, and liabilities of the transferor under the terms of this Agreement shall thereafter cease and terminate as to such transferor, except as to any acts or omissions or obligations to be paid or performed by such transferor that occurred or arose prior to such sale or transfer; provided, however, as a condition precedent to the termination of the liability of the transferor hereunder, the transferee of the PROJECT (a "New BORROWER") shall assume in writing, on the same terms and conditions as apply hereunder to the transferor, all of the duties and obligations of such transferor arising under this Agreement from and after such sale or transfer. Such assumption shall be in form and substance acceptable to AGENCY.

(b) Assumption By New BORROWER. Any New BORROWER shall be bound by the terms of this Agreement to the same extent and on the same terms as the present BORROWER is bound hereunder and shall execute an assumption of such obligations in form and substance acceptable to AGENCY as a condition precedent to such party's admission as a New BORROWER; provided, however, that any such New BORROWER shall not be obligated with respect to matters or events which occur or arise prior to such party's admission as a New BORROWER.

10. TERMS OF AGREEMENT; COVENANTS RUN WITH PROPERTY. The covenants, conditions, restrictions, and agreements set forth in this Agreement (collectively, the "Obligations") shall be deemed to run with, bind, and burden the PROPERTY and shall be deemed to bind any New BORROWER and any other future owners of the PROPERTY and the holder of any legal, equitable, or beneficial interest therein for the Affordability Period. The BORROWER shall, if so requested by the AGENCY, execute a written memorandum prepared by the AGENCY, which memorandum shall memorialize said date of project completion and the foregoing Affordability Period. Any waiver by the AGENCY of its right to prepare or record any such memorandum and any failure by the BORROWER to execute and deliver the same shall not affect the validity or enforceability of the Obligations. In the event of a foreclosure or deed in lieu of foreclosure relating to any other loan encumbering the PROPERTY, the AGENCY shall have the right, but not the obligation, to acquire the PROPERTY prior to such foreclosure or deed in lieu of foreclosure to preserve the foregoing affordability provisions as provided in Section 92.252 of the Regulations.

It is hereby expressly acknowledged by BORROWER that the undertaking of the Obligations by BORROWER is given to induce AGENCY to make the Loan and that,

notwithstanding that the Loan may be repaid prior to the expiration of the Affordability Period, the BORROWER's undertaking to perform the Obligations for the full Affordability Period set forth in the previous paragraph is a condition precedent to the willingness of AGENCY to make the Loan.

11. INDEMNIFICATION.

(a) The BORROWER shall indemnify the AGENCY and the AGENCY's officers, agents, employees, or servants against, and hold them harmless from, liabilities, claims, damages, losses, and expenses, including, but not limited to, legal defense costs, attorneys' fees, settlements, or judgements, whether by direct suit or from third parties, arising out of the BORROWER's performance under this Agreement or the work performed by a contractor in connection with the PROJECT, in any claim or suit brought by a person or third party against the AGENCY or the AGENCY's officers, agents, employees, or servants.

(b) If a claim or suit is brought against the AGENCY or the AGENCY's officers, agents, employees, or servants, for which the BORROWER is responsible pursuant to Subsection (a) above, the BORROWER shall defend, at the BORROWER's cost and expense, any suit or claim, and shall pay any resulting claims, judgements, damages, losses, costs, expenses, or settlements against the AGENCY or the AGENCY's officers, agents, employees, or servants.

12. AMENDMENT. This Agreement shall not be altered or amended except in writing signed by the parties hereto.

13. NOTICES. Any notice, demand, request, or other communication that any party may desire or may be required to give to any other party hereunder shall be given in writing, at the addresses set forth above, by any of the following means: (a) personal service; (b) electronic communication, whether by telegram or telecopier, together with confirmation of transmission; (c) overnight courier; or (d) registered or certified United States mail, postage prepaid, return receipt requested.

Such addresses may be changed by notice to the other party given in the same manner as herein provided. Any notice, demand, request, or other communication sent pursuant to either Subsection (a) or (b) hereof shall be served and effective upon such personal service or upon confirmation of transmission by such electronic means. Any notice, demand, request, or other communication sent pursuant to Subsection (c) shall be served and effective upon deposit with the overnight courier. Any notice, demand, request, or other communication sent pursuant to Subsection (d) shall be served and effective three (3) business days after proper deposit with the United States Postal Service.

14. SUCCESSORS. This Agreement shall bind, and the benefits shall inure to, the parties hereto, their legal representatives, successors in office or interest and assigns, provided that the

BORROWER may not assign this Agreement, its right to the Loan proceeds, or any of its obligations hereunder without the prior written approval of the AGENCY.

15. SURVIVAL OF OBLIGATIONS. The BORROWER's obligations, as set forth in this Agreement, shall survive the disbursement of the Loan, and the BORROWER shall continue to cooperate with the AGENCY and furnish any documents, exhibits, or showings required.

16. CONSTRUCTION OF AGREEMENT.

(a) Partial Invalidity. If any term, covenant, condition, or provision of this Agreement, or the application thereof to any circumstance, shall, at any time or to any extent, be determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Agreement, or the application thereof to circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby and each term, covenant, condition, and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

(b) Gender. The use of the plural in this Agreement shall include the singular, the singular shall include the plural, and the use of any gender shall be deemed to include all genders.

(c) Captions. The captions used in this Agreement are inserted only as a matter of convenience and for reference and in no way define, limit, or describe the scope of the intent of any provision of the Agreement.

(d) Construction. This Agreement shall be construed and interpreted in accordance with the laws of the State of Illinois.

17. COUNTERPARTS. This Agreement may be executed in counterparts, and each counterpart shall, for all purposes for which an original of this Agreement must be produced or exhibited, be the Agreement, but all such counterparts shall constitute one and the same agreement.

18. WAIVER OF JURY TRIAL. THE PARTIES WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR CONTERCLAIM BROUGHT BY EITHER OF THE PARTIES HERETO AGAINST THE OTHER ON ANY MATTER WHATSOEVER ARISING OUT OF OR IN ANY WAY CONNECTED WITH THE PROJECT OR THIS AGREEMENT.

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

CITY OF URBANA

BORROWER

By: _____
Its Mayor

BY: _____
Its Manager

Date: _____

BY: _____
Its Manager

ATTEST:

Its City Clerk

Date: _____

STATE OF ILLINOIS)
) SS
COUNTY OF CHAMPAIGN)

I, the undersigned Notary Public in and for said County in the State aforesaid, DO HEREBY CERTIFY that Jamie Fairbanks, 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 and delivered the said instrument as his free and voluntary act in his capacity as Manager of Aspen Court Apartments, LLC, and as the free and voluntary act of said Limited Liability Company for the purposes therein set forth.

Given under my hand and official seal, this ____ day of _____, 2011.

Notary Public

STATE OF ILLINOIS)
) SS
COUNTY OF CHAMPAIGN)

I, the undersigned Notary Public in and for said County in the State aforesaid, DO HEREBY CERTIFY that Chris Saunders, 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 and delivered the said instrument as his free and voluntary act in his capacity as Manager of Aspen Court Apartments, LLC, and as the free and voluntary act of said Limited Liability Company for the purposes therein set forth.

Given under my hand and official seal, this ____ day of _____, 2011.

Notary Public

PREPARED BY AND RETURN TO:

City of Urbana
Grants Management Division
400 South Vine Street
Urbana, IL 61801
217-384-2447

EXHIBIT A to
Regulatory and Land Use Restriction Agreement

LEGAL DESCRIPTION

Legal Description: Lot 114 in Weller’s Scottswood Manor, as per plat recorded in Plat Book “V” at Page 3, except that portion now platted as part of Illinois Power Company Subdivision #1, situated in Champaign County, Illinois.

Common address: 1557 South Hunter Street, Urbana, Illinois 61802

PIN 92-21-16-403-001

EXHIBIT B

NUMBER AND TYPE OF HOME UNITS

NUMBER OF UNITS	BEDROOM SIZE	TYPE OF HOUSEHOLD	INITIAL VERY LOW INCOME RENT	INITIAL LOW INCOME RENT
3	2 Bedroom	Very Low Income (50% of Area Median)	*see below	
8	2 Bedroom	Low –Income (60% of Area Median)		*see below

# of Occupants*	High HOME Rents	Low HOME Rents
1	\$ 537.00	\$ 537.00
2	\$ 533.00	\$ 533.00
3	\$ 528.00	\$ 528.00
4	\$ 523.00	\$ 523.00
5	\$ 519.00	\$ 519.00
6	\$ 515.00	\$ 515.00

NOTE: The above rents are those established by HUD for the area less the tenant paid allowances established by the housing authority of Champaign County that were in effect as of the date of this agreement.

Affirmative Marketing Plan

[Please see attached Copy of Affirmative Fair
Housing Marketing Plan, 5-pages]

AFFIRMATIVE FAIR HOUSING MARKETING PLAN**I. INTRODUCTION**

Each multifamily and single-family program applicant must carry out an affirmative marketing program to attract prospective tenants of all minority and non-minority groups to the housing that the applicant is providing. These groups include Whites (non-Hispanic) and members of minority groups including Blacks (non-Hispanic), American Indians/Alaskan Natives, Hispanic, and Asian/Pacific Islanders.

II. APPLICATION AND PROJECT IDENTIFICATION**A. APPLICANT**

Company Name _____ Contact Person _____

Address _____ City _____ State _____ Zip _____

Telephone Number _____

B. MANAGING AGENT

Firm Name _____ Contact Person _____

Address _____ City _____ State _____ Zip _____

Telephone Number _____

C. PROJECT

Name _____

Address _____ City _____ State _____ Zip _____

County _____ Phone# _____ Census Tract _____

D. PROJECT DATA

Project or Application Number _____ Number of Units _____
 Rental Range of Units/From \$ _____ to \$ _____
 Project Type: (Check One) Elderly _____ Family _____ Mixed _____
 Approximate Starting Dates: Advertising _____ Occupancy _____

III. DIRECTION OF MARKETING ACTIVITY

Indicate below which group(s) in the housing market area is least likely to, because of its location and other factors, apply for the housing without special outreach efforts.

____ White (non-Hispanic) ____ Black (non-Hispanic) ____ Hispanic
 ____ American Indian/Alaskan Native ____ Asian/Pacific Islander

IV. MARKETING PROGRAM

A. COMMERCIAL MEDIA

Check the Media to be used in advertising the availability of this housing.

____ Newspaper(s)/Publication(s) ____ Radio ____ T.V. ____ Billboards
 Other (specify) _____

The fair housing logo or slogan **and** the wheelchair logo must be used in all newspaper ads and publications.

Names of Newspapers, Radio or T.V. Stations	Racial/Ethnic Identification Reader /Audience	Size and Duration of Advertising
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

B. COMMUNITY CONTACTS

If applicant chooses to use community contact as part of their outreach program, it is understood that contact with the group/organization listed below will be established and maintained throughout initial marketing campaign and subsequent marketing efforts. If more space is needed, attach an additional sheet.

1. Name of Group/Organization
2. City, State & Zip Code
3. Racial/Ethnic Identification
4. Approximate Date of Contact or Proposed Contact

Group I	Group II
_____	_____
_____	_____
_____	_____
_____	_____

V. ADDITIONAL MARKETING ACTIVITIES

A. BROCHURES, SIGNS, AND FAIR HOUSING POSTER:

1. Will brochures, leaflets, or handouts be used to advertise? Yes No
If yes, the fair housing logo must be used. Please attach a copy of brochure or submit when available.
2. Will there be a project site sign? Yes No
If yes, will the logotype be used? Yes No
If a logotype will be used, the fair housing logo of equal size must also be used.
3. Will the project have any of the following: Rental Office Model
Other (specify) _____
In all areas checked, the Fair Housing Poster, must be conspicuously displayed.

VI. EXPERIENCE AND STAFF INSTRUCTIONS

- A. Have you had any experience in marketing housing to the group(s) identified above as least likely to apply to this project? Yes No
- B. Staff training is to include: Fair housing laws and regulations, outreach and Affirmative Fair Housing Marketing Plan. Please indicate below how this is to be accomplished.

PROJECT OWNER _____

Name Title

Signature

Date

**MANAGING/
 MARKETING
 AGENT**

Name

Title

Signature

Date

APPROVED

Name

Title

Signature

Date

INSTRUCTIONS FOR THE AFFIRMATIVE MARKETING PLAN

I. INTRODUCTION

The Urbana HOME Consortium requires that each multifamily project carry out an affirmative program to attract prospective tenants of all minority and nonminority groups within the housing market area regardless of race, color, religion, sex, handicap, familial status or national origin. The applicant shall describe on this form the activities it proposes to carry out during advance marketing, where applicable. The affirmative program also should assure that any group(s) of persons normally not likely to apply for the housing without special outreach efforts, know about the housing, and feel welcome to apply and have the opportunity to rent.

If your development meets the HUD definition of a group home, affirmative marketing requirements may be waived. If you are proposing a group home, it is recommended that you contact the Urbana Grants Management Division Manager regarding affirmative marketing requirements.

Special outreach efforts do not stop with initial occupancy but are ongoing. Outreach activities are to be undertaken as long as the waiting list remains open. Should the waiting list be closed at any time, special outreach efforts may be discontinued until such time as the waiting list is re-opened.

No later than 60 days prior to the initiation of rental marketing activities, the Marketing Agent shall notify the Consortium of their intent to begin marketing activities. This notification is to be submitted in writing to the Consortium. The notification should include the dates this Agent anticipates both affirmative marketing and general marketing activities will begin. Affirmative marketing activities must begin at least **30 days** prior to general marketing activities. The Consortium may at any time monitor the implementation of the plan and request modification in its format or content, where the Consortium deems necessary.

II. APPLICANT AND PROJECT IDENTIFICATION

PARTS A & B – Self-explanatory

PART C - The applicant may obtain census tract location information from local planning agencies, public libraries and other sources of census data.

PART D – Specify approximate starting date of marketing activities to the groups targeted for special outreach and the anticipated date of initial occupancy.

III. DIRECTION OF MARKETING ACTIVITY

Considering factors such as cost of the housing, the racial/ethnic characteristics of the neighborhood in which the housing is (or is to be) located, the population within the housing market area, and public transportation routes, etc. indicate which group(s) you believe are least likely to apply without special outreach.

IV. MARKETING PROGRAM

The applicant shall describe the marketing program to be used to attract all segments of the eligible population, especially those groups designated in part III of the plan as least likely to apply. The following are suggestions for your marketing program.

Please complete those portions that you plan to use. If none of the suggestions fits your marketing needs, please attach your own marketing program.

PART A – The applicant shall state:

1. The type of media to be used
2. The names of newspapers and the call letters of the radio and T.V. stations.
3. Racial/Ethnic Identification: Identify the audience of the media. For example, White (non-Hispanic), Black (non-Hispanic), Hispanic, Asian American/Pacific Islander, American Indian/Alaskan Native. For any media, identification with more than one of the above groups insert MIXED.

The size of the ads and duration of newspaper advertising or length and frequency of broadcast advertising.

The Fair Housing logo or slogan and the wheelchair logo must be used in ALL newspaper ads and publications.

PART B - Community contacts include individuals or organizations that are well known in the project area or the locality and that can influence persons within those groups considered least likely to apply. Such contacts may include, but need not be limited to: neighborhood, minority and women's organizations, churches, labor unions, employers, public and private agencies.

V. ADDITIONAL MARKETING ACTIVITIES

PART A – Self-explanatory

VI. EXPERIENCE AND STAFF INSTRUCTIONS

PART A – Indicate whether the applicant has previous experience in marketing housing to group(s) identified as least likely to apply for the housing.

PART B - Describe the instructions and training given to rental staff. This guidance to staff must include information regarding Federal, State and local fair housing laws and this Affirmative Fair Housing Marketing Plan. Copies of any written materials used should be submitted with the plan.