



# Office of the City Clerk



**F2012-78**

Office of the City Clerk

## City Council Document Tracking Sheet

<b>Meeting Date:</b>	10/31/2012
<b>Sponsor(s):</b>	Mendoza, Susana A. (Clerk)
<b>Type:</b>	Communication
<b>Title:</b>	Notification of Sale of Variable Rate Demand Multi-Family Housing Revenue Bonds (Churchview Manor Senior Apartments), Series 2012
<b>Committee(s) Assignment:</b>	



DEPARTMENT OF FINANCE  
CITY OF CHICAGO

October 24<sup>th</sup>, 2012

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

RE: City's Variable Rate Demand Multi-Family Housing Revenue Bonds  
(Churchview Manor Senior Apartments), Series 2012, in the aggregate  
principal amount not to exceed \$4,500,000 (the "Bonds").

Dear Ms Mendoza :

Attached is the Notification of Sale which is required to be filed with your office pursuant to Section 6 of the ordinance authorizing the issuance of City's Variable Rate Demand Multi-Family Housing Revenue Bonds (Churchview Manor Senior Apartments), Series 2012, in the aggregate principal amount not to exceed \$4,500,000 (the "Bonds"). which was passed by the City Council on May 9, 2012.

Please direct this filing to the City Council.

Very Truly Yours,

  
Lois A. Scott  
Chief Financial Officer

2012 OCT 24 AM 10:33  
OFFICE OF THE  
CITY CLERK

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NOTIFICATION OF SALE OF  
  
\$3,700,000  
VARIABLE RATE DEMAND MULTI-FAMILY HOUSING REVENUE BONDS  
(CHURCHVIEW MANOR SENIOR APARTMENTS), SERIES 2012  
  
BEING ISSUED BY THE CITY OF CHICAGO  
AND DESIGNATING THE INTEREST RATES FOR SUCH BONDS

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To: THE CITY COUNCIL OF THE CITY OF CHICAGO

Please be advised that responsive to authority contained in the ordinance adopted by the City Council (the "**City Council**") of the City of Chicago (the "**City**") on May 9, 2012 (the "**Ordinance**"), providing for the issuance of not to exceed \$4,500,000 Variable Rate Demand Multi-Family Housing Revenue Bonds (Churchview Manor Senior Apartments), Series 2012 (the "**Bonds**"), a Bond Purchase Agreement, dated October 23, 2012 (the "**Purchase Agreement**"), providing for the sale of the Bonds, was entered into by me as the Chief Financial Officer, with the concurrence of the Chairman on Finance of the City Council and Blaylock Robert Van, LLC, the underwriter for the Bonds (the "**Underwriters**"), at an aggregate price of \$3,700,000 for the Bonds, plus accrued interest. The Ordinance provided that the Bonds were to be issued in such principal amounts as would be established in this Notification of Sale. The Bonds mature, bear interest and are subject to redemption as set forth in *Appendix A*. The compensation (including all fees) being paid to the Underwriters in connection with the sale of the Bonds is \$33,300. The trustee under the Trust Indenture and with respect to the Bonds is Seaway Bank and Trust Company.

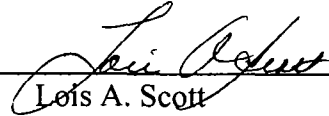
Attached hereto as *Appendix A* are details with respect to the Bonds. Also attached hereto as *Exhibits A, B, C, D, and E*, respectively, are executed copies of the Trust Indenture, the Loan Agreement, the Regulatory Agreement and the Purchase Agreement, each dated as of October 1, 2012 and the Official Statement, dated October 15, 2012.

16156-0058  
CH2110981496.5  
2012 OCT 24 AM 10:33  
CITY CLERK

Respectfully submitted this 24<sup>th</sup> day of October, 2012.

CITY OF CHICAGO

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

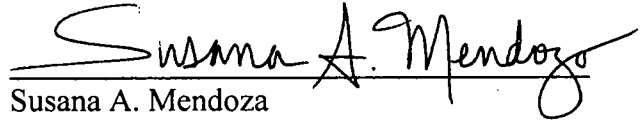


Lois A. Scott  
Chief Financial Officer



**ACKNOWLEDGMENT OF FILING**

The Notification of Sale of \$3,700,000 Variable Rate Demand Multi-Family Housing Revenue Bonds (Churchview Manor Senior Apartments), Series 2012 (including all exhibits to it), was filed in the office of the City Clerk of the City of Chicago, this 24<sup>th</sup> day of October, 2012.

  
Susana A. Mendoza  
City Clerk

[SEAL]

**APPENDIX A**

**\$3,700,000**

**CITY OF CHICAGO**

**VARIABLE RATE DEMAND MULTI-FAMILY HOUSING REVENUE BONDS  
(CHURCHVIEW MANOR SENIOR APARTMENTS), SERIES 2012  
(THE "BONDS")**

The Bonds are dated October 24, 2012, and are due on the dates, in the amounts, bearing interest at the rates, in percentages and dollars, as follows:

<b>Maturity Date</b>	<b>Principal Amount</b>	<b>Interest Rate</b>
February 1, 2031	\$3,700,000	Weekly variable rate

**EXHIBIT A**  
**Trust Indenture**

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**TRUST INDENTURE**

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**CITY OF CHICAGO**

to

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

Dated as of October 1, 2012

CITY OF CHICAGO  
\$3,700,000  
VARIABLE RATE DEMAND MULTI-FAMILY HOUSING REVENUE BONDS  
(CHURCHVIEW MANOR SENIOR APARTMENTS), SERIES 2012

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## TRUST INDENTURE

THIS TRUST INDENTURE, dated as of October 1, 2012, by and between the CITY OF CHICAGO, a municipality and home rule unit of government duly organized and validly existing under the Constitution and the laws of the State of Illinois (the “**Issuer**”), party of the first part, and SEAWAY BANK AND TRUST COMPANY, a banking corporation having its principal corporate trust office in Chicago, Illinois, as trustee (the “**Trustee**”).

### WITNESSETH:

**WHEREAS**, the Issuer, as a home rule unit, and pursuant to the Constitution of the State of Illinois and a Bond Ordinance adopted by the City Council of the Issuer on May 9, 2012 (collectively the “**Bond Ordinance**”), is authorized and empowered to issue revenue bonds to finance the acquisition, rehabilitation, construction and equipping of an approximately 60-unit senior citizen multi-family housing project within the boundaries of the Issuer; and

**WHEREAS**, pursuant to and in accordance with the Bond Ordinance, the Issuer has determined to issue and, by due action, has authorized the issuance of, a series of its multi-family housing revenue bonds to be designated “City of Chicago Variable Rate Demand Multi-Family Housing Revenue Bonds (Churchview Manor Senior Apartments), Series 2012” (herein sometimes called the “**Bonds**”) in the aggregate principal amount of \$3,700,000 to finance permitted costs in connection with the acquisition, rehabilitation, construction and equipping of the Churchview Manor Senior Apartments, a residential facility for seniors consisting of approximately 60 units in one building located at 2626 West 63<sup>rd</sup> Street, Chicago, Illinois (the “**Project**” or “**Development**”); and

**WHEREAS**, the Issuer will loan the proceeds of the Bonds to Churchview Manor Preservation L.P., an Illinois limited partnership duly organized, validly existing and in good standing under the laws of the State (the “**Borrower**”), by entering into a Loan Agreement dated as of October 1, 2012 (the “**Agreement**”), between the Issuer and the Borrower, and to evidence its payment obligations thereunder the Borrower will deliver to the Issuer a Promissory Note (the “**Note**”) in the amount of \$3,700,000; and

**WHEREAS**, pursuant to the Agreement, the Borrower has agreed, among other things, to pay to or for the account of the Issuer an amount equal to the principal of, redemption premium and interest on the Bonds, as the same become due, all as set forth in the Agreement and the Note; and

**WHEREAS**, the Issuer has determined to assign, transfer and pledge unto the Trustee as trustee under this Indenture, for the benefit of the owners of the Bonds and, on a subordinated basis, the Bank (as defined below), as set forth herein, all right, title and interest of the Issuer in and to the Agreement and the Note and sums payable thereunder; and

**WHEREAS**, BMO Harris Bank N.A., a national banking association (together with any other issuer of a Letter of Credit, as hereinafter defined the “**Bank**”), will issue an

irrevocable, transferable Letter of Credit dated the date of issuance and delivery of the Bonds, in favor of the Trustee for the benefit of the owners from time to time of the Bonds, in the amount of the aggregate principal amount of the Bonds, plus an amount equal to the interest to accrue on the Bonds for forty-five (45) days at a rate per annum equal to the Cap Rate, as defined herein, which initial Letter of Credit, together with any substitute Letter of Credit, is hereinafter referred to as the “**Letter of Credit**”; and

**WHEREAS**, the Bonds, the form of assignment and transfer and the Trustee’s certificate of authentication to be endorsed thereon shall be in substantially the form attached hereto as **Exhibit A**, with necessary and appropriate variations, omissions and insertions as permitted or required by this Indenture;

**WHEREAS**, all things necessary to make the Bonds, when authenticated by the Trustee and issued, as in this Indenture provided, valid, binding and legal special, limited obligations of the Issuer, and to constitute this Indenture a valid and binding agreement securing payment of the principal of, premium, if any, and interest on all Bonds issued and to be issued hereunder, have been done and performed; and the creation, execution and delivery of this Indenture and the creation, execution and issuance of the Bonds, subject to the terms hereof, in all respects duly have been authorized;

**NOW, THEREFORE, THIS TRUST INDENTURE WITNESSETH:** That, to secure the payment of the principal and purchase price of, and premium, if any, and interest on the Bonds according to their tenor and effect and the performance of all covenants and conditions therein and herein contained, and on a subordinated basis, to secure the obligations of the Borrower to the Bank under the Reimbursement Agreement, and in consideration of the premises, and of the purchase of the Bonds by the holders thereof, the Issuer by these presents does grant, to the Trustee and its successors in trust, a lien on and a security interest in the following described property, rights, privileges and franchises.

## **GRANTING CLAUSES**

### **GRANTING CLAUSE FIRST**

All right, title and interest and privilege of the Issuer now owned or hereafter acquired in, to and under the Agreement and the Note and any agreement supplementing, extending or modifying the same, including, without limitation, all present and future rights of the Issuer to make claim for, collect and receive any income, revenues, issues, profits, insurance proceeds and other sums of money payable to or for the account of or receivable by the Issuer under the Agreement (whether payable pursuant to the Agreement or otherwise), to bring actions and proceedings under the Agreement or for the enforcement thereof, to pursue the remedies provided in the Agreement upon the occurrence of an event of default thereunder, and to do any and all things that the Issuer is or may become entitled to do under the Agreement, but excluding the rights of the Issuer (a) to receive payment of expenses and attorneys’ fees thereunder, (b) for indemnification under Section 5.2 of the Agreement, (c) to receive notices and other documents under the Agreement and (d) to inspect the Project and the books and records of the Borrower under Sections 5.1 and 5.3 of the Agreement;

## **GRANTING CLAUSE SECOND**

All monies and securities held by the Trustee in any of the funds or accounts established under this Indenture (except certain amounts held in the Bond Purchase Fund, as provided herein), subject, however, to the application thereof to the uses and in the manner set forth in this Indenture;

## **GRANTING CLAUSE THIRD**

All property which is by the express provisions of this Indenture required to be subject to the lien hereof and any additional property that may, from time to time hereafter, by delivery or by writing of any kind, be subjected to the lien hereof, by the Issuer or by anyone in its behalf, and the Trustee is hereby authorized to receive the same at any time as additional security hereunder; and

**TO HAVE AND TO HOLD** the same and any other revenues, property, contracts or contract rights, accounts receivable, chattel paper, instruments, general intangibles or other rights and the proceeds thereof, which may, by delivery, assignment or otherwise, be subject to the lien and security interest created by this Indenture, to the Trustee and its successors in trust and assigns forever.

**IN TRUST, NEVERTHELESS**, upon the terms and conditions herein set forth for the equal and proportionate benefit, security and protection of all present and future owners of the Bonds issued under and secured by this Indenture, without preference, privilege, priority or distinction as to the lien or otherwise of any of the Bonds over any other of the Bonds except as provided herein; and on a subordinated basis for the benefit, security and protection of the Bank as described above.

**PROVIDED, HOWEVER**, that if the Issuer, its successors and assigns, shall well and truly pay or cause to be paid the principal or redemption price of the Bonds and the interest due or to become due thereon, at the times and in the manner recited in the form of Bond hereinbefore set forth according to the true intent and meaning thereof, and shall cause the payments to be made into the Bond Fund as required under Article V hereof or shall provide, as permitted hereby, for the payment thereof by depositing with the Trustee the entire amount due or to become due thereon (or Governmental Obligations, as hereinafter defined, sufficient for that purpose as provided in Article VIII hereof), and shall well and truly keep, perform and observe all the covenants and conditions required pursuant to the terms of this Indenture to be kept, performed and observed by it, and shall pay or cause to be paid to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions hereof, and shall pay all amounts owing to the Bank under the Reimbursement Agreement and return the Letter of Credit to the Bank for cancellation, then upon such final payments this Indenture and the rights hereby granted shall cease, determine and be void, and the Trustee shall forthwith release, surrender and otherwise cancel any interest it may have in the Agreement and the Note; otherwise this Indenture be and remain in full force and effect.

**THIS TRUST INDENTURE FURTHER WITNESSETH**, and it is expressly declared, that all Bonds issued and secured hereunder are to be issued, authenticated and delivered and all said payments, revenues, rents and receipts hereby pledged are to be dealt with and disposed of, under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as hereinafter expressed, and the Issuer has agreed and covenanted, and does hereby agree and covenant, with the Trustee and with the respective owners, from time to time, of the said Bonds, as follows:

## **ARTICLE I DEFINITIONS**

All words and phrases defined in Article I of the Agreement shall have the same meanings in this Indenture. In addition, the following words and phrases shall have the following meanings:

**“Acquisition and Construction Fund”** means the City of Chicago Variable Rate Demand Multi-Family Housing Revenue Bond Acquisition and Construction Fund (Churchview Manor Senior Apartments), created and established in Section 6.6 of this Indenture.

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

**“Agreement”** means the Loan Agreement dated as of October 1, 2012, by and between the Issuer and the Borrower, as from time to time supplemented and amended.

**“Alternate Credit Facility”** means an irrevocable letter of credit, a surety bond, an insurance policy or other credit facility delivered to the Trustee pursuant to Section 5.7(d) of the Agreement.

**“Authenticating Agent”** means the Trustee or the Paying Agent.

**“Available Moneys”** mean (a) with respect to any date on which principal of, premium, if any, or interest on the Bonds is due or the purchase price of any Bond is payable during the term of the Letter of Credit, (i) Bond proceeds deposited with the Trustee contemporaneously with the issuance and sale of the Bonds and which were continuously thereafter held subject to the lien of this Indenture in a separate and segregated fund, account or subaccount established hereunder in which no moneys which were not Available Moneys were at any time held, together with investment earnings on such Bond proceeds; (ii) moneys (A) paid by the Borrower to the Trustee, (B) held in any fund, account or subaccount established hereunder in which no other moneys which are not Available Moneys are held, and (C) which have so been on deposit with the Trustee for at least 123 consecutive days from their receipt by the Trustee during and prior to which period no petition by or against the Issuer or the Borrower under any bankruptcy or similar law now or hereafter enacted shall have been filed (unless such petition shall have been dismissed and such dismissal be final and not subject to appeal), together with investment earnings on such moneys; (iii) moneys received by the Trustee from any draw

on the Letter of Credit, together with investment earnings on such moneys; (iv) proceeds from the remarketing of any Bonds pursuant hereto to any person other than the Borrower, any affiliate of the Borrower, the Issuer or any person which is an “insider” of any such person within the meaning of Title 11 of the United States Code, as amended (the “**Bankruptcy Code**”); and (v) any other moneys or securities, including proceeds from the issuance and sale of refunding bonds, if there is delivered to the Trustee at the time of issuance and sale of such bonds an opinion (which may assume that no owner of Bonds is an “insider” within the meaning of the Bankruptcy Code) of nationally recognized bankruptcy counsel to the effect that the use of such proceeds to pay the principal of, premium, if any, or interest on the Bonds would not be avoidable as preferential payments under Section 547 of the Bankruptcy Code which could be recovered under Section 550(a) of the Bankruptcy Code should the Issuer or the Borrower become a debtor in a case or proceeding commenced thereunder and (b) with respect to any date on which principal of, premium, if any, or interest on the Bonds is due or the purchase price of any Bond is payable during a period in which the Letter of Credit is not in effect, any moneys furnished to the Trustee pursuant to this Indenture and the proceeds from the investment thereof. Notwithstanding the foregoing, when used with respect to the payment of any amounts due in respect of Borrower Bonds, the term “**Available Moneys**” shall mean any moneys held by the Trustee and the proceeds from the investment thereof, except for moneys drawn under the Letter of Credit.

“**Bank**” means BMO Harris Bank N.A., a national banking association, in its capacity as the issuer of the initial Letter of Credit pursuant to Section 5.7(a) of the Agreement, its successors in such capacity and their assigns, and the issuer of any substitute Letter of Credit or Alternate Credit Facility pursuant to Section 5.7(c) or Section 5.7(d) of the Agreement, its successors in such capacity and their assigns.

“**Beneficial Owners**” means the person in whose name a Bond is recorded as beneficial owner of such Bond by the Securities Depository as a participant or indirect participant.

“**Bond**” or “**Bonds**” means the Variable Rate Demand Multi-Family Housing Revenue Bonds (Churchview Manor Senior Apartments), Series 2012 of the Issuer, in the original aggregate principal amount of \$3,700,000 issued pursuant to this Indenture.

“**Bond Counsel**” means the counsel who rendered the opinion as to the tax-exempt status of the interest on the Bonds on the date of the issuance, sale and delivery of the Bonds or such other nationally recognized municipal bond counsel of recognized expertise with respect to such matters as may be mutually satisfactory to the Issuer, the Borrower, the Bank and the Trustee.

“**Bond Fund**” means the City of Chicago Bond Fund (Churchview Manor Senior Apartments), created and established by Section 6.2 of this Indenture.

“**Bond Ordinance**” means the ordinance of the Issuer adopted on May 9, 2012, which authorizes the issuance of the Bonds.

**“Bond Purchase Fund”** means the City of Chicago Bond Purchase Fund (Churchview Manor Senior Apartments) created and established by Section 6.8 of this Indenture.

**“Bond Registrar”** means Seaway Bank and Trust Company and its successors and any corporation resulting from or surviving any consolidation or merger to which it or its successors may be a party and any successor bond registrar at the time serving as such hereunder.

**“Bondholder”** or **“holder”** or **“owner”** of a Bond means the Registered Owner of such Bonds.

**“Borrower”** means Churchview Manor Preservation L.P., an Illinois limited partnership duly organized, validly existing and in good standing under the laws of the State, and its successors and assigns.

**“Borrower Bonds”** means any Bonds (i) owned or held by the Borrower or the Issuer or an agent of the Trustee for the account of the Borrower or the Issuer or (ii) with respect to which the Borrower or the Issuer has notified the Trustee, or which the Trustee actually knows, was purchased by another person for the account of the Borrower or the Issuer.

**“Business Day”** means any day other than (i) a day on which banking institutions in the city in which the principal corporate trust office of the Trustee or the Tender Agent is located are required or authorized by law to remain closed, (ii) a day on which banking institutions in the city in which the office of the Bank where drawings under the Letter of Credit are to be made is located are required or authorized by law to remain closed, (iii) a day on which the principal office of the Remarketing Agent is required or authorized by law to remain closed or (iv) a day on which the New York Stock Exchange is closed.

**“Cap Rate”** means the rate per annum equal to the lesser of (a) twenty percent (20%) per annum, (b) the maximum interest rate at the time then specified in the Letter of Credit (initially, ten percent (10%) per annum) or (c) the maximum contract rate of interest permitted by the laws of the State.

**“Code”** means the federal Internal Revenue Code of 1986, as amended, and any regulations, temporary regulations and proposed regulations promulgated thereunder or applicable thereto.

**“Cost”** or **“Costs”** means any cost in respect of the Project permitted under the Bond Ordinance and the Code.

**“Conversion Date”** means the date on which the Fixed Rate on the Bonds shall be effective pursuant to Section 2.2 hereof.

**“Depository”** means The Depository Trust Company in New York, New York, its successors and assigns, or any other person who shall be an owner of all Bonds of any series directly or indirectly for the benefit of Beneficial Owners and approved by the Issuer, Borrower, the Trustee and the Remarketing Agent to act as the Depository; *provided* any Depository shall

be registered or qualified as a “*clearing agency*” within the meaning of Section 17A of the Securities Exchange Act of 1934, as amended.

**“Determination of Taxability”** means: (i) the receipt by the Borrower of a written notice from the Trustee or the receipt by the Borrower and the Trustee of a written notice from any owner of any Bond of the issuance of a preliminary letter regarding a proposed deficiency or a statutory notice of deficiency by the Internal Revenue Service which holds, in effect, that the interest payable on such Bond, or any installment thereof, is includible in the federal gross income of the taxpayer named therein (other than a “*substantial user*” of the Project or a “*related person*,” within the meaning of Section 147(a) of the Code); or (ii) the delivery to the Borrower and the Trustee of an opinion of Bond Counsel to the effect that the interest payable on any Bond, or any installment thereof, is includible in the Federal gross income of the taxpayer named therein (other than a “*substantial user*” of the Project or a “*related person*,” within the meaning of Section 147(a) of the Code); or (iii) filing by the Borrower with the Trustee, any owner of any Bond or the Internal Revenue Service of any certificate, statement, or other tax schedule, return or document which discloses that the interest payable on any Bond, or any installment thereof, is includible in the Federal gross income of the owner of any Bond or any former owner of any Bond (other than a “*substantial user*” of the Project or a “*related person*,” within the meaning of Section 147(a) of the Code); or (iv) any amendment, modification, addition or change shall be made in any provision of the Code or in any regulation or proposed regulation thereunder, or any ruling shall be issued or revoked by the Internal Revenue Service; or any other action shall be taken by the Internal Revenue Service, the Department of Treasury or any other governmental agency, authority or instrumentality, or any opinion of any Federal court or of the United States Tax Court shall be rendered, and the Trustee, the Bank or the owner of any Bond shall have notified the Borrower and the Trustee in writing that, as a result of any such event or condition, Bond Counsel is unable to give an unqualified opinion that the interest payable on any Bond, or any installment thereof, made on or after a date specified in said notice is excludible from the Federal gross income of the taxpayer named therein (other than a “*substantial user*” of the Project or a “*related person*,” within the meaning of Section 147(a) of the Code). No event described in (i) above shall constitute a Determination of Taxability unless the Borrower has been afforded the opportunity to contest the same either directly or in the name of any Bondholder or Beneficial Owner, and until conclusion of any appellate review, if sought.

**“Event of Default”** means any occurrence or event specified as such in and defined as such by Section 9.1 hereof.

**“Fixed Rate”** means the interest rate to be borne by the Bonds on and after the Conversion Date, established in accordance with Section 2.2 hereof.

**“Fixed Rate Interest Payment Date”** has the meaning set forth in Section 2.2 hereof.

**“Fixed Rate Period”** means the period from and after the Conversion Date until the maturity date of the Bonds.



**“Governmental Obligations”** means noncallable, direct general obligations of, or obligations the payment of the principal of and interest on which are unconditionally guaranteed by, the United States of America.

**“Indenture”** means this Trust Indenture, as from time to time supplemented and amended.

**“Interest Payment Date”** means, as the context requires, a Variable Rate Interest Payment Date or a Fixed Rate Interest Payment Date.

**“Issuance Costs”** means all costs and expenses of issuance of the Bonds, including, but not limited to:

- (i) counsel fees and expenses, including Bond Counsel, Issuer’s counsel, Underwriter’s counsel and Borrower’s counsel, as well as any other specialized counsel;
- (ii) financial advisor fees;
- (iii) rating agency fees;
- (iv) Trustee fees and the Trustee’s counsel fees;
- (v) paying agent and certifying and authenticating agent fees related to issuance of the Bonds;
- (vi) accountant fees;
- (vii) printing costs of the Bonds and of any private placement memorandum; and
- (viii) publication costs associated with the financing proceedings.

**“Issuance Cost Fund”** means the fund so designated that is established pursuant to Section 6.1 hereof.

**“Issuer”** means the City of Chicago, party of the first part to this Indenture, and its lawful successors and assigns.

**“Letter of Credit”** means the initial irrevocable, transferable letter of credit delivered to the Trustee pursuant to Section 5.7(a) of the Agreement, and, unless the context of use indicates another or different meaning or intent, any substitute Letter of Credit delivered to the Trustee pursuant to Section 5.7(c) of the Agreement, and any extensions or amendments thereof.

**“Letter of Credit Substitution”** means the delivery of a substitute Letter of Credit.

**“Letter of Credit Substitution Date”** means the Business Day next preceding the proposed date of a Letter of Credit Substitution.

**“Letter of Credit Termination Date”** means (i) the first Business Day of the calendar month in which the Stated Expiration Date of the Letter of Credit is to occur or (ii) other than with respect to the Stated Expiration Date, the date on which the Letter of Credit is drawn under its terms with respect to a “Termination Date” (as defined in the Letter of Credit)..

**“Moody’s”** means Moody’s Investors Service, Inc., a corporation duly organized and validly existing under the laws of the State of Delaware, and its successor and assigns.

**“Note”** means the promissory note of the Borrower made payable to the Issuer and endorsed by the Issuer to the Trustee pursuant to Section 4.2(a) of the Agreement.

**“Outstanding”** or **“Bonds outstanding”** means all Bonds which have been authenticated and delivered by the Trustee under this Indenture, except:

- (a) Bonds cancelled after purchase or because of payment at maturity or upon redemption prior to maturity;
- (b) Bonds or portions thereof (of authorized denominations) deemed to be paid, as provided in Article VIII hereof;
- (c) Bonds in lieu of which other Bonds have been authenticated under Sections 2.7, 2.8, 3.2, 4.1 and 4.2 hereof; and
- (d) Unsurrendered Bonds.

If this Indenture shall have been discharged pursuant to the provisions of Article VIII hereof, no Bonds shall be deemed to be Outstanding within the meaning of this provision.

**“Paying Agent”** means the Bond Registrar, serving as paying agent pursuant to this Indenture.

**“Project”** or **“Development”** means the acquisition, rehabilitation, construction and equipping of additions and improvements to the Project Facilities.

**“Project Facilities”** means, collectively, the real estate and residential facility for seniors consisting of approximately 60 units in one building, the facilities ancillary and related thereto, located in an area in Chicago, Illinois, as further described in *Exhibit B* to the Agreement, including all of the buildings and improvements to be erected or installed therein and thereon, together with fixtures, furnishings and equipment included therein and all replacements thereto.

**“Proposed Conversion Date”** means any Interest Payment Date designated by the Borrower as the Conversion Date under this Indenture.

**“Purchase Agreement”** means the Bond Purchase Agreement by and among the City, the Underwriter and the Borrower.

**“Purchased Bonds”** has the meaning set forth in Section 6.9 hereof.

**“Rating Agency”** means S&P, Moody’s, and their respective successors and assigns, and, if for any reason either such rating agency no longer performs the functions of a securities rating agency, any other nationally recognized securities rating agency designated by the Issuer and approved in writing by the Borrower and the Bank.

**“Rating Category”** or **“Rating Categories”** means one or more of the generic rating categories of a nationally recognized securities rating agency, without regard to any refinement or gradation of such rating category or categories by a numerical modifier or otherwise.

**“Record Date”** means, during the Variable Rate Period, the Business Day immediately preceding a Variable Rate Interest Payment Date on the Bonds, and during the Fixed Rate Period, the fifteenth day of the calendar month immediately preceding a Fixed Rate Interest Payment Date on the Bonds.

**“Registered Owner”** means the person or persons in whose name or names a Bond shall be registered on the registration books of the Issuer maintained by the Bond Registrar for that purpose in accordance with the terms of this Indenture.

**“Reimbursement Agreement”** means the Letter of Credit and Reimbursement Agreement dated as of October 1, 2012, between the Borrower and the Bank, as from time to time supplemented and amended, under the terms of which the Bank agrees to issue and deliver the initial Letter of Credit to the Trustee; and, unless the context or use indicates another or different meaning or intent, any letter of credit agreement or reimbursement agreement among the Borrower and the issuer of any substitute Letter of Credit delivered to the Trustee pursuant to Section 5.7(b), Section 5.7(c) or Section 5.7(d) of the Agreement, as from time to time supplemented and amended, which provides that it is a Reimbursement Agreement for purposes of the Agreement and this Indenture.

**“Remarketing Agent”** means Blaylock Robert Van, LLC and any successors thereto, appointed in accordance with Section 10.11 hereof.

**“Remarketing Agreement”** means the Remarketing Agreement dated as of October 1, 2012, by and among the Borrower and the Remarketing Agent, as from time to time supplemented and amended.

**“Representation Letter”** means the Blanket Issuer Letter of Representations from the Issuer and accepted by DTC.

**“Revenues”** means the amounts pledged to the payment of the principal of, premium, if any, and interest on the Bonds, consisting of the following: (i) all amounts payable pursuant to Section 4.2(a) of the Agreement, including amounts payable on the Note, and all

receipts of the Trustee credited under the provisions of this Indenture against said amount payable, including all moneys drawn by the Trustee under the Letter of Credit to pay the principal of, premium, if any, and interest on the Bonds, (ii) any portion of the net proceeds of the Bonds deposited with the Trustee under Sections 6.1 and 6.7 hereof, and (iii) any amounts paid into the Bond Fund from the Acquisition and Construction Fund, including income on investments of the Bond Fund and the Acquisition and Construction Fund.

**“S&P”** means Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business, and its successors and assigns.

**“Section 147 Related Person”** means a *“related person”* within the meaning of Section 147(a)(2) of the Code (or any successor sections thereto).

**“State”** means the State of Illinois.

**“Stated Expiration Date”** shall have the meaning given that term in the Letter of Credit.

**“Substantial User”** means *“substantial user”* within the meaning of Section 147(a) of the Code (or any successor sections thereto).

**“Tender Agent”** means Seaway Bank and Trust Company serving as tender agent pursuant to this Indenture and any successor tender agent at the time serving as such hereunder.

**“Trust Estate”** means the property conveyed to the Trustee pursuant to the Granting Clauses of this Indenture.

**“Trustee”** means Seaway Bank and Trust Company, an Illinois banking corporation and its successors and any corporation resulting from or surviving any consolidation or merger to which it or its successors may be a party and any successor trustee at the time serving as successor trustee hereunder.

**“Underwriter”** means Blaylock Robert Van, LLC

**“Unsurrendered Bonds”** means Bonds (or portions thereof in authorized denominations) which are not tendered as required under the provisions of Section 4.1 and Section 4.2 hereof, but for which there has been irrevocably deposited in the Bond Purchase Fund an amount sufficient to pay the purchase price thereof and of all other Bonds tendered or deemed to be tendered for purchase on the applicable Mandatory Tender Date, as defined in Section 4.2 hereof.

**“Variable Rate”** means the interest rate on the Bonds from time to time in effect during the Variable Rate Period, as established in Section 2.2 hereof.

**“Variable Rate Interest Payment Date”** has the meaning set forth in Section 2.2 hereof.

“**Variable Rate Period**” means the period from the date of the initial delivery of the Bonds to the earlier of the Conversion Date or the maturity date of the Bonds.

## **ARTICLE II THE BONDS**

**Section 2.1. Authorized Amount of Bonds/Authentication and Delivery of Bonds.** The total principal amount of Bonds that may be issued is hereby expressly limited to Three Million Seven Hundred Thousand Dollars (\$3,700,000), except as provided in Sections 2.7, 2.8, 3.2, 4.1 and 4.2 hereof.

The Trustee, forthwith upon execution and delivery of this Indenture or thereafter, from time to time, upon execution and delivery to the Trustee by the Issuer of the Bonds, and without any further action on the part of the Issuer, shall authenticate the Bonds in an aggregate principal amount not to exceed Three Million Seven Hundred Thousand Dollars (\$3,700,000), and shall deliver the Bonds upon the request of the Issuer.

**Section 2.2. Issuance of Bonds: Disposition of Proceeds.** The Bonds shall be designated “City of Chicago Variable Rate Demand Multi-Family Housing Revenue Bonds (Churchview Manor Senior Apartments), Series 2012,” and shall be in the aggregate principal amount of Three Million Seven Hundred Thousand Dollars (\$3,700,000). No Bonds may be issued under the provisions of this Indenture except in accordance with this Article II. Except as provided in Section 3.2 hereof, the Bonds shall be issuable only as fully registered Bonds without coupons in denominations of \$100,000 and any integral multiple of \$5,000 in excess thereof during the Variable Rate Period, and in denominations of \$5,000 and any integral multiple thereof during the Fixed Rate Period. Unless the Issuer shall otherwise direct, the Bonds shall be numbered separately from R-1 upward.

All Bonds shall be dated the date of initial issuance and delivery thereof by the Issuer, and shall mature on February 1, 2031 (subject to prior redemption as hereinafter provided in Article III). Bonds shall also bear the date of their respective authentication as specified in Section 2.4 hereof. Interest on the Bonds shall be payable during the Variable Rate Period on November 1, 2012, on the first Business Day of each calendar month thereafter and on the Conversion Date (each a “**Variable Rate Interest Payment Date**”), until the earlier of the Conversion Date or the maturity date of the Bonds; and during the Fixed Rate Period on the first day of the January or July immediately following the Conversion Date and on the first day of each January and July thereafter (each a “**Fixed Rate Interest Payment Date**”), until paid.

The Bonds shall bear interest at the rate that is in effect from time to time in accordance with the provisions hereinafter set forth (calculated during the Variable Rate Period on the basis of a calendar year consisting of 365 or 366 days, as the case may be, and calculated on the actual number of days elapsed, and calculated during the Fixed Rate Period on the basis of a calendar year of 360 days consisting of twelve (12) thirty-day months). Interest shall accrue on overdue payments of principal, premium, if any, and interest as provided in the form of Bond. The Bonds shall bear interest at the Variable Rate during the Variable Rate Period from the Variable Rate Interest Payment Date to which interest on the Bonds has been paid or duly

provided for immediately preceding the date of authentication thereof, unless (a) such date of authentication shall be dated on or prior to the Record Date for the first Variable Rate Interest Payment Date, in which case the Bonds shall bear interest from the date of the initial delivery of the Bonds, or (b) such date of authentication shall be after a Record Date and prior to a Variable Rate Interest Payment Date to which interest on the Bonds has been paid or duly provided for, in which case the Bonds shall bear interest from such Variable Rate Interest Payment Date; and shall bear interest at the Fixed Rate during the Fixed Rate Period from the Fixed Rate Interest Payment Date to which interest on the Bonds has been paid or duly provided for immediately preceding the date of authentication thereof, unless (a) such date of authentication shall be on or prior to the Record Date for the first Fixed Rate Interest Payment Date immediately following the Conversion Date, in which case the Bonds shall bear interest from the Conversion Date, or (b) such date shall be a Fixed Rate Interest Payment Date to which interest on the Bonds has been paid or duly provided for, in which case the Bonds shall bear interest from such Fixed Rate Interest Payment Date.

During the Variable Rate Period, the Bonds shall bear interest from the date of the initial delivery of the Bonds or the Thursday of a week, as the case may be, to and including the Wednesday of the next week at the Variable Rate for such interest rate period (an "**Interest Rate Period**") as follows: (i) during the initial Interest Rate Period, as measured from the date of the initial delivery of the Bonds to and including the Wednesday of the immediately following week, at a rate set upon the initial rate of the Bonds and (ii) during each Interest Rate Period thereafter, at a rate equal to the lesser of (a) the Cap Rate or (b) the interest rate established by the Remarketing Agent in the following manner: on the Wednesday of each week succeeding the initial delivery date (or the immediately preceding Business Day in the event that any such Wednesday is not a Business Day), the Remarketing Agent shall determine the interest rate that would result in the market value of the Bonds on the effective date of such interest rate being 100% of the principal amount thereof, and on such date shall give notice of the interest rate so determined by telephone or telegraph, promptly confirmed in writing, to the Issuer, the Trustee, the Paying Agent, the Borrower and the Bank, and the interest rate so determined (if not greater than the Cap Rate) shall be the interest rate on the Bonds for the immediately following Interest Rate Period; *provided, however*, that if for any reason the interest rate on the Bonds for any such Interest Rate Period is not or cannot be established in the foregoing manner: the Variable Rate for the immediately preceding interest rate period shall remain in effect for such Interest Rate Period. The Trustee shall confirm to the Issuer and the Borrower the interest rate on the Bonds from time to time but not more frequently than once a month in effect by facsimile. The determination of the Variable Rate shall be conclusive and binding on the Issuer, the Borrower, the Trustee, the Tender Agent, the Paying Agent, the Remarketing Agent, the Bank and the Registered Owners from time to time of the Bonds.

Notwithstanding the above, the Bonds shall bear interest at the Fixed Rate for the Fixed Rate Period equal to the lesser of (a) the Cap Rate or (b) the interest rate established by the Remarketing Agent in the following manner: in order to establish the Fixed Rate, the Issuer, the Trustee, the Remarketing Agent, the Tender Agent and the Bank shall have received written notice from the Borrower of the exercise of their option to convert the interest rate borne by the Bonds to the Fixed Rate at least forty-five (45) days prior to the Proposed Conversion Date, together with the written consent of the Bank to such conversion. On or before the Business Day

next preceding the Proposed Conversion Date, the Remarketing Agent shall determine the interest rate that would result in the market value of the Bonds on the Proposed Conversion Date being 100% of the principal amount thereof, and on such date shall give notice by facsimile or telephone, promptly confirmed in writing, of the interest rate so determined to the Issuer, the Trustee, the Borrower, the Tender Agent and the Bank, and the interest rate so determined shall be the Fixed Rate from and after the Conversion Date. Notwithstanding the foregoing, such Fixed Rate shall not take effect unless the prior written consent of the Bank is delivered to the Trustee and there shall have been supplied to the Issuer, the Trustee, the Borrower, the Remarketing Agent, the Tender Agent and the Bank at or prior to 10:00 A.M., New York time, on the Proposed Conversion Date, an opinion of Bond Counsel stating that such conversion to the Fixed Rate is lawful under applicable law and permitted by the Indenture and that such conversion to the Fixed Rate will not have an adverse effect on the exclusion of the interest on the Bonds from the gross income of the Registered Owners thereof for purposes of federal income taxation. In the event that all conditions to the establishment of the Fixed Rate shall not be met, the Bonds shall bear interest at the Variable Rate for the remaining portion of the current Interest Rate Period at the Variable Rate then in effect, or for an Interest Rate Period at the Variable Rate in effect for the immediately preceding Interest Rate Period and will continue to remain outstanding in accordance with the terms of this Indenture as if no such election had been made by the Borrower to convert the interest rate borne by the Bonds to the Fixed Rate. The determination of the Fixed Rate shall be conclusive and binding on the Issuer, the Borrower, the Trustee, the Remarketing Agent, the Tender Agent, the Bank and the owners from time to time of all the Bonds.

Notwithstanding any term or provision hereof to the contrary, there shall be no Letter of Credit, substitute Letter of Credit or Alternate Credit Facility with respect to Bonds in the Fixed Rate Period, unless the Trustee shall have received an opinion of Bond Counsel to the effect that the addition or extension of any Letter of Credit, substitute Letter of Credit or Alternate Credit Facility with respect to the Bonds in the Fixed Rate Period will not have an adverse effect on the exclusion of interest on the Bonds from the gross income of the Registered Owners thereof for purposes of federal income taxation.

The Bond Registrar shall stamp a legend on the face of each Bond authenticated on or after the Conversion Date in substantially the following form:

“This Bond bears interest at the Fixed Rate, as defined in this Bond, which is \_\_\_\_% per annum, from and after \_\_\_\_.”

The Bonds shall be subject to redemption prior to maturity as set forth in Article III hereof, and shall be subject to tender for purchase as set forth in Article IV hereof.

The proceeds derived from the issuance of the Bonds shall be deposited in the Acquisition and Construction Fund and the Issuance Cost Fund in such amounts as shall be directed by the Issuer to the Trustee at the time of issuance of the Bonds.

**Section 2.3. Execution; Limited Obligation.** The Bonds shall be executed on behalf of the Issuer with the manual or facsimile signature of its Chief Financial Officer and shall

have impressed or imprinted thereon the official seal of the Issuer or a facsimile thereof and shall be attested by the manual or facsimile signature of the City Clerk of the City of Chicago. All authorized facsimile signatures shall have the same force and effect as if manually signed. In case any official whose signature or a facsimile of whose signature shall appear on the Bonds shall cease to be such official before the authentication or delivery of such Bonds, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes, the same as if such official had remained in office until delivery. The Bonds may be signed on behalf of the Issuer by such persons who, at the time of the execution of such Bonds, are duly authorized or hold the appropriate office of the Issuer, although on the date of the Bonds such persons were not so authorized or did not hold such offices.

The Bonds, together with premium, if any, and interest thereon, shall be special, limited obligations of the Issuer, payable solely from the Revenues and shall be a valid claim of the owners from time to time thereof only against the Bond Fund and other moneys held by the Trustee and the Tender Agent and pledged to the payment of the Bonds, and the Revenues, which Revenues shall be used for no other purpose than to pay the principal installments of, premium, if any, and interest on the Bonds, except as may be otherwise expressly authorized in this Indenture or the Agreement. The Bonds are issued pursuant to the Bond Ordinance and shall not constitute an indebtedness of the Issuer or a charge against its general credit or the general credit taxing powers of the State, the Issuer, or any other political subdivision thereof, and shall never give rise to any pecuniary liability of the Issuer, and neither the Issuer, the State nor any other political subdivision thereof shall be liable for the payments of principal of and, premium, if any, and interest on the Bonds, and the Bonds are payable from no other source, but are special, limited obligations of the Issuer, payable solely out of the Revenues and receipts of the Issuer derived pursuant to the Agreement. No owner of the Bonds shall have the right to compel any exercise of the taxing power of the State or any other political subdivision thereof to pay the Bonds or the interest or premium, if any, thereon.

No recourse shall be had for the payment of the principal of, premium, if any, or the interest on the Bonds or for any claim based thereon or any obligation, covenant or agreement in this Indenture against any official of the Issuer, or any officer, agent, employee or independent contractor of the Issuer or any person executing the Bonds. No covenant, stipulation, promise, agreement or obligation contained in the Bonds, this Indenture or any other document executed in connection herewith shall be deemed to be the covenant, stipulation, promise, agreement or obligation of any present or future official, officer, agent or employee of the Issuer in his or her individual capacity and neither any official of the Issuer nor any officers executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance of the Bonds.

**Section 2.4. Authentication.** No Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Indenture unless and until a certificate of authentication on such Bond substantially in the form hereinabove set forth shall have been duly executed by the Authenticating Agent, and such executed certificate of the Authenticating Agent upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this Indenture and that the Bondholder thereof is entitled to the benefit of the trust hereby created.



**Section 2.5. Form and Place of Payment of Bonds.** The Bonds issued under this Indenture shall be substantially in the form hereinabove set forth with such variations, omissions and insertions as are permitted or required by this Indenture.

The principal of and premium, if any, and interest on the Bonds shall be payable in lawful money of the United States of America only at the principal corporate trust office of the Paying Agent. Payment of interest on any Bond due on any regularly scheduled Interest Payment Date shall be made to the Registered Owner thereof. Payments of interest on any Bond shall be made by check or draft of the Paying Agent mailed on the applicable Interest Payment Date to the Registered Owner thereof as of the Record Date preceding such Interest Payment Date at the address of such Registered Owner as it appears on the registration books of the Issuer maintained by the Bond Registrar or at such other address as is furnished to the Paying Agent in writing by such Registered Owner no later than the close of business on such Record Date; *provided*, that, on or prior to the Conversion Date, payments of interest on any Bond may be made by wire transfer in immediately available funds to the Registered Owner of such Bond in the event that such Registered Owner is the Registered Owner of at least \$1,000,000 in aggregate principal amount of the Bonds as of the close of business on the Record Date immediately preceding the applicable Interest Payment Date and such Registered Owner shall have given written notice to the Paying Agent on or before the second Business Day immediately preceding such Record Date, directing the Paying Agent to make such payments of interest by wire transfer and identifying the location and number of the account to which such payments should be wired. The Trustee shall transfer to the Paying Agent, from moneys on deposit in the Bond Fund, on or before a scheduled payment date, amounts sufficient to make such payments to the Registered Owner in immediately available funds.

**Section 2.6. Delivery of the Bonds.** Upon the execution and delivery of this Indenture, the Issuer shall execute and deliver to the Trustee and the Trustee shall authenticate the Bonds and deliver them to the purchaser or purchasers thereof as directed by the Issuer as hereinafter in this Section 2.6 provided.

Prior to the delivery of any of the Bonds there shall be filed with the Trustee (and the Trustee shall notify the Authenticating Agent of such filing):

- (1) A copy, duly certified by an authorized officer of the Issuer, of the Bond Ordinance.
- (2) The Note, the Letter of Credit and original executed counterparts of this Indenture, the Agreement, the Regulatory Agreement, the Reimbursement Agreement, the Purchase Agreement and the Remarketing Agreement.
- (3) A written request and authorization to the Authenticating Agent by the Issuer and signed by an authorized officer of the Issuer to authenticate and deliver the Bonds to the purchaser or purchasers therein identified upon payment to the Trustee, but for the account of the Issuer, of a sum specified in such written request and authorization representing the principal proceeds of the Bonds, plus a sum specified in such request and

authorization representing accrued interest, if any, thereon to the date of delivery.

**Section 2.7. Mutilated, Lost, Stolen or Destroyed Bonds.** In the event any Bond is mutilated, lost, stolen or destroyed, the Issuer may execute and the Authenticating Agent may authenticate a new Bond of like denomination as that mutilated, lost, stolen or destroyed, bearing a number not contemporaneously then outstanding; *provided*, that, in the case of any mutilated bond, such mutilated Bond shall first be surrendered to the Bond Registrar, and in the case of any lost, stolen or destroyed Bond, there shall be first furnished to the Issuer, the Trustee, the Bond Registrar and the Borrower evidence of such loss, theft or destruction satisfactory to the Issuer, the Trustee, the Bond Registrar and the Borrower, together with an indemnity satisfactory to each of them. In the event any such Bond shall have matured or is to mature within fifteen (15) days after the request for a new Bond, instead of issuing a duplicate Bond, the Issuer may pay the same on the appropriate date. As a prerequisite to the delivery of such Bonds, the Issuer and the Authenticating Agent may charge the owner of such Bond with their reasonable fees and expenses in this connection.

**Section 2.8. Registration, Transfer and Exchange of Bonds.**

(a) The Trustee, as Bond Registrar, shall fully register, on the registration books of the Issuer to be maintained by the Trustee, each of the Bonds issued hereunder in the name of the owner. The registration books shall be kept for that purpose at the principal corporate trust office of the Trustee. No transfer of a Bond shall at any time be valid unless it is made in the registration books at the written request of the Registered Owner or his legal representative. A Bond is transferable by the Registered Owner or his duly authorized attorney at the principal corporate trust office of the Trustee, upon surrender of the Bond, accompanied by a duly executed instrument of transfer in form and with guaranty of signature satisfactory to the Trustee, subject to such reasonable regulations as the Issuer or the Trustee may prescribe, and upon payment of any taxes or other governmental charges incident to such transfer. Upon any such transfer a new fully registered Bond or Bonds of the same maturity and in the same aggregate principal amount will be issued to the transferee.

(b) The Issuer and the Trustee shall not be required to (i) issue or register the transfer of or exchange any Bonds to be considered for redemption during the period beginning on the tenth (10<sup>th</sup>) day next preceding any date of selection of Bonds to be redeemed and ending at the close of business on the day of mailing of the notice of redemption or (ii) register the transfer of or exchange any portion of any Bonds selected for redemption until after the redemption date.

(c) Upon payment of any required tax, fee or other governmental charge and subject to the conditions provided in this Indenture, Bonds, upon the surrender thereof at the principal corporate trust office of the Trustee with a written instrument of transfer, in form and with guaranty of signature satisfactory to the Trustee, duly executed by the Registered Owner thereof, may be exchanged for an equal aggregate principal amount of registered Bonds of the same maturity and interest rate of any other authorized denomination.

(d) The Issuer and the Trustee may deem and treat the person in whose name the Bond shall be registered at any particular point in time (whether such time is a Record Date or otherwise) as the absolute owner thereof for all purposes, whether such Bond shall be overdue or not, and payment of or on account of the principal of or interest on any such Bond shall be made only to or upon the order of the Registered Owner thereof (at such point in time as provided herein) or his legal representative, but such registration may be changed, as herein provided. All such payments made by the Trustee pursuant to this Indenture shall be valid and effectual to satisfy and discharge the liability of the Issuer upon any such Bond, to the extent of the sum or sums so paid, and neither the Issuer nor the Trustee shall be affected by any notice to the contrary.

**Section 2.9. Cancellation of Bonds; Reductions of Letter of Credit.**

Whenever any outstanding Bond shall be delivered to the Trustee or the Bond Registrar for cancellation pursuant to this Indenture, upon payment of the principal amount represented thereby, or for replacement pursuant to Section 2.7 hereof, or upon exchange or transfer pursuant to Section 2.8 hereof, or upon partial redemption pursuant to Section 3.2 hereof, or upon tender for purchase pursuant to Section 4.1 or Section 4.2 hereof, such Bond shall be delivered by the Trustee or the Tender Agent to the Bond Registrar, shall be promptly canceled and destroyed by the Bond Registrar and counterparts of a certificate evidencing such cancellation and destruction shall be furnished by the Bond Registrar to the Trustee, the Tender Agent, the Issuer and the Borrower. In the event that the Bonds (other than Bonds held by the Tender Agent pursuant to Section 6.9 hereof) are redeemed prior to maturity in part pursuant to Article III hereof and delivered by the Borrower to the Trustee for cancellation pursuant to this Section 2.9 in the aggregate principal amount of \$100,000 or more, the Trustee may reduce the amount of the Letter of Credit in accordance with its terms in an amount equal to the principal amount of such Bonds plus interest on such principal amount for the number of days of interest coverage then specified in the Letter of Credit at the Cap Rate.

**Section 2.10. Application of Bond Proceeds.** The proceeds of the Bonds shall be deposited in the Acquisition and Construction Fund with the Trustee.

**Section 2.11. Book-Entry System.** Initially, it is intended that the Bonds be registered so as to participate in a securities depository system with The Depository Trust Company (“DTC”) (the “DTC System”), as set forth herein. The Bonds shall be initially issued in the form of a single fully registered Bond for each maturity thereof. Upon initial issuance, the ownership of such Bonds shall be registered in the name of Cede & Co., as nominee of DTC. The Issuer and the Trustee are authorized to execute and deliver such letters to or agreements with DTC as shall be necessary to effectuate the DTC System, including the Representation Letter. In the event of any conflict between the terms of the Representation Letter and the terms of this Indenture, the terms of this Indenture shall control. DTC may exercise the rights of an owner only in accordance with the terms hereof applicable to the exercise of such rights.

With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, the Issuer, the Trustee, the Remarketing Agent and the Borrower shall have no responsibility or obligation to any broker-dealer, bank or other financial institution for which DTC holds Bonds from time to time as securities depository (each such broker-dealer, bank or other financial

institution being referred to herein as a **"DTC Participant"**) or to any person on behalf of whom such a DTC Participant directly or indirectly holds an interest in the Bonds (each such person being herein referred to as an **"Indirect Participant"**). Without limiting the immediately preceding sentence, the Issuer, the Trustee, the Remarketing Agent and the Borrower shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any Indirect Participant or any other person, other than an owner, as shown in the registration books of the Issuer, of any notice with respect to the Bonds, including any notice of redemption, (iii) the payment to any DTC Participant or Indirect Participant or any other person, other than an owner, as shown in the registration books of the Issuer, of any amount with respect to principal of, premium, if any, or interest on, the Bonds or the purchase price with respect to any Bonds tendered for purchase or (iv) any consent given by DTC as owner. So long as certificates for the Bonds are not issued pursuant to Section 2.12, the Issuer, the Borrower, the Remarketing Agent and the Trustee may treat DTC or any successor Depository as, and deem DTC or any successor Depository to be, the absolute owner of the Bonds for all purposes whatsoever, including without limitation (i) the payment of principal and interest on the Bonds and the purchase price with respect to any Bonds tendered for purchase, (ii) giving notice of redemption and other matters with respect to the Bonds, (iii) registering transfers with respect to the Bonds and (iv) the selection of Bonds for redemption. While in the DTC System, no Person other than Cede & Co., or any successor thereto, as nominee for DTC, shall receive a Bond certificate with respect to any Bond. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Indenture with respect to interest checks or drafts being mailed to the owner at the close of business on the Record Date applicable to any Interest Payment Date, the name "Cede & Co." in this Indenture shall refer to such new nominee of DTC.

So long as Cede & Co. is the registered owner of the Bonds, optional tender notices hereunder and as provided in the Bonds shall be given by the Beneficial Owner of such Bonds exercising ownership rights through DTC Participants pursuant to DTC's operating procedures as in effect from time to time.

**Section 2.12. Successor Securities Depository; Transfers Outside Book-Entry System.** In the event that (a) the Issuer or the Borrower determines that DTC is incapable of discharging its responsibilities described herein and in the Representation Letter, (b) the Representation Letter shall be terminated for any reason or (c) the Issuer or the Borrower determines that it is in the best interest of the beneficial owners of the Bonds that they be able to obtain certificated Bonds, the Issuer shall notify DTC of the availability through DTC of Bond certificates and the Bonds shall no longer be restricted to being registered in the registration books of the Issuer in the name of Cede & Co., as nominee of DTC. At that time, the Issuer may determine that the Bonds shall be registered in the name of and deposited with a successor Depository operating a securities depository system, as may be acceptable to the Issuer, or such Depository's agent or designee, or if the Issuer does not select such an alternate securities depository system then the Bonds may be registered in whatever name or names owners of Bonds transferring or exchanging Bonds shall designate, in accordance with the provisions hereof.

**Section 2.13. Payments and Notices to Cede & Co.** Notwithstanding any other provision of this Indenture to the contrary, so long as any of the Bonds are registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of, premium, if any, and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, in the manner provided in the Representation Letter.

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

#### **Section 3.1. Certain Redemption Dates and Prices.**

(a) **Optional Redemption.** On or prior to the Conversion Date, the Bonds are subject to redemption prior to maturity by the Issuer at the option of the Borrower with the prior written consent of the Bank pursuant to Section 7.2 of the Agreement from funds derived pursuant to Section 6.4 hereof, as a whole or in part (and, if in part, by lot in such manner as may be designated by the Trustee, *provided*, that Bonds held by or on behalf of the Tender Agent for the account of the Borrower resulting from a draw upon the Letter of Credit shall be first selected for redemption until all such Bonds have been redeemed which may be selected for redemption) on any date, at a redemption price of 100% of the principal amount thereof to be redeemed plus accrued interest to the date fixed for redemption.

After the Conversion Date, the Bonds shall also be subject to redemption prior to maturity by the Issuer at the option of the Borrower pursuant to Section 7.2 of the Agreement from funds derived pursuant to Section 6.4 hereof, as a whole on any date, or in part on any Interest Payment Date (and, if in part, by lot in such manner as may be designated by the Trustee), during the redemption periods and at the redemption prices (expressed as percentages of principal amount) set forth below plus accrued interest to the date fixed for redemption:

<i><b>Years Remaining From Conversion Date Until Final Maturity of the Bond to be Redeemed</b></i>	<i><b>First Day of Redemption Period</b></i>	<i><b>Redemption Prices</b></i>
More than ten years	Eighth anniversary of Conversion Rate	102% declining by 1% each succeeding anniversary of the eighth anniversary of the Conversion Date until reaching 100% and thereafter at 100%
More than seven years but not more than ten years	Sixth anniversary of Conversion Date	101% declining by 1% on each succeeding anniversary of the sixth anniversary of the Conversion Date until reaching 100% and thereafter at 100%
Seven years or fewer	Bonds not callable	

Notwithstanding any provision in this Indenture or the Bonds to the contrary, the Indenture and the Bonds may be amended as of the Conversion Date upon the request of the Borrower, without the consent of any of the Bondholders, to change the redemption provisions applicable during the Fixed Rate Period to such redemption provisions as are acceptable to the Borrower provided the Borrower provides an opinion of Bond Counsel to the Trustee to the effect that such amendment will not adversely affect the exclusion from gross income of interest on the Bonds for purposes of federal income taxation.

(b) **Mandatory Redemption Upon Determination of Taxability.** The Bonds shall be subject to mandatory redemption prior to maturity by the Issuer from funds derived from the prepayment of the Note by the Borrower pursuant to Section 7.1(a) of the Agreement, as a whole and not in part, on any date within sixty (60) days of the occurrence of a Determination of Taxability, at a redemption price of 100% of the principal amount to be redeemed (or 103% of the principal amount thereof to be redeemed during the Fixed Rate Period) plus accrued interest to the date fixed for redemption.

(c) **Direction to Trustee to Call for Redemption.** The Issuer hereby directs the Trustee to, and the Trustee shall direct the Bond Registrar to call Bonds for redemption when it shall have been notified in writing by the Borrower, pursuant to Section 7.3 of the Agreement, and shall direct the Bond Registrar to mail a copy of the notice of redemption to the Bank, the Borrower, the Paying Agent and the Remarketing Agent at the same time as the Bond Registrar mails such notice of redemption to the owners of the Bonds that have been called for redemption pursuant to Section 3.3 hereof; *provided*, that, so long as the Letter of Credit is in effect, the Trustee shall not direct the Bond Registrar to give notice of any redemption pursuant to Section 3.1(a) hereof unless the Bank has consented in writing to such redemption.

**Section 3.2. Partial Redemption of Bonds.** In the case of a partial redemption of Bonds prior to maturity by lot when Bonds of denominations greater than \$100,000 during the Variable Rate Period or greater than \$5,000 during the Fixed Rate Period are then outstanding, then for all purposes in connection with such redemption, each \$5,000 of face value of principal amount shall be treated as though it were a separate Bond in the denomination of \$5,000, as the case may be. If it is determined that one or more, but not all of the \$5,000 units of face value represented by any Bond is to be called for redemption, then upon notice of redemption of such \$5,000 unit or units, the owner of such Bond shall forthwith surrender such Bond to the Paying Agent (1) for payment of the redemption price (including the premium, if any, and interest, if any, to the date fixed for redemption) of the \$5,000 unit or units of face value called for redemption, and (2) for exchange, without charge to the owner thereof, for a new Bond or Bonds of the aggregate principal amount of the unredeemed balance of the principal amount of such Bond. If the owner of any such Bond of a denomination greater than \$5,000 of principal amount shall fail to present such Bond to the Paying Agent for payment and exchange as aforesaid, such Bond shall, nevertheless, become due and payable on the date fixed for redemption to the extent of the \$5,000 unit or units of face value called for redemption (and to that extent only); interest shall cease to accrue on the portion of the principal amount of such Bond represented by such \$5,000 unit or units of face value on and after the date fixed for redemption and (funds sufficient for the payment of the redemption price having been deposited with the Paying Agent, and being available for the redemption of said unit or units on the date fixed for redemption) such Bond

shall not be entitled to the benefit or security of this Indenture to the extent of the portion of its principal amount (and accrued interest thereon to the date fixed for redemption) represented by such \$5,000 unit or units of face value nor shall new Bonds be thereafter issued corresponding to said unit or units. Bonds shall be redeemed only in authorized denominations. During any period in which this Indenture requires minimum denominations of \$100,000, the Trustee shall not select portions of Bonds for redemption, such that the outstanding principal amount of any Bond is less than \$100,000 after giving effect to such call for redemption.

### **Section 3.3. Notice of Redemption.**

(a) Such notice of the call for any redemption shall be given by the Trustee, at the direction of the Borrower or the Issuer (which direction shall be in writing), by directing the Bond Registrar to mail a copy of the redemption notice by facsimile or first class mail, postage prepaid, at least thirty (30) but not more than sixty (60) days prior to the date fixed for redemption to the Registered Owner of each Bond to be redeemed as a whole or in part at the address shown on the registration books of the Issuer maintained by the Bond Registrar; *provided however*, that failure to give such notice by mailing, or any defect therein, shall not affect the validity of any proceedings for the redemption of any Bond, or portion thereof with respect to which no such failure or defect has occurred.

All notices of redemption shall state:

- (1) the redemption date;
- (2) the redemption price;
- (3) the identification, including complete designation and issue date of the series of Bonds of which such Bonds are a part and the CUSIP number (and in the case of partial redemption, the respective principal amounts), interest rates and maturity dates of the Bonds to be redeemed;
- (4) that on the date fixed for redemption the redemption price will become due and payable upon each such Bond, and that interest thereon shall cease to accrue from and after said date;
- (5) the name and address of the Trustee and any Paying Agent for such Bonds, including the name and telephone number of a contact person and the place where such Bonds are to be surrendered for payment of the redemption price; and
- (6) such other information as the Trustee deems advisable.

(b) In addition to the redemption notice required by the Section 3.3(a) hereof, further notice (the “**Additional Redemption Notice**”) shall be given by the Trustee as set forth below, but no defect in the Additional Redemption Notice, nor any failure to give all or any portion of the Additional Redemption Notice, shall in any manner affect the effectiveness of a call for redemption if notice thereof is given as prescribed in Section 3.3(a) of this Indenture.

Each Additional Redemption Notice given hereunder shall contain the information required by Section 3.3(a) hereof, plus: (i) the date such notice has been or will be mailed pursuant to this subsection (b); (ii) the date of issuance of the Bonds being redeemed, as originally issued; (iii) the maturity date of each Bond (or portion thereof) to be redeemed prior to maturity; and (iv) any other descriptive information needed to identify accurately the Bonds being redeemed prior to maturity.

Each Additional Redemption Notice shall be sent at least thirty (30) days before the date fixed for redemption by legible facsimile transmission, registered or certified mail (postage prepaid) or overnight delivery service to all registered securities depositories then in the business of holding substantial amounts of obligations of types comprising the Bonds, and to at least two (2) national information services that disseminate notices of redemption of obligations such as the Bonds.

**Section 3.4. Redemption Payments.** On or prior to the date fixed for redemption, funds immediately available hereunder at the principal corporate trust office of the Trustee on such redemption date shall be deposited in the Bond Fund and transferred to the Paying Agent to pay, and the Paying Agent is hereby authorized and directed to apply such funds in the Bond Fund to the payment of, the Bonds or portions thereof called for redemption, together with accrued interest, if any, thereon to the date fixed for redemption and any required premium. Upon the giving of notice and the deposit of funds for redemption, interest on the Bonds or portions thereof thus called shall no longer accrue from and after the date fixed for redemption, and such Bonds shall no longer be entitled to the benefit or security of this Indenture.

**Section 3.5. Cancellation.** All Bonds which have been redeemed shall not be reissued but shall be canceled and disposed of by the Trustee or Bond Registrar in accordance with Section 2.9 hereof.

#### **ARTICLE IV TENDERS FOR PURCHASE AND REMARKETING OF BONDS**

**Section 4.1. Purchase of Bonds at Option of Holder.** The owner of any Bond shall have the right to tender such Bond to the Tender Agent for purchase in whole or in part (in any authorized denomination, *provided* that after such tender such remaining portion shall also be in an authorized denomination) on any Business Day during the Variable Rate Period, but not thereafter, at a purchase price equal to 100% of the principal amount of Bonds tendered plus accrued interest to the specified purchase date. In order to exercise such option with respect to any Bond or portion thereof, the owner thereof must give to the Tender Agent at its designated corporate trust office by the opening of business at such office on a Business Day at least seven (7) days immediately preceding the proposed purchase date, written notice or notice by telephone, confirmed by written notice of tender to the Tender Agent on a Business Day not more than two (2) Business Days after such telephonic notice, of tender to the Tender Agent (which written notice of tender shall in either case be in the form provided in this Indenture or shall be in such other form acceptable to the Tender Agent). Upon the delivery of such written notice of tender, such election to tender shall be irrevocable and binding upon the owner thereof.



At or before 10:00 A.M., New York time, on the specified purchase date, the owner of each Bond as to which such written notice of tender shall have been given shall deliver each Bond to be purchased as a whole or in part and an instrument of assignment or transfer duly executed in blank (which instrument of assignment or transfer shall be in the form provided on such Bond or in such other forms acceptable to the Tender Agent), to the Tender Agent at its designated corporate trust office, and any Bond which is not so tendered, but for which there has been irrevocably deposited in the Bond Purchase Fund Available Moneys sufficient to pay the purchase price thereof and all other Bonds tendered or deemed tendered for purchase on such specified purchase date, shall be deemed to have been tendered by the owner thereof and purchased from such owner on the specified purchase date. The Tender Agent shall, in its sole discretion, determine whether, with respect to any Bond, the owner thereof shall have properly exercised the option to have its Bond purchased as a whole or in part.

If any such notice of tender for purchase shall have been given to the Tender Agent pursuant to this Section 4.1, the Tender Agent shall immediately give telephonic notice, promptly confirmed by a written notice, to the Remarketing Agent, the Bank, the Trustee and the Borrower on the same date that the Tender Agent receives notice of the tender for purchase, if possible, or on the immediately following Business Day, specifying the principal amount of Bonds as to which notice of tender for purchase has been given and the proposed date of purchase. On the specified purchase date, the Tender Agent shall purchase, or cause to be purchased, all Bonds as to which written notices of tender for purchase have been received at a purchase price equal to the principal amount thereof plus accrued interest, if any, thereon. Funds for payment of the purchase price of such Bonds shall be withdrawn by the Tender Agent from the Bond Purchase Fund as provided in Section 6.9 of this Indenture.

If there has been irrevocably deposited in the Bond Purchase Fund Available Moneys sufficient to pay the purchase price of all Bonds tendered or deemed to be tendered for purchase on such specified purchase date, the owner of any Unsurrendered Bond shall not be entitled to receive interest on such Unsurrendered Bond on and after the specified purchase date, and all such Unsurrendered Bonds shall be deemed to have been tendered for purchase and purchased pursuant to this Section 4.1 on such specified purchase date. The Bond Registrar, at the direction of the Tender Agent, shall issue a new Bond or Bonds in the same aggregate principal amount for any Unsurrendered Bonds which are not tendered for purchase on any specified purchase date and, upon receipt of any such Unsurrendered Bonds from the owner thereof, shall pay the purchase price of such Unsurrendered Bonds to the owners thereof and cancel such Unsurrendered Bonds as provided in Section 2.9 of this Indenture.

When the Bonds are held under a Book-Entry System pursuant to Section 2.11, Beneficial Owners shall have the right to require a purchase of Bonds as provided in Section 2.11.

**Section 4.2. Mandatory Tender of Bonds.** Subject to the provisions below, on or prior to the Conversion Date the owner of each Bond shall be required to tender such Bond to the Tender Agent for purchase on (i) a Proposed Conversion Date, (ii) a Letter of Credit Substitution Date or (iii) a Letter of Credit Termination Date (each a “**Mandatory Tender Date**”), all as more fully provided in this Section 4.2.

Notice of a mandatory tender shall be prepared by the Trustee and given by the Bond Registrar by first class mail, postage prepaid, to the owners of all Bonds at their addresses appearing on the registration books of the Issuer maintained by the Bond Registrar, not less than thirty (30) nor more than forty-five (45) days prior to a Mandatory Tender Date. Such notice of mandatory tender shall specify the Mandatory Tender Date and (a) shall state that the Mandatory Tender Date is a Proposed Conversion Date or a Letter of Credit Substitution Date or a Letter of Credit Termination Date, as the case may be, and that all Bonds shall be tendered by the owner or Beneficial Owner thereof for purchase at or before 10:00 A.M., New York time, on such Mandatory Tender Date (or, if the Mandatory Tender Date is not a Business Day, on the immediately following Business Day) to the Tender Agent at its designated corporate trust office, together with an instrument of assignment or transfer duly executed in blank (which instrument of assignment or transfer shall be in the form provided on the Bonds or such other form acceptable to the Tender Agent), and shall be purchased on the Mandatory Tender Date (or, if the Mandatory Tender Date is not a Business Day, on the immediately following Business Day) at a purchase price equal to the principal amount thereof and accrued interest, if any, thereon, and any such Bond which is not so tendered but for which there has been irrevocably deposited in the Bond Purchase Fund Available Moneys sufficient to pay the purchase price thereof and of all other Bonds so tendered and deemed to be tendered for purchase on the Mandatory Tender Date, shall be deemed to have been tendered for purchase by the owner thereof and purchased from such owner on the Mandatory Tender Date.

All Bonds shall be tendered by the owner thereof to the Tender Agent for purchase at or before 10:00 A.M., New York time on the Mandatory Tender Date (or, if the Mandatory Tender Date is not a Business Day, on the immediately following Business Day), by delivering such Bonds to the Tender Agent at its designated corporate trust office, together with an instrument of assignment or transfer duly executed in blank (which instrument of assignment or transfer shall be in the form provided on the Bonds or such other form acceptable to the Tender Agent). On the Mandatory Tender Date, the Tender Agent shall purchase, or cause to be purchased, all Bonds at a purchase price equal to the principal amount thereof and accrued interest, if any, thereon. Funds for payment of the purchase price of such Bonds shall be drawn by the Tender Agent from the Bond Purchase Fund as provided in Section 6.9 of this Indenture.

If there has been irrevocably deposited in the Bond Purchase Fund Available Moneys sufficient to pay the purchase price of all Bonds tendered or deemed tendered for purchase on the Mandatory Tender Date, the owner of any Unsurrendered Bond shall not be entitled to receive interest on such Unsurrendered Bond on and after the relevant Mandatory Tender Date, and all such Unsurrendered Bonds shall be deemed to have been tendered for purchase and purchased pursuant to this Section 4.2 on such Mandatory Tender Date. The Tender Agent shall issue a new Bond or Bonds in the same aggregate principal amount for any Unsurrendered Bonds which are not tendered for purchase on any Mandatory Tender Date and, upon receipt of any such Unsurrendered Bonds from the owners thereof, shall pay the purchase price of such Unsurrendered Bonds to the owners thereof and cancel such Unsurrendered Bonds as provided in Section 2.9 of this Indenture.

**Section 4.3. Procedures for Purchase of Bonds.** Unless otherwise directed by the Borrower not to do so, the Remarketing Agent will use its best efforts to remarket all Bonds

tendered or deemed to be tendered for purchase pursuant to Section 4.1 or Section 4.2 hereof, and to remarket all Bonds held by the Tender Agent pursuant to Section 6.9 hereof. The Borrower may at any time, upon written direction to the Remarketing Agent, direct the Remarketing Agent to cease to resume the remarketing of some or all of the Bonds. The Bank's written consent is required for any such direction by the Borrower to the Remarketing Agent not to remarket Bonds that have been purchased with the proceeds of a draw under the Letter of Credit and the Borrower has not reimbursed the bank for such draws.

At or prior to 3:00 P.M., New York time, on the Business Day immediately preceding the applicable purchase date, the Remarketing Agent shall give notice by facsimile or telephone, promptly confirmed in writing, to the Trustee, the Borrower, the Bond Registrar, the Tender Agent (to be received by the Tender Agent by the close of business on such day) and the Bank, specifying or confirming the names, addresses and taxpayer identification numbers of the new Registered Owners of, and the principal amount and denominations of, such Bonds, if any, remarketed by it pursuant to this Section 4.3, and also specifying the principal amount of Bonds to be purchased on such purchase date which it has failed to remarket (if any) and the amount of accrued interest, if any, on such Bonds. The Remarketing Agent shall make appropriate settlement pursuant to this Section 4.3 between the purchasers of such remarketed Bonds and the Tender Agent, and shall direct said purchasers by appropriate instructions to pay all moneys in immediately available funds for the purchase price of the Bonds which have been remarketed pursuant to this Section 4.3 to the Tender Agent for deposit in the Bond Purchase Fund pursuant to Section 6.8 hereof at or before 11:00 A.M., New York time, on the purchase date. The Tender Agent shall deposit the proceeds of any such remarketing in the Bond Purchase Fund pursuant to Section 6.8 hereof, and the Tender Agent shall hold and disburse such moneys pursuant to this Section 4.3 and Sections 4.4 and 6.9 hereof.

At or before 3:00 P.M., New York time, on each purchase date (or the immediately following Business Day if such purchase date is not a Business Day), the Tender Agent, but only to the extent it shall have received money for such purpose, shall:

- (i) pay the purchase price to each owner of a Bond (or portion thereof) tendered for purchase by mailing a check to the owner, or by wire transfer to the Registered Owner thereof in the event that the Registered Owner of at least \$1,000,000 in aggregate principal amount of Bonds shall have given written notice to the Tender Agent directing the Tender Agent to make such payment of purchase price by wire transfer and identifying the location and the number of the account to which such payment should be wired. The Tender Agent shall pay each such purchase price from moneys on deposit in the Bond Purchase Fund in the manner set forth in Section 6.9 hereof; *provided*, that the Tender Agent shall not pay or wire transfer the purchase price of any Unsurrendered Bond, unless and until the owner of such Unsurrendered Bond presents such Unsurrendered Bond, together with an instrument of assignment or transfer duly executed in blank, to the Tender Agent; and

- (ii) redeliver or cancel all Bonds in accordance with this Section 4.3 and Section 6.9 hereof.

Notwithstanding any provision herein contained to the contrary, any Bond remarketed by the Remarketing Agent which has been called for prior redemption pursuant to Article III hereof shall be redelivered with a copy of the redemption notice and any Bond as to which notice of mandatory tender has been given pursuant to Section 4.2 hereof shall be redelivered with a copy of the notice of mandatory tender.

**Section 4.4. Duties of the Tender Agent.** The Tender Agent agrees that it shall:

- (a) hold all Bonds delivered to it pursuant to Section 4.1 or Section 4.2 hereof in trust solely for the benefit of the respective owners which shall have so delivered such Bonds until moneys representing the purchase price of such Bonds shall have been delivered to or for the account of or to the order of such owners; and

- (b) subject to Section 6.10 hereof, hold all moneys delivered to it pursuant to Sections 4.3 and 6.9 hereof for the purchase of Bonds in the Bond Purchase Fund in trust solely for the benefit of the person which shall have so delivered such moneys until the purchase date; and on and after the purchase date, the Tender Agent shall hold all such moneys in the Bond Purchase Fund in trust solely for the benefit of the respective owners of the Bonds so purchased until the Tender Agent shall have paid the purchase price with respect to such Bonds to such owners; *provided*, that if any moneys remain in the Bond Purchase Fund after the payment in full of the purchase price of all Bonds tendered for purchase pursuant to Section 4.1 or Section 4.2 hereof, such moneys shall be held in trust for the benefit of the Bank and the Borrower, to be applied in accordance with Section 6.9(d) hereof.

**Section 4.5. Duties of the Remarketing Agent.** The Remarketing Agent shall perform the duties set out in Section 4.3 hereof. The Remarketing Agent shall not remarket any Bonds to the Issuer, the Borrower or “insiders” (as that term is defined in the definition of “Available Moneys.” Notwithstanding any other provision herein to the contrary, the Remarketing Agent shall be under no obligation to remarket Bonds if an Event of Default has occurred and is continuing hereunder.

## **ARTICLE V GENERAL COVENANTS**

**Section 5.1. Payment of Principal, Premium, If Any, and Interest.** The Issuer covenants that it will promptly pay or cause to be paid the principal of, premium, if any, and interest on every Bond issued under this Indenture at the place, on the dates and in the manner provided herein and in said Bonds according to the true intent and meaning thereof. The principal of, premium, if any, and interest on the Bonds are payable by the Issuer solely and only from the Revenues, and nothing in the Bonds or this Indenture should be considered as assigning or pledging any other funds or assets of the Issuer, other than such Revenues and the right, title

and interest of the Issuer in and to the Agreement (except as otherwise provided herein) and the Note in the manner and to the extent herein specified.

**Section 5.2. Further Assurances.** Except to the extent otherwise provided in this Indenture, the Issuer shall not enter into any contract or take any action by which the rights of the Trustee or the Bondholders may be impaired and shall, from time to time, execute and deliver such further instruments and take such further action as may be required to carry out the purposes of this Indenture.

**Section 5.3. Compliance with Code.** The Issuer agrees and covenants that it shall at all times do and perform all acts and things necessary or desirable and within its reasonable control in order to ensure that interest paid on the Bonds shall, for the purpose of federal income taxation, continue to be excludable from the gross income of the recipients thereof and from such taxation, except in the event that such recipient is a Substantial User or a Section 147 Related Person and except further with respect to the alternative minimum tax imposed by Section 55 of the Code, the environmental tax imposed by Section 59A of the Code and the branch profits tax imposed by Section 884 of the Code.

This Indenture shall constitute a security agreement for purposes of the Illinois Uniform Commercial Code. The Trustee shall, at the Borrower's expense, cause financing statements relating to the security interest granted to the Trustee pursuant to the granting clauses of this Indenture to be filed, in such manner and at such places as may be required by law fully to protect the security of the owners of the Bonds and the right, title and interest of the Trustee in and to the Trust Estate or any part thereof. The Issuer shall execute or cause to be executed, at the Trustee's request, any and all further instruments as may be required by law or as shall reasonably be requested by the Trustee for such protection of the interests and of every additional instrument that shall be necessary to preserve the lien of this Indenture upon the trust estate or any part thereof until the principal of and interest on the Bonds issued hereunder shall have been paid. The Trustee shall execute or join in the execution of any such further or additional instrument and file or join in the filing thereof at such time or times and in such place or places as it may be advised by an opinion of Counsel will preserve the lien of this Indenture upon the Trust Estate or any part thereof until the Bonds shall have been paid.

**Section 5.4. Performance of Covenants.** The Issuer covenants that it will faithfully perform on its part at all times any and all covenants, undertakings, stipulations and provisions contained in this Indenture, in any and every Bond executed, authenticated and delivered hereunder and in all of its proceedings pertaining thereto; *provided, however*, that except for the matters set forth in Section 5.1 hereof, the Issuer shall not be obligated to take any action or execute any instrument pursuant to any provision hereof until it shall have been requested to do so by the Borrower or by the Trustee, or shall have received the instrument to be executed. The Issuer covenants that it is duly authorized under the Constitution and the laws of the State, to issue the Bonds authorized hereby and to execute this Indenture, to grant the security interest herein provided, to assign and pledge the Agreement and the Note (except as otherwise provided herein) and to assign and pledge the amounts hereby assigned and pledged in the manner and to the extent herein set forth; that all action on its part for the issuance of the Bonds and the execution and delivery of this Indenture has been duly and effectively taken, and that the

Bonds in the hands of the owners thereof are and will be valid and enforceable obligations of the Issuer according to the terms thereof and hereof. Anything contained in this Indenture to the contrary notwithstanding, it is hereby understood that none of the covenants of the Issuer contained in this Indenture are intended to create a general obligation of the Issuer.

**Section 5.5. Right to Payments under Agreement; Instruments of Further Assurance.** The Issuer covenants that it will defend its right to the payment of amounts due from the Borrower under the Agreement and the Note to the Trustee for the benefit of owners from time to time of the Bonds and for the benefit of the Bank against the claims and demands of all persons whomsoever; *provided, however*, that the Issuer may require that a satisfactory indemnity bond or cash deposit be furnished by the owners of the Bonds or the Bank, as appropriate, for the reimbursement of all expenses to which it may be put and to protect it against all liability in connection herewith. The Issuer covenants that it will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such indentures supplemental hereto and such further acts, instruments and transfers as the Trustee or the Bank may reasonably require for the better assuring, transferring, conveying, pledging, assigning and confirming unto the Trustee all and singular the rights assigned hereby and the amounts assigned and pledged hereby to the payment of the principal of, premium, if any, and interest on the Bonds. The Issuer covenants and agrees that, except as herein and in the Agreement and the Note provided, it will not sell, convey, mortgage, encumber or otherwise dispose of any part of the Revenues or its rights under the Agreement.

**Section 5.6. Inspection of Books.** To the extent allowed by law, the Issuer and the Trustee covenant and agree that all books and documents in their possession relating to the Project and the Revenues shall at all times be open to inspection by the other or by the Bank or the Borrower and such accountants or other agencies as the Bank or one of the other parties may from time to time designate.

**Section 5.7. List of Bondholders.** The Bond Registrar will keep on file a list of names and addresses of all Registered Owners of the Bonds on the registration books of the Issuer maintained by the Bond Registrar, together with the principal amount and numbers of such Bonds. At reasonable times and under reasonable regulations established by the Bond Registrar, said list may be inspected and copied by the Trustee, by the Borrower, by the Bank, by the Remarketing Agent or by the owners (or a designated representative thereof) of fifteen percent (15%) or more in aggregate principal amount of Bonds then outstanding, such ownership and the authority of such designated representative to be evidenced to the satisfaction of the Trustee, or by any other person mandated by law.

**Section 5.8. Rights under Agreement.** The Agreement, a duly executed counterpart of which has been filed with the Trustee, sets forth the covenants and obligations of the Issuer and the Borrower, and reference is hereby made to the same for a detailed statement of said covenants and obligations of the Borrower thereunder, and the Issuer agrees that the Trustee in its name or in the name of the Issuer may enforce all rights of the Issuer (except those rights reserved by the Issuer hereunder) and all obligations of the Borrower under and pursuant to the Agreement for and on behalf of the Registered Owners, whether or not the Issuer is in default hereunder.

**Section 5.9. Prohibited Activities.** Subject to the limitations on its liability as stated herein, the Issuer covenants and agrees that it has not knowingly engaged, and will not knowingly engage, in any activities and that it has not knowingly taken, and will not knowingly take, any action which might result in any interest on the Bonds becoming includable in the gross income of the owners thereof for purposes of federal income taxation.

## **ARTICLE VI REVENUES AND FUNDS**

**Section 6.1. Source of Payment of the Bonds; Issuance Cost Fund.** The Bonds herein authorized and all payments to be made by the Issuer hereunder, are not general obligations of the Issuer, but are special, limited obligations payable solely and only from the Revenues and as authorized by the Bond Ordinance and provided in the Agreement and in this Indenture.

The Revenues are to be remitted directly to the Trustee for the account of the Issuer and deposited in the Bond Fund (hereinafter created). The entire amount of said Revenues is hereby assigned and pledged to the payment of the principal of and interest and premium, if any, on the Bonds (and as otherwise provided in this Indenture).

There is hereby created a separate fund to be named the "*Issuance Cost Fund*" to be held by the Trustee. Amounts in the Issuance Cost Fund shall be disbursed for Issuance Costs upon receipt of a certificate from the Borrower requesting such disbursement and certifying that the entire amount requested for disbursement will be used for the payment of Issuance Costs and that, upon payment of the amount requested, a total amount not in excess of two percent (2%) of the face amount of the Bonds will have been disbursed under the Indenture for the payment of Issuance Costs. Amounts, if any, remaining in the Issuance Cost Fund shall, upon receipt from the Borrower of a certificate certifying that no further amounts are required to be disbursed for Issuance Costs, be transferred to the Acquisition and Construction Fund and the Issuance Cost Fund shall be closed. No amount in any other fund or account created by this Indenture shall be expended for Issuance Costs.

An amount determined on the date of delivery of the Bonds of the proceeds of the initial sale of the Bonds shall be deposited in the Issuance Cost Fund, but in no case shall exceed 2% of the face amount of the Bonds.

**Section 6.2. Creation of Bond Fund.** There is hereby created by the Issuer and ordered established with the Trustee a Bond Fund to be designated the City of Chicago, Bond Fund (Churchview Manor Senior Apartments)," which is pledged and shall be used to pay the principal of, premium, if any, and interest on the Bonds. Within the Bond Fund there is hereby ordered established an account to be designated "*Bond Fund – Letter of Credit Account.*"

**Section 6.3. Payments into Bond Fund.** There shall be deposited in the Bond Fund, as and when received: (a) any amount in the Acquisition and Construction Fund directed to be paid into the Bond Fund under Section 6.7 and Article VII hereof; (b) all Revenues; and (c) all other moneys received by the Trustee under and pursuant to any of the provisions of the

Agreement or the Letter of Credit which are required or which are accompanied by directions that such moneys are to be paid into the Bond Fund or the Bond Fund - Letter of Credit Account, as the case may be.

**Section 6.4. Use of Moneys in Bond Fund; Draws on Letter of Credit.**

Except as provided in Sections 6.12 and 10.2 hereof, moneys in the Bond Fund shall be used solely for the payment of the principal of and premium, if any, on the Bonds at maturity or upon acceleration and for the redemption of the Bonds prior to maturity, and for the payment of the interest on the Bonds when due and for the payment of the obligations of the Borrower under the Reimbursement Agreement, but shall not be used to pay the purchase price of any Bond tendered to the Tender Agent for purchase pursuant to Section 4.1 or Section 4.2 hereof.

The Issuer hereby authorizes and directs the Trustee to withdraw, from time to time, sufficient moneys from the Bond Fund to pay or cause to be paid the principal of, premium, if any, and interest on the Bonds as the same become due and payable, which authorization and direction the Trustee hereby accepts. Funds for such payments of the principal of and premium, if any, and interest on such Bonds shall be derived from the following sources in the order of priority indicated:

- (a) if the Letter of Credit is then in effect, all moneys derived by the Trustee from a draw under the Letter of Credit for principal of, premium, if any, and interest on the Bonds, *provided* that in no event shall such moneys be used to pay the principal of, premium, if any, and interest on Purchased Bonds or Borrower Bonds;
- (b) moneys transferred from the Acquisition and Construction Fund to the Bond Fund pursuant to Section 3.4 of the Agreement, *provided* such moneys constitute Available Moneys, to pay principal of the Bonds at maturity or upon redemption prior to maturity;
- (c) Available Moneys held by the Trustee pursuant to Article VIII hereof, such moneys to be applied only to the payment or the redemption of Bonds which are deemed to be paid in accordance with Article VIII hereof;
- (d) payments made by the Borrower pursuant to the Note and Article VII of the Agreement, such moneys to be applied only to the redemption of Bonds, *provided* that such amounts constitute Available Moneys;
- (e) all payments made by the Borrower pursuant to the Note and Section 4.2(a) of the Agreement, and amounts derived from the investment of such amounts; and
- (f) all other amounts received by the Trustee under and pursuant to the Agreement, the Note or from any other source when required or accompanied by directions by the Borrower that such amounts are to be paid into the Bond Fund, and amounts derived from the investment of such amounts.



If the Letter of Credit is then in effect, on the Business Day immediately preceding the date on which any principal and/or interest shall become due on the Bonds, whether upon any Interest Payment Date, at maturity, upon the date fixed for redemption or upon maturity by declaration of acceleration of the Bonds, the Trustee shall, without making any prior claim or demand upon the Borrower, draw under and in accordance with the Letter of Credit so as to receive moneys thereunder in an amount which shall be equal to the amount of principal and interest coming due on the Bonds on the date such payment is due; *provided*, that such draw upon a declaration of acceleration shall be as soon as possible and in no event later than three (3) Business Days after such declaration of acceleration; and provided further, that the Trustee shall not draw under the Letter of Credit to pay the principal of and/or interest on any Bonds held by the Tender Agent pursuant to Section 6.9 hereof or any Borrower Bonds. Any such moneys drawn under the Letter of Credit shall be deposited and held in the Bond Fund - Letter of Credit Account which shall be a separate, segregated account in the Bond Fund, and shall not be commingled with other moneys in the Bond Fund. If for any reason funds are not available under the Letter of Credit for payment of principal and/or interest due on the Bonds on any such date, the Trustee shall immediately request from the Borrower funds sufficient to make all such payments of principal and/or interest on the Bonds pursuant to the Note and Section 4.2(a) of the Agreement by directing that the Borrower deposit such funds with the Trustee at its principal corporate trust office.

If the Letter of Credit is then in effect, all payments by the Borrower under Section 4.2(a) of the Agreement and deposited into the Bond Fund pursuant to clause (e) above and any amounts referenced in clause (b) above shall be paid by the Trustee to the Bank and applied against the Borrower's obligation to reimburse the Bank for draws under the Letter of Credit under the Reimbursement Agreement.

Immediately following any draw under the Letter of Credit, the Trustee shall give notice by facsimile or telephone, promptly confirmed in writing, to the Borrower specifying or confirming the amount so drawn on the Letter of Credit.

**Section 6.5. Custody of Bond Fund.** The Bond Fund shall be in the custody of the Trustee but in the name of the Issuer, and the Issuer hereby authorizes and directs the Trustee to withdraw sufficient funds from the Bond Fund and transfer same to the Paying Agent to pay or cause to be paid the principal of, premium, if any, and interest on the Bonds as the same become due and payable, which authorization and direction the Trustee hereby accepts.

**Section 6.6. Creation of Acquisition and Construction Fund.** There is hereby created and established with the Trustee a trust fund in the name of the Issuer to be designated the "City of Chicago Acquisition and Construction Fund (Churchview Manor Senior Apartments)," which shall be expended in accordance with the provisions of Sections 3.3 and 3.4 of the Agreement and Section 6.7 hereof.

**Section 6.7. Payments into Acquisition and Construction Fund; Disbursements.** After the deposit in the Issuance Cost Fund pursuant to Section 6.1, the net proceeds of the Bonds as well as any investment earnings from the Issuance Cost Fund in excess of the 2% limitation, shall be deposited in the Acquisition and Construction Fund, as provided in

Section 2.2 hereof. All moneys in the Acquisition and Construction Fund shall be expended on written requisitions signed by an Authorized Borrower's Representative, as defined in the Agreement, and approved in writing by the Bank, in the form attached as *Exhibit B* hereto in accordance with the provisions of the Agreement, and a copy of any such signed and approved written requisition shall be delivered personally or sent by first class mail, postage prepaid, to the Issuer.

The Trustee shall keep and maintain adequate records pertaining to the Acquisition and Construction Fund and all disbursements therefrom, and after the Project has been completed and a certificate of payment of all costs is or has been filed as provided in Section 3.4 of the Agreement, the Trustee shall file an accounting thereof with the Issuer or the Borrower upon the written request of the Issuer or the Borrower, as the case may be. The completion of the Project and payment or provision made for payment of the full Cost of the Project shall be evidenced by the filing with the Trustee of a certificate required by the provisions of Section 3.4 of the Agreement. Any balance remaining in the Acquisition and Construction Fund on the Completion Date shall be used in accordance with said Section 3.4. If the Borrower should prepay installments in whole pursuant to Section 7.1 or 7.2 of the Agreement, or if an event of default shall occur and be continuing hereunder, any balance then remaining in the Acquisition and Construction Fund shall without further authorization be deposited in the Bond Fund by the Trustee.

**Section 6.8. Creation and Sources of Bond Purchase Fund.** There is hereby created by the Issuer and ordered established with the Tender Agent, as agent of the Trustee, a trust fund to be designated the "City of Chicago Bond Purchase Fund (Churchview Manor Senior Apartments)," which shall be used to pay the purchase price of Bonds tendered or deemed to be tendered for purchase pursuant to Section 4.1 or Section 4.2 of this Indenture. The Tender Agent, as agent of the Trustee, shall hold all moneys on deposit in the Bond Purchase Fund in trust as provided in Section 4.4 hereof. The Trustee hereby appoints the Tender Agent to serve as its agent for such purpose. The Tender Agent shall notify the Trustee by 11:15 a.m. New York time on the purchase date, confirmed in writing, of the amount of funds received described in clause (i) below, with respect to such purchase date, and the amount of any deficiency in the amount of funds available to pay the purchase price.

There shall be paid into the Bond Purchase Fund, as and when received:

- (i) the proceeds of the remarketing of Bonds by the Remarketing Agent pursuant to Section 4.3 of this Indenture (which proceeds shall at all times prior to their transfer from the Bond Purchase Fund be held by the Tender Agent in a separate and segregated account in the Bond Purchase Fund separate and apart from all other moneys in the Bond Purchase Fund);
- (ii) all moneys drawn by the Trustee, or the Tender Agent as agent of the Trustee, under the Letter of Credit for the purpose of paying such purchase price (all of which moneys shall at all times prior to their transfer from the Bond Purchase Fund be held by the Tender Agent, as agent of the Trustee,

in a separate and segregated account in the Bond Purchase Fund separate and apart from all other moneys in the Bond Purchase Fund);

- (iii) all payments made directly by the Borrower pursuant to Section 4.2(e) of the Agreement (each of which payments shall at all times prior to their transfer from the Bond Purchase Fund be held by the Tender Agent in a separate and segregated account in the Bond Purchase Fund separate and apart from all other moneys in the Bond Purchase Fund); and
- (iv) all other moneys received by the Trustee under and pursuant to any of the provisions of this Indenture, the Agreement, the Note, the Letter of Credit or otherwise which are required or which are accompanied by directions that such moneys are to be paid into the Bond Purchase Fund (each of which payments shall at all times prior to their transfer from the Bond Purchase Fund be held by the Tender Agent, as agent of the Trustee, in a separate and segregated account in the Bond Purchase Fund separate and apart from all other moneys in the Bond Purchase Fund).

#### **Section 6.9. Use of Moneys in the Bond Purchase Fund.**

(a) Except as provided in this Section 6.9 or Section 6.12 of this Indenture, moneys in the Bond Purchase Fund shall be used solely for the payment of the purchase price of Bonds tendered or deemed to be tendered for purchase on any purchase date pursuant to Section 4.1 or Section 4.2 of this Indenture and to pay any obligations of the Borrower under the Reimbursement Agreement.

(b) On each purchase date (or, if such purchase date is not a Business Day, on the immediately following Business Day), the Tender Agent shall pay the purchase price of Bonds tendered for purchase from moneys on deposit in the Bond Purchase Fund from funds derived from the following sources in the order of priority indicated:

- (i) proceeds of the remarketing of such Bonds pursuant to Section 4.3 hereof which constitute Available Moneys;
- (ii) if the Letter of Credit is then in effect, moneys derived from a draw under the Letter of Credit to pay the purchase price of Bonds tendered or deemed to be tendered for purchase;
- (iii) any other moneys on deposit in the Bond Purchase Fund that constitute Available Moneys;
- (iv) payments made by the Borrower pursuant to Section 4.2(e) of the Agreement; and
- (v) any other moneys received by the Trustee which are required to be paid into the Bond Purchase Fund or which are accompanied by instructions that such moneys be paid into the Bond Purchase Fund.

Bonds (or portions thereof in authorized denominations) purchased with moneys described in clause (ii) above ("**Purchased Bonds**") shall be registered in the name of the Borrower, shall be held by the Tender Agent in trust for the account of the Borrower, and shall not be transferred or exchanged by the Tender Agent until (A) the Tender Agent has received from the Bank notice in writing, by telecopy or tested telex, that the Borrower has reimbursed the Bank for the drawing or portion of the drawing made under the Letter of Credit to pay the purchase price of such Bonds, pursuant to the Reimbursement Agreement, and that the Letter of Credit has been reinstated in the amount of the aggregate principal amount of such Bonds and the amount originally drawn under the Letter of Credit to pay the portion of the purchase price equal to the accrued interest, if any, on such Bonds, or (B) the Remarketing Agent shall have given the Tender Agent notice by telephone, promptly confirmed in writing, that such Bonds have been remarketed by the Remarketing Agent, and the Tender Agent shall have moneys in an amount sufficient to reimburse the Bank for the drawing or portion of the drawing made under the Letter of Credit to pay the purchase price of such Bonds, which moneys are on deposit in the Bond Purchase Fund, and the Bank has given the Tender Agent notice in writing, by telecopy or tested telex, that the Letter of Credit has been reinstated in the amount of the aggregate principal amount of such Bonds and the amount originally drawn under the Letter of Credit to pay the portion of the purchase price equal to the accrued interest, if any, on such Bonds; and in either event, the Tender Agent may then release such Bonds, and register the transfer of such Bonds at the direction of the Borrower in the event of (A) above or in the names of the new Registered Owners thereof as shall be provided by the Remarketing Agent by telephone or facsimile, promptly confirmed in writing, in the manner set forth in Section 4.3 hereof, in the event of (B) above. Bonds (or portions thereof in authorized denominations) purchased with moneys described in clause (iii) above shall, at the direction of the Borrower, be held by the Tender Agent for the account of the Borrower and registered in the name of the Borrower or be cancelled.

(c) If the Letter of Credit is in effect on a purchase date (or, if such day is not a Business Day, on the immediately following Business Day), and the funds available under clause (i) of subsection (b) above for the payment of the purchase price of the Bonds to be purchased pursuant to Section 4.1 or Section 4.2 of this Indenture on such purchase date are not sufficient to pay the purchase price of such Bonds in full at or before 11:15 A.M., New York time, on such purchase date, the Trustee shall, without making any prior demand or claim upon the Borrower, make a drawing under the Letter of Credit before 12:00 Noon, New York time, and the Bank shall make payment under the Letter of Credit to the Tender Agent at or before 2:00 P.M., New York time, in immediately available funds which funds will be wired directly from the Bank to the Tender Agent, in an amount which will be sufficient, together with the funds available under such clause (i) of subsection (b) above, to pay the purchase price of such Bonds on such purchase date (or the immediately following Business Day if such purchase date is not a Business Day). If for any reason funds are not available under the Letter of Credit for payment of the purchase price of such Bonds on such purchase date (or the immediately following Business Day if such purchase date is not a Business Day), the Trustee shall immediately request from the Borrower funds sufficient to pay the purchase price of such Bonds pursuant to Section 4.2(e) of the Agreement by directing that the Borrower deposit such funds with the Tender Agent at its principal corporate trust office.

(d) Notwithstanding any other provision of this Indenture to the contrary, in the event that (i) the Remarketing Agent shall remarket any Bonds tendered for purchase pursuant to Section 4.1 or Section 4.2 hereof and the proceeds of such remarketing are received by the Tender Agent after the Trustee has made a drawing under the Letter of Credit to pay the purchase price of such remarketed Bonds, pursuant to subsection (c) above, or (ii) the Remarketing Agent shall subsequently remarket any Bonds held by the Tender Agent for the account of the Borrower and registered in the name of the Borrower, the purchase price of which Bonds were paid by the Tender Agent as a result of a drawing under the Letter of Credit, pursuant to subsection (b) above, then all proceeds of any such remarketing which necessitated a drawing under the Letter of Credit (or which would otherwise be payable to the Borrower as the Registered Owner of the Bonds) shall be paid by the Tender Agent to the Bank to satisfy the obligations of the Borrower under the Reimbursement Agreement, relating to such drawing under the Letter of Credit. The Trustee and the Tender Agent shall immediately notify the Bank by telecopy or telephone, promptly confirmed in writing, that such proceeds are on deposit in the Bond Purchase Fund, and the Bank shall certify to the Trustee the amount of the obligation of the Borrower under the Reimbursement Agreement relating to such drawing under the Letter of Credit. When such obligations of the Borrower to the Bank under the Reimbursement Agreement have been satisfied, then all such moneys remaining in the Bond Purchase Fund shall be paid to the Borrower.

**Section 6.10. Non-Presentment of Bonds.** In the event any Bond shall not be presented for payment when the principal thereof becomes due, either at maturity or otherwise, or at the date fixed for redemption thereof, or on the date set for purchase of such Bond pursuant to Section 4.1 or Section 4.2 hereof, then if funds sufficient to pay or purchase such Bond shall have been made available to the Tender Agent, all liability of the Issuer for the payment of such Bond and all liability of the Borrower for the purchase of such Bond shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Tender Agent to hold such fund or funds, without liability of interest thereon, for the benefit of the owner of such Bond or the owner of such Unsurrendered Bond, as the case may be, who shall thereafter be restricted exclusively to such fund or funds, for any claim of whatever nature on his part under this Indenture or on, or with respect to, said Bond. Subject to applicable law, any moneys so deposited with and held by the Tender Agent for the benefit of such persons, if any, for five (5) years after the date upon which such moneys were so deposited, shall be paid to the Borrower or to the Bank as provided in Section 6.12 hereof, on written request of the Borrower or the Bank, as the case may be, and thereafter such persons shall look only to the Borrower for the purpose of payment from such moneys and the Tender Agent shall have no further liability with respect to such moneys.

**Section 6.11. Moneys to Be Held in Trust.** All moneys required to be deposited with or paid to the Trustee for the account of the Bond Fund, the Issuance Cost Fund and the Acquisition and Construction Fund and moneys deposited with or paid to the Tender Agent for the account of the Bond Purchase Fund under any provision of this Indenture shall be held by the Trustee and the Tender Agent in trust, and except for moneys deposited with or paid to the Trustee for the redemption of Bonds, notice of the redemption of which has been duly given, and except for moneys deposited with or paid to the Trustee for the payment of interest on specific Bonds, and except for moneys held in trust in the Bond Purchase Fund, and except for

moneys which have been deposited with the Trustee pursuant to Article VIII hereof, while held by the Trustee and Tender Agent constitute part of the Trust Estate and be subject to the lien or security interest created hereby.

**Section 6.12. Repayment to the Borrower and the Bank from Bond Fund and Bond Purchase Fund.** Except as otherwise provided in Section 6.9(d) hereof, any amounts remaining in the Bond Fund, the Bond Purchase Fund or any other fund or account established pursuant to this Indenture after payment in full of the Bonds (or provision therefor having been made in accordance herewith), other than Bonds held by the Tender Agent pursuant to Section 6.9(b) hereof, the purchase price of all Bonds tendered or deemed to be tendered to the Tender Agent for purchase pursuant to Section 4.1 or Section 4.2 hereof, the payment of the fees, charges and expenses of the Trustee, the Bond Registrar and all other amounts required to be paid hereunder and under the Agreement, the Note and the Letter of Credit, shall be paid to the Borrower or the Bank, as provided in Section 8.5 of the Agreement, and at such time the Note shall be cancelled and delivered to the Borrower.

**Section 6.13. Additional Payments under the Agreement.** Pursuant to Section 4.2(c) of the Agreement the Borrower has agreed to pay as provided therein fees and expenses of the Trustee and the Tender Agent. All such additional payments received by the Trustee shall not be paid into the Bond Fund or the Bond Purchase Fund, but shall be disbursed by the Trustee solely for the purposes for which said additional payments are received. The Trustee hereby agrees to make such disbursements.

## **ARTICLE VII INVESTMENT OF MONEYS**

Any moneys held as part of the Acquisition and Construction Fund, the Issuance Cost Fund or the Bond Fund shall be invested and reinvested by the Trustee at the direction of the Borrower in accordance with the provisions of Section 3.5 of the Agreement. Any moneys derived from a drawing under the Letter of Credit and deposited in the Bond Fund (including any moneys held for the payment of a particular Bond and any income derived from the investment of such moneys), if invested or reinvested, shall be invested or reinvested in Governmental Obligations which mature in not more than thirty (30) days or as needed to make timely payment of principal and interest on the Bonds. The Trustee may make any and all such investments through its own bond department. Any such investments shall be held by or under the control of the Trustee and shall be deemed at all times a part of the fund for which they were made. The interest accruing thereon and any profit realized from such investments shall be credited to such fund, and any net loss resulting from such investments shall be charged to such fund. Notwithstanding the foregoing, interest accruing thereon and profits realized from investments in the Acquisition and Construction Fund shall be initially credited to such fund and then transferred to the Bond Fund pursuant to Section 6.3 hereof. The Trustee, at the direction of the Borrower, shall sell and reduce to cash a sufficient amount of such investments of the Acquisition and Construction Fund, the Issuance Cost Fund, as specified in such direction, whenever the cash balance in the Acquisition and Construction Fund, the Issuance Cost Fund is insufficient to pay a requisition when presented. The Trustee shall sell and reduce to cash a sufficient amount of such investments of the Bond Fund whenever the cash balance in the Bond

Fund is insufficient to pay the principal of, premium, if any, and interest on the Bonds when due; provided, that the Trustee shall first sell and reduce to cash those investments of the Bond Fund which mature earliest.

Any moneys held as part of the Bond Purchase Fund shall not be invested or reinvested by the Tender Agent.

## **ARTICLE VIII DISCHARGE OF LIEN**

If the Issuer shall pay or cause to be paid, or there shall be otherwise paid or provision for payment made to or for the owners from time to time of the Bonds, the principal, premium, if any, and interest due or to become due thereon on the dates and in the manner stipulated therein, and shall pay or cause to be paid to the Trustee all sums of money due or to become due according to the provisions hereof, and the Borrower shall pay or cause to be paid all obligations of the Borrower to reimburse the Bank for drawings under the Reimbursement Agreement (other than any reimbursement for drawings under the Letter of Credit to pay the purchase price of Bonds tendered or deemed to be tendered for purchase pursuant to Section 4.1 or Section 4.2 hereof which reimbursement is not then due and payable under the Reimbursement Agreement) and other amounts due and payable to the Bank under the Reimbursement Agreement and the Borrower shall pay or cause to be paid all obligations of the Borrower to the Issuer, then these presents and the estate and rights hereby granted shall cease, determine and be void, whereupon the lien of this Indenture shall be canceled and except for amounts in the Bond Fund or the Bond Purchase Fund required to be paid to the Bank under Section 6.12 hereof, all amounts held hereunder shall be paid to the Borrower. Upon such discharge, the Trustee shall cancel the Note and return it to the Borrower and shall cancel the Letter of Credit and return it to the Bank.

On or after the Conversion Date, any Bond shall be deemed to be paid within the meaning of this Article VIII when payment of the principal of and premium, if any, on such Bond, plus interest thereon to the due date thereof (whether such due date be by reason of maturity or upon redemption prior to maturity as provided in this Indenture or upon payment of the purchase price on a purchase date, or otherwise), either (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided by irrevocably depositing with the Trustee, in trust and irrevocably setting aside exclusively for such payment, (1) Available Moneys sufficient to make such payment or (2) Governmental Obligations purchased with Available Moneys (provided that in the opinion of Bond Counsel such deposit will not adversely affect the exclusion from gross income for purposes of federal income taxation of interest on the Bonds or cause any of the Bonds to be classified as "*arbitrage bonds*" within the meaning of Section 148 of the Code) maturing as to principal and interest in such amounts and on such dates as will provide sufficient moneys without reinvestment to make such payment, and all necessary and proper fees, compensation and expenses of the Trustee pertaining to the Bonds with respect to which such deposit is made and all other liabilities of the Borrower under the Agreement shall have been paid or the payment thereof provided for to the satisfaction of the Trustee. There shall be no defeasance during the Variable Rate Period and no defeasance shall be effective during the Fixed Rate Period until the Trustee shall receive prior written evidence

from each Rating Agency that such deposit referred to in the prior sentence will not cause a reduction or withdrawal of the then current rating on the Bonds. At such time as a Bond shall be deemed to be paid hereunder, as aforesaid, it shall no longer be secured by or entitled to the benefits of this Indenture, except for the purposes set forth in Sections 2.7 and 2.8 hereof and any such payment from such moneys or Governmental Obligations on the date or dates specified at the time of such deposit.

Notwithstanding the foregoing, in the case of Bonds which by their terms may be redeemed prior to the stated maturities thereof, no deposit under clause (ii) of the immediately preceding paragraph shall be deemed a payment of such Bonds as aforesaid until the Borrower, on behalf of the Issuer, shall have given the Trustee, in form satisfactory to the Trustee, irrevocable instructions:

- (a) stating the date when the principal (and premium, if any) of each such Bond is to be paid, whether at maturity or on a redemption date (which may be any redemption date permitted by this Indenture);

- (b) to direct the Bond Registrar to call for redemption pursuant to this Indenture any Bonds to be redeemed prior to maturity pursuant to (a) hereof; and

- (c) to direct the Bond Registrar to mail, as soon as practicable, in the manner prescribed by Article III hereof, a notice to the owners of such Bonds that the deposit required by (ii) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with this Article VIII and stating the maturity or redemption date upon which moneys are to be available for the payment of the principal or redemption price, if applicable, on said Bonds as specified in (a) hereof.

Any moneys so deposited with the Trustee as provided in this Article VIII may at the written direction of the Borrower also be invested and reinvested in Governmental Obligations, maturing in the amounts and on the dates as hereinbefore set forth, and all income from all Governmental Obligations in the hands of the Trustee pursuant to this Article VIII which is not required for the payment of the Bonds and interest and premium, if any, thereon with respect to which such moneys are deposited, shall be deposited in the Bond Fund as and when collected for use and application as are other moneys deposited in that fund.

Anything in Article XI hereof to the contrary notwithstanding, if moneys or Governmental Obligations have been deposited or set aside with the Trustee pursuant to this Article VIII for the payment of the principal of, premium, if any, and interest on the Bonds and the principal of, premium, if any, and interest on such Bonds shall not have in fact been actually paid in full, no amendment to the provisions of this Article VIII shall be made without the consent of the owner of each of the Bonds affected thereby.

Notwithstanding the release and discharge of the lien of this Indenture as provided above, those provisions of this Indenture relating to the maturity of the Bonds, interest payments and dates thereof, redemption provisions, tender and purchase provisions, exchange and transfer of Bonds, replacement of mutilated, destroyed, lost, stolen or Unsurrendered Bonds, the



safekeeping and cancellation of Bonds, nonpresentment of Bonds, the holding of moneys in trust, redemption of Bonds and the duties of the Trustee, the Bond Registrar, the Tender Agent, the Paying Agent and the Remarketing Agent in connection with all of the foregoing, remain in effect and shall be binding upon the Trustee and the owners of the Bonds.

## **ARTICLE IX**

### **DEFAULT PROVISIONS AND REMEDIES OF TRUSTEE AND BONDHOLDERS**

**Section 9.1. Defaults; Events of Default.** If any of the following events occur, it is hereby declared to constitute an “*Event of Default*” hereunder:

- (a) Failure to pay interest on any Bond when such interest shall have become due and payable;
- (b) Failure to pay the principal of, or premium, if any, on any Bond, when due, whether at the stated maturity thereof or upon proceedings for redemption thereof;
- (c) Failure to pay when due the purchase price of any Bond tendered or deemed to be tendered to the Tender Agent for purchase pursuant to Section 4.1 or Section 4.2 hereof when due;
- (d) Receipt by the Trustee, not later than the last day provided for in the Letter of Credit on which the Bank can give notice preventing a reinstatement of the Letter of Credit following a drawing under the Letter of Credit to pay regularly scheduled interest on the Bonds, of written notice by the Bank that the Borrower has not reimbursed the Bank for such drawing or of the occurrence of an “*Event of Default*” under the Reimbursement Agreement, and, that as a consequence of either of the above, the Bank will not reinstate the Letter of Credit with respect to such drawing;
- (e) Receipt by the Trustee of written notice from the Bank of the occurrence of an “*Event of Default*” under the Reimbursement Agreement and requesting the Trustee to accelerate the Bonds;
- (f) Failure to perform or observe any other of the covenants, agreements or conditions on the part of the Issuer in this Indenture or in the Bonds contained and failure to remedy the same after notice thereof pursuant to Section 9.12 hereof; or
- (g) The occurrence of an “*Event of Default*” under the Agreement.

**Section 9.2. Acceleration.** Upon (i) the occurrence of an Event of Default under Section 9.1(d) or Section 9.1(e), the Trustee shall, or (ii) the occurrence of any other Event of Default hereunder the Trustee may, and upon the written request of the owners of not less than a majority in aggregate principal amount of Bonds then Outstanding shall, declare the principal of all Bonds then Outstanding and the interest accrued thereon to the date of such declaration immediately due and payable (and interest on the Bonds shall cease to accrue from and after the date of declaration of acceleration), and such principal, interest, and any premium the Issuer shall have become obligated to pay prior to such date, if any, shall thereupon become and be

immediately due and payable; *provided, however*, that so long as a Letter of Credit is in effect and the Bank has not failed to honor a properly presented and conforming drawing thereunder, no acceleration shall be declared under subsection (ii) of this Section 9.2 by reason of a default under Sections 9.1(a), (b), (c), (f) or (g) hereof without the prior written consent of the Bank. Upon any declaration of acceleration hereunder the Trustee shall immediately declare an amount equal to all amounts then due and payable on the Bonds to be immediately due and payable under Section 4.2(a) of the Agreement and under the Note in accordance with Section 6.2(a) of the Agreement, and, if the Letter of Credit is then in effect, the Trustee shall as soon as possible and in no event later than three (3) Business Days after such declaration, draw under the Letter of Credit to the fullest extent permitted by the terms thereof to pay the principal of, and accrued interest on, the Bonds and shall fix the date upon which funds shall be applied as provided in Section 9.7 hereof. As soon as practicable upon any such declaration of acceleration, the Trustee shall give written notice thereof to the Issuer, the Borrower, the Tender Agent and the Remarketing Agent; *provided*, that failure to give such notice shall not affect the validity or effectiveness of such declaration.

**Section 9.3. Other Remedies; Rights of Bondholders.** Upon the occurrence of an Event of Default hereunder the Trustee may, in addition or as an alternative to the remedy provided for in Section 9.2 hereof, pursue any available remedy by suit at law or in equity to enforce the payment of the principal of, premium, if any, and interest on the Bonds then Outstanding. If an Event of Default shall have occurred, and if requested so to do by the owners of a majority in aggregate principal amount of Bonds then Outstanding and indemnified as provided in Section 10.1(l) hereof, the Trustee shall and in its own name:

- (a) By mandamus, other suit, action or proceeding at law or in equity, enforce all rights of the Bondholders, including the right to require the Issuer to collect the amounts payable under the Agreement and the Note and to require the Issuer to carry out any other provisions of this Indenture for the benefit of the Bondholders and to perform its duties under the Bond Ordinance;
- (b) Pursue any and all remedies available to it under the Agreement;
- (c) Bring suit upon the Bonds; and
- (d) By action or suit in equity enjoin any acts or things that may be unlawful or in violation of the rights of the Bondholders.

No remedy by the terms of this Indenture conferred upon or reserved to the Trustee or the Issuer (or to the Registered Owners) is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee or the Issuer or to the Registered Owners hereunder or now or hereafter existing at law or in equity.

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

waiver of any such default or Event or Default or acquiescence therein; and such right and power may be exercised from time to time as often as may be deemed expedient.

No waiver of any default or event of default hereunder, whether by the Trustee or by the Registered Owners, shall extend to or shall affect any subsequent default or Event or Default or shall impair any rights or remedies consequent thereon.

**Section 9.4. Right of Bank and Bondholders to Direct Proceedings.** Subject to the provisions of Section 10.1(l) hereof, anything in this Indenture to the contrary notwithstanding, the Bank or the owners of a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Indenture, or for the appointment of a receiver or any other proceedings hereunder; *provided*, that such direction shall not be otherwise than in accordance with the provisions of law and of this Indenture and shall not result in the personal liability of the Trustee; and *provided further*, that the Bank shall have no such right to direct proceedings relating to remedies against the Bank, including any drawing under the Letter of Credit. In the event of conflict between the directions of the Bank and those of the Registered Owners with respect to an Event of Default, the directions of the Bank shall prevail so long as the Bank has not failed to honor a properly presented and conforming drawing under the Letter of Credit. The Trustee may take any other action under this Indenture which is not inconsistent with such direction.

**Section 9.5. Appointment of Receivers.** Upon the occurrence of an Event of Default hereunder and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Registered Owners under this Indenture, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Trust Estate and of the revenues, earnings, income, products and profits thereof, pending such proceedings, with such powers as the court making such appointment shall confer.

**Section 9.6. Waiver.** Upon the occurrence of an Event of Default hereunder, to the extent that such rights may then lawfully be waived, neither the Issuer, nor anyone claiming through or under the Issuer, shall set up, claim, or seek to take advantage of any appraisal, valuation, stay, extension or redemption laws now or hereafter in force, in order to prevent or hinder the enforcement of this Indenture, and the Issuer, for itself and all who may claim through or under it, hereby waives, to the extent that it lawfully may do so, the benefit of all such laws.

**Section 9.7. Application of Moneys.** All moneys (other than moneys derived from a drawing under the Letter of Credit or moneys on deposit in the Bond Purchase Fund) received by the Trustee pursuant to any right given or action taken under the provisions of this Article IX or pursuant to Section 6.9 hereof shall, after payment to the Trustee and the Bond Registrar of all amounts due and payable pursuant to Section 10.2 hereof and after payment of all expenses of the Trustee incurred in connection with litigation against the Bank resulting from the Bank's failure to honor a properly presented drawing under the Letter of Credit, be deposited in the Bond Fund; all moneys derived from a drawing under the Letter of Credit to pay principal of and interest on the Bonds shall be deposited in the Bond Fund - Letter of Credit Account, a

separate, segregated account in the Bond Fund; and all moneys in the Bond Fund (other than moneys held for the payment of a particular Bond) during the continuation of an Event of Default hereunder shall be applied in the order of priority set forth in Section 6.4 hereof, as follows:

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

FIRST – To the payment to the persons entitled thereto of all interest then due on the Bonds (other than Borrower Bonds), and, if the amount available shall not be sufficient to pay said amount in full, then to the payment ratably, according to the amounts due, to the persons entitled thereto, without any discrimination or privilege;

SECOND – To the payment to the persons entitled thereto of the unpaid principal of and premium, if any, on any of the Bonds which shall have become due (other than Bonds matured or called for redemption for the payment of which moneys are held pursuant to the provisions of this Indenture, and other than Borrower Bonds), and, if the amount available shall not be sufficient to pay in full such unpaid principal premium and, then to the payment ratably to the persons entitled thereto without any discrimination or privilege;

THIRD – To the payment of the obligations of the Borrower due and owing to the Bank under the Reimbursement Agreement (other than any reimbursement for drawings under the Letter of Credit to pay the purchase price of Bonds tendered or deemed to be tendered for purchase pursuant to Section 4.1 or Section 4.2 hereof, which reimbursement is not then due and payable under the Reimbursement Agreement); and

FOURTH – To the payment of the principal of, premium, if any, and interest on Borrower Bonds in the same manner as above provided.

(b) If the principal of all the Bonds shall have become due or shall have been declared due and payable, all such moneys shall be applied First, to the payment of the principal and interest then due and unpaid upon the Bonds (other than Borrower Bonds), without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond (other than Borrower Bonds), ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or privilege, Second, to the payment of the obligations of the Borrower due and owing under the Reimbursement Agreement (other than any reimbursement for drawings under the Letter of Credit to pay the purchase price of Bonds tendered or deemed to be tendered for purchase pursuant to Section 4.1 or Section 4.2 thereof, which reimbursement is not due and payable under the Reimbursement Agreement), and Third, to the payment of principal of and interest on Borrower Bonds in the same manner.

(c) If the principal of all of the Bonds shall have been declared due and payable, and if such declarations shall thereafter have been rescinded and annulled under the provisions of this Article IX then, subject to the provisions of Section 9.7(b) hereof in the event that the principal of all of the Bonds shall later become due or be declared due and payable, the moneys shall be applied in accordance with the provisions of Section 9.7(a) hereof.

Subject to the provisions of Section 10.2 hereof, whenever moneys are to be applied pursuant to the provisions of this Section 9.7, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Except as otherwise provided in Section 9.2, whenever the Trustee shall apply such funds, it shall fix the date (which shall be an Interest Payment Date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue; *provided*, that in the event the Trustee shall declare an acceleration and shall draw under the Letter of Credit to pay the principal of and accrued interest on the Bonds, pursuant to Section 6.4 hereof, the Trustee shall fix the date upon which such application is to be made, which date shall be the date of such drawing under the Letter of Credit. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the owner of any Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

**Section 9.8. Remedies Vested in Trustee.** All rights of action (including the right to file proof of claims) under this Indenture, excluding those rights specifically reserved for the Issuer as identified in the Granting Clauses, or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceeding relating thereto and any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any owners of the Bonds, and any recovery of judgment shall be for the equal and ratable benefit of the owners of the outstanding Bonds.

**Section 9.9. Rights and Remedies of Bondholders.** No owner of any Bond shall have any right to institute any suit, action or proceeding at law or in equity for the enforcement of this Indenture, the Agreement or the Note or for the execution of any trust hereof or for the appointment of a receiver or any other remedy hereunder or thereunder, unless a default has also occurred and the Trustee has been notified as provided in Section 10.1(h) hereof, or by said subsection it is deemed to have notice, nor unless such default shall have become an Event of Default hereunder and the owners of a majority in aggregate principal amount of Bonds then Outstanding shall have made written request to the Trustee and shall have offered it reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name, nor unless also they have offered to the Trustee indemnity as provided in Section 10.1(l), nor unless the Trustee shall thereafter fail or refuse to exercise the powers hereinbefore granted, or to institute such action, suit or proceeding in its own name for sixty (60) days after such notification, request, and offer of indemnification;

and such notification, request and offer of indemnity are hereby declared in every case at the option of the Trustee to be conditions precedent to the execution of the powers and trusts of this Indenture, and to any action or cause of action for the enforcement of this Indenture, the Agreement or the Note, or for the appointment of a receiver or for any other remedy hereunder or thereunder; it being understood and intended that not one or more owners of the Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice the lien of this Indenture by its, his or their action or to enforce any right hereunder or thereunder except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the equal and ratable benefit of the owners of all Bonds then Outstanding. Nothing contained in this Indenture, however, shall affect or impair the right of any Registered Owner to enforce the payment of the principal of, premium, if any, and interest on any Bond at and after the maturity thereof, or the obligation of the Issuer to pay the principal of, premium, if any, and interest on each of the Bonds issued hereunder to the respective owners thereof on the date, at the place, from the source and in the manner in the Bonds expressed, or the payment of the purchase price of any Bond which is due and payable, subject to the rights of the Bank as set forth in Section 9.4 hereof.

**Section 9.10. Termination of Proceeding.** In case the Trustee shall have proceeded to enforce any right under this Indenture by the appointment of a receiver or otherwise, and such proceeding shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case the Issuer, the Trustee and the Registered Owners shall be restored to their former positions and rights hereunder respectively with regard to the property subject to this Indenture, and all rights, remedies and powers of the Trustee shall continue as if no such proceeding had been taken.

**Section 9.11. Waivers of Events of Default.** The Trustee may at its discretion waive any Event of Default hereunder and its consequences, other than any Event of Default under Sections 9.1(d) or (e) hereof, the waiver of which shall require the prior written consent of the Bank *provided* that the Bank shall not have failed to honor a properly presented and conforming drawing under the Letter of Credit, and rescind any declaration of acceleration of principal, and shall do so upon the written request of the owners of (1) a majority in aggregate principal amount of all the Bonds then Outstanding in respect of which default in the payment of principal or interest, or both, exists, or in respect of which a default in the payment of the purchase price exists, or (2) a majority in aggregate principal amount of all Bonds then Outstanding in the case of any other default; *provided, however*, that there shall not be waived (a) any default in the payment of the principal of or premium, if any, on any Outstanding Bonds at the date of maturity specified therein or redemption prior to maturity, or (b) any default in the payment when due of the interest on any such Bonds, or (c) any default in the payment when due of the purchase price of any such Bonds tendered or deemed to be tendered for purchase under Section 4.1 or Section 4.2 hereof unless prior to such waiver or rescission, all arrears of principal or interest, or both, with interest, to the extent permitted by law, as in the Bonds provided on overdue installments or all arrears of payments of such purchase price, as the case may be, and all expenses of the Trustee, in connection with such default shall have been paid or provided for; provided, that if the Trustee shall have made a drawing under the Letter of Credit in connection with any such Event of Default to be so waived, no such waiver shall be effective during the Variable Rate Period until the Trustee receives written evidence from the Bank that it has

rescinded its notice of an event of default under the Reimbursement Agreement and that the Letter of Credit shall have been reinstated to an amount equal to the outstanding principal amount of the Bonds plus interest thereon for the sum of (i) forty-five (45) days (or 185 days if the Bonds are then in the Fixed Rate Period), plus (ii) if the interest component of the Letter of Credit does not automatically and immediately reinstate after a drawing to pay interest on the Bonds, the sum of (A) six days, plus (B) the maximum number of calendar days the Bank is allowed pursuant to the provisions of the Letter of Credit to reinstate the Letter of Credit after a drawing thereon for interest on the Bonds, at the Cap Rate; and in case of any such waiver or rescission, or in case any proceeding taken by the Trustee on account of any such default shall have been discontinued or abandoned or determined adversely, then and in every such case the Issuer, the Trustee and the Registered Owners shall be restored to their former positions and rights hereunder, respectively, but no such waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereon; *provided further*, that a waiver of any “*Event of Default*” under the Reimbursement Agreement by the Bank and a rescission and annulment of its consequences by the Bank and (if the Event of Default hereunder is the event described in Section 9.1(d) or Section 9.1(e) hereof), a reinstatement of the Letter of Credit shall, upon written notice, delivered to the Trustee from the Bank of such waiver, rescission, annulment and reinstatement, constitute a waiver of the corresponding Event of Default hereunder and a rescission and annulment of the consequences thereof.

**Section 9.12. Notice of Defaults under Section 9.1(f); Opportunity of the Issuer and the Borrower to Cure Such Defaults.** Anything herein to the contrary notwithstanding, no default under Section 9.1(f) hereof shall constitute an Event of Default hereunder until notice of such default by registered or certified mail, return receipt requested, shall be given to the Issuer, the Borrower, the Bank and the Remarketing Agent by the Trustee or to the Issuer, the Borrower, the Trustee, the Tender Agent, the Bank and the Remarketing Agent by the owners of not less than a majority in aggregate principal amount of all Bonds then Outstanding, which notice shall specify such default, request that said default be remedied and state that such notice is a “*Notice of Default*” hereunder, and the Issuer and the Borrower shall have had ninety (90) days after receipt of such notice to correct said default or cause said default to be corrected, and shall not have corrected said default or caused said default to be corrected within the applicable period.

With regard to any default concerning which notice is given to the Issuer, the Borrower, the Bank and the Remarketing Agent under the provisions of this Section 9.12, the Issuer hereby grants the Borrower full authority for the account of the Issuer to perform any covenant or obligation alleged in said notice to constitute a default, in the name and stead of the Issuer with full power to do any and all lawful things and acts to the same extent that the Issuer could do legally and perform any such things and acts and with power of substitution.

**Section 9.13. Trustee and Bondholders Entitled to All Remedies under Bond Ordinance; Remedies Not Exclusive.** It is the purpose of this Article IX to provide to the Trustee and the Bondholders all rights and remedies as may be lawfully granted under the provisions of the Bond Ordinance; but should any remedy herein granted be held unlawful, the Trustee and the Bondholders shall nevertheless be entitled to every remedy permitted by the Bond Ordinance. It is further intended that, insofar as lawfully possible, the provisions of this

Article IX shall apply to and be binding upon any trustee or receiver appointed under the Bond Ordinance.

No remedy herein conferred is intended to be exclusive of any other remedy or remedies, and each remedy is in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

## **ARTICLE X**

### **TRUSTEE, BOND REGISTRAR, TENDER AGENT AND REMARKETING AGENT**

**Section 10.1. Acceptance of Trusts.** The Trustee and the Bond Registrar hereby accept the respective trusts imposed upon them by this Indenture and agree to perform said trusts and all ministerial duties and obligations of the Issuer under the Agreement and this Indenture, but only upon and subject to the following express terms and conditions:

(a) The Trustee, prior to the occurrence of an Event of Default and after any and all Events of Default which may have occurred hereunder have been cured by the appropriate party, undertakes to perform such duties and only such duties as are specifically set forth in this Indenture. In case an Event of Default has occurred hereunder (which has not been cured or waived) the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

(b) The Trustee and the Bond Registrar may execute any of the trusts or powers hereof and perform any of their respective duties by or through attorneys, agents, receivers or employees, but shall, in the case of attorneys, agents, receivers or employees, not be answerable for the conduct of the same if appointed by the Trustee or the Bond Registrar in good faith and without negligence, and shall be entitled to advice of counsel concerning its duties hereunder and thereunder, and the advice of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder or thereunder in good faith in reliance thereon, and may in all cases pay such reasonable compensation to all such attorneys, agents and receivers as may reasonably be employed in connection with the trusts hereof or thereof.

(c) The Trustee and the Bond Registrar shall not be responsible for any recital herein or in the Bonds (except with respect to the certificate of the Authenticating Agent endorsed on the Bonds and the legend required by Section 2.2 hereof), or for the validity of the execution by the Issuer of this Indenture or any supplemental indentures hereto, or of any instruments of further assurance, or for the sufficiency of the security for the Bonds issued hereunder or intended to be secured hereby. In purchasing Bonds hereunder, the Tender Agent shall be acting as a conduit and shall not be purchasing Bonds for its own account. No provision of this Indenture shall require the Tender Agent to expend or risk its own funds.



(d) The Trustee and the Bond Registrar shall not be accountable for the use of the proceeds of any Bonds authenticated or delivered hereunder. The Trustee or the Bond Registrar may become the owner of Bonds secured hereby with the same rights which it would have if not the Trustee or the Bond Registrar.

(e) The Trustee and the Bond Registrar shall be protected in acting upon any requisition, notice, request, consent, certificate, order, affidavit, letter, telegram or other paper or document believed in good faith to be genuine and correct and to have been signed or sent by the proper person or persons. Any action taken by the Trustee and the Bond Registrar pursuant to this Indenture upon the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the owner of any Bond, shall be conclusive and binding upon such owner and all future owners of the same Bond and upon Bonds issued in exchange therefor or in place thereof or on registration of transfer thereof.

(f) As to the existence or non-existence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Trustee and the Bond Registrar shall be entitled to rely upon a certificate signed by a member or an authorized officer of the Issuer or an Authorized Borrower Representative under the Agreement as sufficient evidence of the facts therein contained and prior to the occurrence of a default of which the Trustee has been notified as provided in Section 10.1(h) hereof, or of which by Section 10.1(h) it is deemed to have notice, shall also be at liberty to accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient, but may at its discretion secure such further evidence deemed by it to be necessary or advisable, but shall in no case be bound to secure the same. The Trustee and the Bond Registrar may accept a certificate of an officer of the Issuer under the seal of the Issuer to the effect that an authorization in the form therein set forth has been adopted by the Issuer as conclusive evidence that such authorization has been duly adopted, and is in full force and effect.

(g) The permissive right of the Trustee and the Bond Registrar to do things enumerated in this Indenture shall not be construed as a duty and neither the Trustee nor the Bond Registrar shall be answerable for other than their negligence or willful misconduct.

(h) The Trustee shall not be required to take notice or be deemed to have notice of any default hereunder except defaults under Section 9.1 (a), (b), or (c) hereof, unless the Trustee shall be specifically notified in writing of such default by the Issuer, the Bank or by the owners of at least a majority in aggregate principal amount of Bonds then Outstanding and all notices or other instruments required by this Indenture to be delivered to the Trustee must, in order to be effective, be delivered at the principal corporate trust office of the Trustee (unless otherwise provided in the Bonds and this Indenture), and in the absence of such notice so delivered the Trustee may conclusively assume there is no default except as aforesaid.

(i) At any and all reasonable times and after reasonable notice has been provided, the Trustee, and its duly authorized agents, attorneys, experts, engineers, accountants and representatives, shall have the right fully to inspect any and all of the property herein conveyed, including all books, papers and records of the Issuer pertaining to the Project and the Bonds.

(j) The Trustee and the Bond Registrar shall not be required to give any bond or surety in respect of the execution of said trusts and powers or otherwise in respect of the premises.

(k) Notwithstanding anything elsewhere in this Indenture and the Agreement with respect to the authentication of any Bonds, the withdrawal of any cash, the release of any property, or any action whatsoever within the purview of this Indenture and the Agreement and the Note, the Trustee or the Bond Registrar shall have the right, but shall not be required, to demand any showings, certificates, opinions, appraisals or other information, or corporate action or evidence thereof, in addition to that by the terms hereof required as a condition of such action, by the Trustee or the Bond Registrar deemed desirable for the purpose of establishing the right of the Issuer to the authentication of any Bonds, the withdrawal of any cash, or the taking of any other action by the Trustee.

(l) Before taking any action hereunder, the Trustee may require that a satisfactory indemnity bond be furnished by such owners for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its failure to comply with the standard of care prescribed by Section 10.1(a) hereof in the case of actions referred to in Sections 9.3, 9.4 and 9.5 hereof, and, in the case of an action referred to in Section 10.4 hereof, liability which is adjudicated to have resulted from its negligence or willful misconduct. Notwithstanding anything contained herein to the contrary, the Trustee is required to draw on the Letter of Credit pursuant to its terms and without indemnification from any party.

**Section 10.2. Fees, Charges, Indemnities and Expenses of the Trustee, the Bond Registrar and the Issuer.** The Trustee, the Bond Registrar and the Issuer shall be entitled to payment and reimbursement for reasonable fees for their respective services rendered hereunder and all advances, counsel fees and other expenses reasonably made or incurred by the Trustee, the Bond Registrar and the Issuer in connection with such services and in connection with entering into this Indenture, including any such fees and expenses incurred in connection with action taken under Article IX hereof. The Trustee, the Bond Registrar and the Issuer shall also be entitled to payment of their reasonable fees, charges and expenses in the event that provision for the payment of the Bonds is made pursuant to Article VIII hereof. The Trustee shall have a first lien for the foregoing fees, charges and expenses with the right to enforce such lien for payment prior to payment on account of principal of, premium, if any, and interest on any Bond upon the Trust Estate (other than moneys derived from a drawing under the Letter of Credit or held for the payment of particular Bonds whether or not such payment is then due and owing) for the foregoing fees, charges and expenses incurred by it. The Trustee shall have no

such lien for such fees, charges and expenses on moneys in the Bond Purchase Fund or otherwise held hereunder for the payment of the purchase price of Bonds tendered or deemed to be tendered to the Trustee for purchase. Notwithstanding anything herein to the contrary, including the failure to pay fees and expenses, the Trustee shall at all times be required to (i) pay, to the extent moneys are on deposit under this Indenture and available therefor, principal of, premium, if any, and interest on the Bonds when due at maturity, upon redemption prior to maturity, acceleration or otherwise, (ii) to make drawings under the Letter of Credit, when required to do so by the terms of this Indenture, (iii) to accelerate payment of the principal of and interest on the Bonds when required to do so by the terms of this Indenture and (iv) to effect a mandatory tender of the Bonds.

**Section 10.3. Notice to Bondholders if Default Occurs.** If a default occurs of which the Trustee is by Section 10.1(h) hereof required to take notice or if notice of default be given as therein provided, then the Trustee shall promptly give written notice thereof to the Bond Registrar, the Bank, the Remarketing Agent, the Borrower and the Tender Agent, and the Bond Registrar shall promptly give written notice thereof by first class mail, postage prepaid, to the owner of each Bond as shown by the list of Registered Owners required by the terms of Section 5.8 hereof to be kept at the office of the Trustee.

**Section 10.4. Intervention by the Trustee.** In any judicial proceeding to which the Issuer is a party which, in the opinion of the Trustee and its counsel, has a substantial bearing on the interests of the owners from time to time of the Bonds, the Trustee may intervene on behalf of Registered Owners and shall do so if requested in writing by the owners of at least a majority of the aggregate principal amount of Bonds then Outstanding.

**Section 10.5. Successor Trustee, Bond Registrar or Tender Agent.** Any corporation or association into which the Trustee, Bond Registrar or Tender Agent may be converted or merged, or with which be consolidated, or to which any one of them may sell or transfer its corporate trust business as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, merger or consolidation to which any one of them is a party, shall be and become successor Trustee, Bond Registrar or Tender Agent hereunder and vested with all of the title to the Trust Estate and all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instrument or any further act, deed or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding. Any such successor Trustee, Bond Register or Tender Agent shall give notice thereof to the Issuer, the Borrower, the Bank and the Remarketing Agent.

**Section 10.6. Resignation by the Trustee; Bond Registrar or Tender Agent.** The Trustee, Bond Registrar or Tender Agent and any successor Trustee, Bond Registrar or Tender Agent may at any time resign from the trusts hereby created by giving thirty (30) days' written notice by first class mail, postage prepaid, to the Issuer, the Borrower, the Bank, the Remarketing Agent and the owner of each Bond as shown by the list of Registered Owners required by Section 5.6 hereof to be kept by the Bond Registrar, *provided* that such resignation shall only take effect when a successor Trustee, successor Bond Registrar or successor Tender Agent, as the case may be, has been appointed pursuant to Section 10.8.

**Section 10.7. Removal of the Trustee, Bond Registrar or Tender Agent.** The Trustee, Bond Registrar or Tender Agent may be removed at any time (subject to the appointment of a successor Trustee, successor Bond Registrar or successor Tender Agent, as the case may be, pursuant to Section 10.8 hereof), by an instrument or concurrent instruments in writing delivered to the Trustee, to the Bond Registrar, to the Tender Agent, to the Issuer, to the Borrower, to the Bank and to the Remarketing Agent, and signed by the owners of a majority in aggregate principal amount of Bonds then Outstanding provided that no such removal shall take effect until a successor Trustee, successor Bond Registrar or successor Tender Agent, as the case may be, has been appointed pursuant to Section 10.8.

**Section 10.8. Appointment of Successor Trustee, Bond Registrar or Tender Agent by Bondholders or Issuer.** In case the Trustee, Bond Registrar or Tender Agent hereunder shall give notice of resignation or be removed, or be dissolved, or shall be in the course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or in case it shall be taken under the control of any public office or offices, or of a receiver appointed by a court, a successor may with the prior written consent of the Borrower (to the extent that no "*Event of Default*" shall have occurred and be continuing under the Agreement) be appointed by the owners of a majority in aggregate principal amount of Bonds then Outstanding, by an instrument or concurrent instruments in writing signed by such owners, or by their duly authorized attorneys in fact, a copy of which shall be delivered personally or sent by first class mail, postage prepaid, to the Issuer, the retiring Trustee, the successor Trustee, the Bond Registrar or successor Bond Registrar, the Tender Agent or successor Tender Agent, the Borrower, the Bank and the Remarketing Agent. Pending such appointment by the Bondholders, the Issuer may, with the consent of the Borrower (to the extent that no "*Event of Default*" shall have occurred and be continuing under the Agreement) appoint a temporary successor Trustee, Bond Registrar or Tender Agent by an instrument in writing signed by an authorized officer of the Issuer, a copy of which shall be delivered personally or sent by first class mail, postage prepaid, to the retiring Trustee, the successor Trustee, the Bond Registrar or successor Bond Registrar, the Tender Agent or successor Tender Agent, the Borrower, the Bank and the Remarketing Agent. If the Issuer fails to act pursuant to the previous sentence, the Borrower may (to the extent no "*Event of Default*" shall have occurred and be continuing under the Agreement) appoint a temporary successor Trustee, Bond Registrar or Tender Agent, subject to the approval of the Issuer, by an instrument in writing signed by an authorized officer of the Borrower, a copy of which shall be delivered personally or sent by first class mail, postage prepaid, to the Issuer, the retiring Trustee, the successor Trustee, the Bond Registrar or successor Bond Registrar, the Tender Agent or successor Tender Agent, the Bank and the Remarketing Agent. If the Registered Owners and the Issuer or Borrower fail to so appoint, and the Issuer fails to approve, a successor Trustee, Bond Registrar or Tender Agent hereunder within forty-five (45) days after the Trustee, Bond Registrar or Tender Agent has given notice of its resignation, has been removed, has been dissolved, has otherwise become incapable of acting hereunder or has been taken under control by a public officer or receiver, the Trustee, Bond Registrar or Tender Agent shall have the right to petition a court of competent jurisdiction to appoint a successor hereunder. Every such Trustee, Bond Registrar or Tender Agent appointed pursuant to the provisions of this Section 10.8 shall be a trust company or bank in good standing in the state of its incorporation and have a reported capital and surplus of not less than \$50,000,000 if there be such an institution willing, qualified and able to accept the trust upon

customary terms. Notwithstanding any of the provisions of this Article X to the contrary concerning the resignation or removal of the Trustee or the appointment of a successor Trustee, no such resignation, removal or appointment shall be effective until the Bank shall have issued and delivered to the successor Trustee (i) a substitute Letter of Credit in substantially the same form as the existing Letter of Credit, but in favor of the successor Trustee, whereupon the retiring Trustee shall simultaneously return the Letter of Credit then held by it to the Bank for cancellation, or (ii) an amendment to the existing Letter of Credit, evidencing transfer thereof in all respects to the successor Trustee, to the extent permitted by law and by the terms of the Letter of Credit.

**Section 10.9. Concerning Any Successor Trustee.** Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to the Issuer an instrument in writing accepting such appointment hereunder and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessor; but such predecessor shall, nevertheless, on the written request of the Issuer, or of its successor, execute and deliver an instrument transferring to such successor all the estates, properties, rights, powers and trusts of such predecessor hereunder, and every predecessor Trustee shall deliver all securities and moneys held by it as Trustee hereunder or thereunder to its successor. Should any instrument in writing from the Issuer be required by any successor Trustee for more fully and certainly vesting in such successor the estate, rights, powers and duties hereby or thereby vested or intended to be vested in the predecessor, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Issuer. The resignation of any Trustee and the instrument or instruments removing any Trustee and appointing a successor hereunder and thereunder, together with all other instruments provided for in this Article X, shall be filed or recorded by the successor Trustee in each recording office where the Indenture shall have been filed or recorded.

**Section 10.10. Appointment of a Co-Trustee.** It is the purpose of this Indenture that there shall be no violation of any law of any jurisdiction (including particularly the law of the State) denying or restricting the right of banking corporations or associations to transact business as Trustee in such jurisdiction. It is recognized that in case of litigation under this Indenture, the Agreement, the Note or the Letter of Credit, and in particular in case of the enforcement of any of them on default, or in case the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies granted herein or in the Agreement or the Note to the Trustee or hold title to the properties, in trust, as herein granted, or take any other action which may be desirable or necessary in connection therewith, it may be necessary that the Trustee appoint, with the consent of the Borrower (to the extent that no "*Event of Default*" shall have occurred and be continuing under the Agreement) and the Bank, an additional individual or institution as a separate trustee or co-trustee. The following provisions of this Section 10.10 are adapted to these ends.

In the event that the Trustee appoints an additional individual or institution as a separate trustee or co-trustee, in the event of the incapacity or lack of authority of the Trustee, by reason of any present or future law of any jurisdiction, to exercise any of the rights, powers, trusts and remedies herein granted to the Trustee or to hold title to the Trust Estate or to take any

other action which may be necessary or desirable in connection there with, each and every remedy, power, right, obligation, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Indenture to be imposed upon, exercised by or voted in or conveyed to the Trustee with respect thereto shall be imposed upon, exercisable by and vest in such separate trustee or co-trustee, but only to the extent necessary to enable such separate trustee or co-trustee to exercise such powers, rights, trusts and remedies, and every covenant and obligation necessary to the exercise thereof by such separate trustee or co-trustee shall run to and be enforceable by either of them. Such separate trustee or co-trustee shall deliver an instrument in writing acknowledging and accepting its appointment hereunder to the Issuer, the Trustee, the Borrower, the Bank and the Remarketing Agent.

Should any instrument in writing from the Issuer be required by the separate trustee or co-trustee so appointed by the Trustee for more fully and certainly vesting in and confirming to him or it such properties, rights, powers, trusts, duties and obligations, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Issuer. If the Issuer shall fail to deliver the same within fifteen (15) days of such request, the Trustee is hereby appointed attorney-in-fact for the Issuer to execute, acknowledge and deliver such instruments in the Issuer's name and stead. In case any separate trustee or co-trustee, or a successor to either, shall die, become incapable of acting, resign or be removed, all the states, properties, rights, powers, trusts, duties and obligations of such separate trustee or co-trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a new trustee or successor to such separate trustee or co-trustee.

**Section 10.11. Remarketing Agent.** The Issuer and the Borrower shall, with the consent of the Bank, which consent shall not be unreasonably withheld, appoint the Remarketing Agent, subject to the conditions hereinafter set forth, and the Remarketing Agent shall act as the agent of the Issuer in determining the Variable Rate and the Fixed Rate pursuant to Section 2.2 hereof, and shall act as the agent of the Borrower in connection with the remarketing of the Bonds pursuant to Section 4.3 hereof. Blaylock Robert Van, LLC is hereby appointed the initial Remarketing Agent. The Remarketing Agent shall designate to the Trustee its principal office and signify its acceptance of the duties and obligations imposed upon it hereunder by a written instrument of acceptance delivered to the Issuer, the Borrower, the Trustee and the Bank (which written instrument may be the Remarketing Agreement), under which the Remarketing Agent will agree to fulfill its duties and obligations set forth in this Indenture and keep such books and records with respect to its duties as Remarketing Agent as shall be consistent with prudent industry practice and to make such books and records available for inspection by the Trustee, the Issuer, the Borrower and the Bank at all reasonable times.

The Remarketing Agent shall be a member of the National Association of Securities Dealers, Inc., or a commercial bank chartered under the laws of the United States of America or any state thereof, having a capitalization of at least \$50,000,000 (a requirement from which the original Remarketing Agent is exempted) and authorized by law to perform all the duties imposed upon it by this Indenture. The Remarketing Agent may at any time resign and be discharged of the duties and obligations created by this Indenture by giving at least sixty (60) days' written notice to the Issuer, the Borrower, the Bank and the Trustee. The Remarketing Agent may be removed at any time by the Borrower by an instrument filed with the Remarketing

Agent and the Trustee. Upon any such resignation or removal the Borrower shall, with the consent of the Bank (which consent shall not be unreasonably withheld), appoint a successor Remarketing Agent by an instrument filed by the Borrower and the Bank with the Issuer, Remarketing Agent and the Trustee.

**Section 10.12. Bond Registrar, Authenticating Agent, Paying Agent and Tender Agent.** Seaway Bank and Trust Company is hereby appointed as and agrees to act as Bond Registrar, Paying Agent, Authenticating Agent and Tender Agent for and in respect of the Bonds. Seaway Bank and Trust Company shall execute an instrument whereby it acknowledges and accepts its duties as Bond Registrar, Authenticating Agent, Paying Agent and Tender Agent hereunder.

**Section 10.13. Notices to Rating Agencies.** The Trustee shall provide Moody's or S&P, as appropriate, with prompt written notice following the effective date of such event of (i) the appointment of any successor Trustee, Remarketing Agent or Tender Agent, or any agent appointed by the Trustee to perform a material duty, (ii) the delivery of a substitute Letter of Credit, (iii) any material amendments to this Indenture, the Agreement, the Letter of Credit or any other document relating to this transaction to which the Trustee is a party or with respect to which the Trustee has received prior written notice, (iv) the expiration, termination or extension of any Letter of Credit, (v) the conversion of the interest rate borne by the Bonds from the Variable Rate to the Fixed Rate, (vi) the redemption in whole or the mandatory tender of the Bonds or (vii) upon any acceleration of the Bonds. The Trustee shall not be liable to any party for failing to provide any notice pursuant to this Section 10.13.

## **ARTICLE XI SUPPLEMENTAL INDENTURES**

**Section 11.1. Supplemental Indentures Not Requiring Consent of Bondholders.** The Issuer and the Trustee may, without consent of, or notice to, any of the Bondholders enter into an indenture or indentures supplemental to this Indenture for any one or more of the following purposes:

- (a) To cure any ambiguity or formal defect or omission in this Indenture or to make any other change, *provided*, that no such action in the judgment of the Trustee is to the prejudice of the Registered Owners;
- (b) To grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Bondholders or the Trustee;
- (c) To provide for an Alternate Credit Facility pursuant to Section 5.9(d) of the Agreement and to make any other change necessary to facilitate the provision of the Alternate Credit Facility;
- (d) To permit fully registered Bonds to be exchanged for coupon Bonds (which may be registrable as to principal only) upon receipt by the Issuer, the Borrower and the Trustee of an opinion of Bond Counsel to the effect that the exchange of fully

registered Bonds for Bonds in coupon form is permitted by applicable law and will not have an adverse effect on the exclusion of the interest on the Bonds from gross income of the owners thereof for purposes of federal income taxation;

(e) To make further provisions for a book-entry system of registration for the Bonds;

(f) To provide for the purchase of Bonds on the open market on behalf of the Borrower from funds derived through drawings under the Letter of Credit, provided that the Borrower provide the Trustee with an opinion of Bond Counsel to the effect that any such amendment is permitted by applicable law and will not have an adverse effect on the exclusion of the interest on the Bonds from gross income of the owners thereof for purposes of federal income taxation and will not have an adverse effect on the security provided to the owners from time to time of the Bonds by this Indenture;

(g) To secure or maintain ratings from the Rating Agencies in both the highest short-term or commercial paper debt Rating Category and also in either of the two highest long-term debt Rating Categories of the applicable Rating Agency or Agencies, which changes will not restrict, limit or reduce the obligation of the Borrower to pay the principal of and premium, if any, and interest on the Bonds or otherwise materially adversely affect the Registered Owners under this Indenture, but only if there shall be supplied to the Borrower, the Issuer, the Bank, the Trustee and the Remarketing Agent an opinion of Bond Counsel stating that the proposed modification or amendment will not adversely affect the exclusion of the interest on the Bonds from gross income of the owners thereof for purposes of federal income taxation; or

(h) To make any other change which in the sole determination of the Trustee does not materially adversely affect the owners; in making such determination the Trustee may rely on the opinion of such counsel as it may select, but only if there shall be supplied to the Borrower, the Issuer, the Bank, the Trustee and the Remarketing Agent an opinion of Bond Counsel stating that the proposed modification or amendment will not adversely affect the exclusion of the interest on the Bonds from gross income of the owners thereof for purposes of federal income taxation.

Upon the execution of such supplemental indenture as in this Section 11.1 permitted and provided, this Indenture shall be deemed to be modified and amended in accordance therewith.

#### **Section 11.2. Supplemental Indentures Requiring Consent of Bondholders.**

Exclusive of supplemental indentures covered by Section 11.1 hereof and subject to the terms and provisions contained in this Section 11.2, and not otherwise, the owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, from time to time, anything contained in this Indenture to the contrary notwithstanding, to consent to and approve the execution by the Issuer and the Trustee of such other indenture or indentures supplemental hereto as shall be deemed necessary and desirable by the Issuer for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or



provisions contained in this Indenture or in any supplemental indenture; *provided, however*, that nothing in this Section 11.2 or in Section 11.1 hereof contained shall permit, or be construed as permitting, without the consent of the owners of 100% in aggregate principal amount of the Bonds then Outstanding, (a) an extension of the maturity (or mandatory redemption date) of the principal of, premium, if any, or the interest on, any Bond issued hereunder, or (b) a reduction in the principal amount of, or redemption premium on, or the Variable Rate or the Fixed Rate borne by any Bond issued hereunder, except as provided in Section 2.2 hereof, or a change in the method of calculating the Variable Rate or the Fixed Rate, or (c) a change of any date upon which any Bond may be purchased in accordance with the terms thereof and the provisions of Sections 4.1 and 4.2 of this Indenture, or (d) a privilege or priority of any Bond or Bonds over any other Bond or Bonds, or (e) a reduction in the aggregate principal amount of the Bonds required for consent to such supplemental indenture or for consent to any amendment, change or modification to the Agreement as provided in Section 12.2 hereof, or (f) the creation of any lien ranking prior to or on a parity with the lien of this Indenture on the Trust Estate or any part thereof, except as hereinbefore expressly permitted, or (g) the deprivation of the owner of any Bond then outstanding of the lien hereby created on the Trust Estate.

If at any time the Issuer shall request the Trustee to enter into any such supplemental indenture for any of the purposes of this Section 11.2, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such supplemental indenture to be mailed by first class mail, postage prepaid, to the owner of each Bond then Outstanding as shown by the list of Registered Owners required by the terms of Section 5.8 hereof to be kept at the office of the Trustee. Such notice shall briefly set forth the nature of the proposed supplemental indenture and shall state that copies thereof are on file at the principal corporate trust office of the Trustee for inspection by all Registered Owners. If, within sixty (60) days or such longer period as shall be prescribed by the Issuer following the mailing of such notice, the owners of not less than a majority or 100%, as the case may be, in aggregate principal amount of the Bonds then Outstanding shall have consented to and approved the execution thereof as herein provided, no owner of any Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Issuer from executing the same or from taking any action pursuant to the provisions thereof. Upon the execution of any such supplemental indenture as in this Section 11.2 permitted and provided, this Indenture shall be and be deemed to be modified and amended in accordance therewith.

**Section 11.3. Consent of Borrower and Bank.** Anything herein to the contrary notwithstanding, a supplemental indenture under this Article XI shall not become effective unless and until the Borrower (to the extent that no "*Event of Default*" shall have occurred and be continuing under the Agreement) and the Bank (provided that the Bank shall not have failed to honor a properly presented and conforming drawing under the Letter of Credit) shall have consented in writing to the execution and delivery of such supplemental indenture. In this regard, the Trustee shall cause notice of the proposed execution of any such supplemental indenture, together with a copy of the proposed supplemental indenture, to be given by first class mail, postage prepaid, to the Borrower and the Bank at least fifteen (15) days prior to the proposed date of execution and delivery of any such supplemental indenture. The Borrower shall be deemed to have consented to the execution and delivery of any such supplemental

indenture if the Trustee does not receive a letter of protest or objection thereto signed by or on behalf of the Borrower, as the case may be, on or before 4:30 P.M., local time, at the principal corporate trust office of the Trustee, on the fifteenth day after the mailing of said notice. Prior to the execution of any supplemental indenture which affects the duties of the Bond Registrar hereunder, consent must be obtained from the Bond Registrar.

**Section 11.4. Notices to Remarketing Agent.** The Trustee shall give written notice to the Remarketing Agent of any supplement or amendment to the Indenture, together with a copy of such supplement or amendment, entered into pursuant to this Article XI; *provided*, that the Trustee shall not be responsible for or incur any additional liability for failing to give such notice.

## **ARTICLE XII AMENDMENT OF AGREEMENT AND NOTE**

**Section 12.1. Amendments, Etc., to Agreement and Note Not Requiring Consent of Bondholders.** The Issuer and the Trustee may, without the consent of or notice to the Registered Owners, consent to any amendment, change or modification of the Agreement (including an assignment thereof) and the Exhibits thereto and the Note as may be required or permitted: (i) by the provisions of the Agreement or this Indenture; (ii) for the purpose of curing any ambiguity or formal defect or omission or in connection with any other change therein, *provided*, that any such action in the judgment of the Trustee will not materially adversely affect the Registered Owners; (iii) to provide for an Alternate Credit Facility pursuant to Section 5.9(e) of the Agreement and to make any other change necessary to facilitate the provision of the Alternate Credit Facility; (iv) to secure or maintain ratings from the Rating Agencies in both the highest short-term or commercial paper debt Rating Category and also in either of the two highest long-term debt Rating Categories of the applicable Rating Agency or Agencies; (v) to provide for the purchase of Bonds on the open market on behalf of the Borrower from funds derived through drawings under the Letter of Credit; and (vi) to make any other change which in the sole determination of the Trustee does not materially adversely affect the Registered Owners; in making such determination the Trustee may rely on the opinion of such counsel as it may select. With respect to any such amendment the Borrower must provide the Trustee with an opinion of Bond Counsel to the effect that any such amendment is permitted by applicable law and will not have an adverse effect on the exclusion of the interest on the Bonds from gross income of the owners thereof for purposes of federal income taxation.

**Section 12.2. Amendments, Etc., to Agreement and Note Requiring Consent of Bondholders.** Except for the amendments, changes or modifications as provided in Section 12.1 hereof, the Issuer and the Trustee shall not consent to any other amendment, change or modification of the Agreement or the Note without the giving of notice and the written approval or consent of the owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding given as in this Section 12.2; *provided, however*, that nothing in this Section 12.2 or in Section 12.1 hereof contained shall permit or be construed as permitting, without the consent of the owners of 100% in aggregate principal amount of the Bonds then Outstanding, (a) an extension of time for the payment of an amount due pursuant to Section 4.2(a) or 4.2(e) of the Agreement; (b) a reduction in the total amount due pursuant to

Section 4.2(a) or 4.2(e) of the Agreement and on the Note; or (c) a reduction in the aggregate principal amount of the Bonds required for consent to such amendment, change or modification of the Agreement and the Note. With respect to any such amendment the Borrower must provide the Trustee with an opinion of Bond Counsel to the effect that any such amendment is permitted by applicable law and will not have an adverse effect on the exclusion of the interest on the Bonds from gross income of the owners thereof for purposes of federal income taxation. If at any time the Issuer and the Borrower shall request the consent of the Trustee to any such proposed amendment, change or modification of the Agreement or the Note, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of such proposed amendment, change or modification to be given in the same manner as provided by Section 11.2 hereof with respect to supplemental indentures. Such notice shall briefly set forth the nature of such proposed amendment, change or modification and shall state that copies of the instrument embodying the same are on file at the principal corporate trust office of the Trustee for inspection by all owners.

**Section 12.3. Consent of Bank.** Anything herein to the contrary notwithstanding, any amendment, change or modification of the Agreement or the Note under this Article XII shall not become effective unless and until the Bank, *provided* that the Bank shall not have failed to honor a properly presented and conforming drawing under the Letter of Credit, shall have consented in writing to the execution and delivery of such amendment, change or modification. In this regard, the Issuer shall cause the Trustee to give notice of the proposed execution of any such amendment, change or modification, together with a copy of the proposed amendment, change or modification, to be given by the first class mail, postage prepaid, to the Bank at least fifteen (15) days prior to the proposed date of execution and delivery of any such amendment, change or modification.

**Section 12.4. Notice to Remarketing Agent.** The Trustee shall give written notice to the Remarketing Agent of any amendment or supplement to the Agreement or the Note, together with a copy of such amendment or supplement, entered into pursuant to this Article XII; *provided*, that the Trustee shall not be responsible for or incur any additional liability for failing to give such notice.

### **ARTICLE XIII**

#### **AMENDMENT AND SUBSTITUTION OF LETTER OF CREDIT**

**Section 13.1. Amendment of Letter of Credit.** The Trustee may, without the consent of or notice to the owners of the Bonds, consent to any amendment, change or modification of the Letter of Credit or the exhibits thereto as may be required: (i) for the purpose of curing any ambiguity or formal defect or omission; (ii) to obtain a credit rating on the Bonds from a Rating Agency; (iii) to effect a transfer thereof to a successor Trustee; (iv) to effect an extension of the terms thereof; (v) to effect a reduction or reinstatement thereof in accordance with its terms; or (vi) in connection with any other change which, in the judgment of the Trustee, does not adversely affect the interests of the owners of the Bonds; *provided, however*, that the Trustee shall not consent to any other change, modification or amendment to the Letter of Credit without notice to and the written consent or approval of the owners of not less than 100% in aggregate principal amount of the Bonds then Outstanding. The Trustee shall give written notice

to the Remarketing Agent of any amendment or supplement to the Letter of Credit, together with a copy of such amendment or supplement, entered into pursuant to this Article XIII; *provided*, that the Trustee shall not be responsible for or incur any additional liability for failing to give such notice. The consent of the Issuer under this Section 13.1 shall not be unreasonably withheld.

**Section 13.2. Substitute Letters of Credit.** The parties hereto acknowledge that the Borrower may, at their option, deliver substitute Letters of Credit to the Trustee in accordance with the provisions of Section 5.7 of the Agreement. Upon receipt by the Trustee from the Borrower of notice that the Borrower intends to deliver a substitute Letter of Credit, the Trustee shall promptly notify the Bond Registrar thereof, whereupon the Bond Registrar shall give notice of the proposed substitution to the Issuer and the Bondholders, in the same manner provided in Section 4.2 for the giving of notices of mandatory tender, not less than ten (10) Business Days prior to the expected date of receipt of said substitute Letter of Credit. Such notice shall be prepared by the Trustee and submitted to the Bond Registrar, and shall (i) identify the Bank which is to issue the substitute Letter of Credit, (ii) describe the term, principal amount and expected date of receipt of the proposed substitute Letter of Credit, and (iii) state that the Issuer's and the Trustee's acceptance of the proposed Letter of Credit will be contingent upon fulfillment of the requirements of Section 5.7(c) of the Agreement.

## **ARTICLE XIV MISCELLANEOUS**

**Section 14.1. Consents, Etc., of Bondholders.** Any consent, request, direction, approval, objection or other instrument required by this Indenture to be signed and executed by the owners may be in any number of concurrent documents and may be executed by such owners in person or by agent appointed in writing. Proof of the execution of any such consent, request, direction, approval, objection or other instrument or of the writing appointing any such agent and of the ownership of Bonds, if made in the following manner, shall be sufficient for any of the purposes of this Indenture, and shall be conclusive in favor of the Trustee with regard to any action taken by it under such request or other instrument, namely:

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

(b) The fact of ownership of Bonds and the amount or amounts, numbers and other identification of such Bonds, and the date of owning the same shall be proved by the registration books of the Issuer maintained by the Trustee pursuant to Section 2.8 hereof.

In determining whether the owners of the requisite principal amount of Bonds Outstanding have given any request, demand, authorization, direction, notice, consent or waiver under this Indenture, Bonds owned by the Borrower or any person related to the Borrower shall

be disregarded and deemed not to be Outstanding under this Indenture, except that in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Bonds which the Trustee knows to be so owned shall be so disregarded. Notwithstanding the foregoing, Bonds so owned which have been pledged in good faith shall not be disregarded as aforesaid if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to such Bonds and that the pledgee is not the Borrower.

Notwithstanding the foregoing paragraph, Bonds owned by the Borrower or any person related to the Borrower shall be deemed to be Outstanding under the Indenture if all the Bonds Outstanding at the time are owned by the Borrower; *provided, however*, that in such event the Borrower may not consent to any supplement to this Indenture that would adversely affect the validity of the Bonds or the exclusion of the interest on the Bonds from gross income of the owners thereof for purposes of federal income taxation; and *provided further*, that if a supplement to this Indenture is executed at a time when the Borrower or any person related to the Borrower is the owner of all the Outstanding Bonds, Bond Counsel shall render an opinion that the execution of the supplement to this Indenture does not have an adverse effect on the validity of the Bonds or the exemption of the interest thereon from gross income of the owners thereof for purposes of federal income taxation.

**Section 14.2. Limitation of Rights.** With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Indenture or the Bonds is intended or shall be construed to give to any person or Borrower other than the parties hereto, the Borrower, the Remarketing Agent, the Bank, the Bond Registrar and the owners of the Bonds, any legal or equitable right, remedy or claim under or with respect to this Indenture or any covenants, conditions and provisions therein contained, this Indenture and all of the covenants, conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of the parties hereto and the Borrower, the Remarketing Agent, the Bank, the Bond Registrar and the owners from time to time of the Bonds as herein provided.

**Section 14.3. Notices.** Unless otherwise specifically provided herein, all notices, certificates or other communications shall be sufficiently given and shall be deemed given when the same are (a) deposited in the United States mail and sent by first class mail, postage prepaid, or (b) delivered, in each case, to the parties at the addresses set forth below or at such other address as a party may designate by notice to the other parties:

If to the Issuer: City of Chicago  
Department of Housing and Economic Development  
121 North LaSalle Street  
Room 1000  
Chicago, Illinois 60602  
Attention: Commissioner  
Telephone: (312) 744-9476  
Facsimile: (312) 744-2271

with a copy to: City of Chicago  
Department of Law  
City Hall  
121 North LaSalle Street  
Room 600  
Chicago, Illinois 60602  
Attention: Finance and Economic Development  
Division  
Telephone: (312) 744-0200  
Facsimile: (312) 744-8538

If to the Borrower: Churchview Manor Preservation L.P.  
c/o Greater Southwest Development Corporation  
2601 West 63<sup>rd</sup> Street  
Chicago, Illinois 60629-1619  
Attention: Helen Jareczek  
Phone: (773) 362-3384  
Fax: (773) 471-8206

with a copy to: Applegate & Thorne-Thomsen  
626 West Jackson  
Suite 400  
Chicago, Illinois 60661  
Attention: Caleb Jewell  
Telephone: (312) 491-3325  
Fax: (312) 491-4411

If to the Trustee: Seaway Bank and Trust Company  
645 East 87<sup>th</sup> Street  
Chicago, Illinois 60619  
Attention: Corporate Trust  
Telephone: (773) 602-4156  
Facsimile: (773) 487-0452

If to the Bank: BMO Harris Bank N.A.  
Community Development Lending Division  
111 West Monroe Street  
Chicago, Illinois 60603  
Attention: Hugh Franklin  
Telephone: (312) 461-6175  
Fax: (312) 765-8348

with a copy to: Charity & Associates, P.C.  
20 North Clark Street, Suite 1150  
Chicago, Illinois 60602  
Attention: Elvin E. Charity  
Telephone: (312) 564-4963  
Fax: (312) 849-9001

If to the  
Remarketing Agent: Blaylock Robert Van, LLC  
Municipal Trading Desk  
600 Lexington Avenue  
New York, New York 10022  
Telephone: (212) 715-6600  
Fax: (212) 715-3300

A duplicate copy of each notice, certificate or other communication given hereunder by either the Issuer or the Borrower to the other shall also be given to the Trustee, the Remarketing Agent and the Bank.

**Section 14.4. Payments Due on Non-Business Days.** In any case where the date of maturity of interest on or principal of the Bonds or the date fixed for redemption of any Bonds or the date for payment of the purchase price of any Bonds tendered or deemed to be tendered for purchase is not a Business Day, then payment of the principal, premium, if any, or interest or purchase price need not be made on such date, but may be made on the immediately following Business Day with the same force and effect as if made on the date of maturity or the date fixed for redemption or the date for payment of the purchase price, and no interest shall accrue for the period after such date.

**Section 14.5. Action by Borrower.** Wherever it is herein or in the Agreement provided or permitted for any action to be taken by the Borrower, such action may be taken by an Authorized Borrower Representative as defined in the Agreement, unless the context clearly indicates otherwise.

**Section 14.6. Counterparts.** This Indenture may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

**Section 14.7. Applicable Provisions of Law.** This Indenture shall be governed by and construed in accordance with the laws of the State; *provided*, that the rights, duties and immunities and standard of care of the Trustee and the Bond Registrar shall be governed by and construed in accordance with the laws of the state in which their respective principal corporate trust offices are located.

**Section 14.8. Captions; Table of Contents.** The captions, headings and table of contents in this Indenture are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Indenture.

**Section 14.9. References to Bank and Letter of Credit.** At any time while the Letter of Credit is not in effect and all amounts payable under the Reimbursement Agreement have been paid, all references herein to the Bank and the Letter of Credit shall be ineffective.

**Section 14.10. Provisions for Payment of Expenses.** The Issuer shall not be obligated to execute any documents or take any other action under or pursuant to this Indenture, the Agreement or any other document in connection with the Bonds unless and until provision for the payment of expenses of the Issuer shall have been made. Provisions for expenses shall be deemed to have been made upon arrangements reasonably satisfactory to the Issuer for the provision of expenses being agreed upon by the Issuer and the party requesting such execution.

**Section 14.11. Severability.** If any provision of this Indenture shall be held or deemed to be or shall, in fact, be illegal, inoperative or unenforceable, the same shall not affect any other provision or provisions herein contained or render the same invalid, inoperative or unenforceable to any extent whatsoever.


**Section 14.12. Third-Party Beneficiary.** The Trustee and the Issuer acknowledge that so long as the Letter of Credit is in effect or any amount remains payable under the Reimbursement Agreement, the Bank shall be an express third-party beneficiary of the provisions of this Indenture, with the power to enforce the same.

***[Signature Page Follows]***



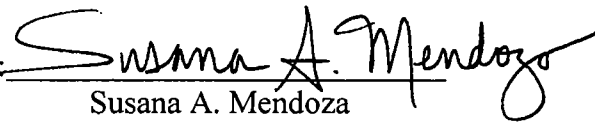
IN WITNESS WHEREOF, the City of Chicago and Seaway Bank and Trust Company have caused this Trust Indenture to be executed in their respective names and attested by their duly authorized officers, all as of the day first above written.

**CITY OF CHICAGO**

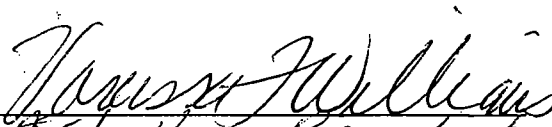
By:   
Lois A. Scott  
Chief Financial Officer

(SEAL)

Attest:


By:   
Susana A. Mendoza  
City Clerk

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

By:   
Its: 1st Vice President

(SEAL)

Attest:

By:   
Its: Vice President

**EXHIBIT A**

**(FORM OF BONDS)**

No. R-1

UNITED STATES OF AMERICA  
STATE OF ILLINOIS  
CITY OF CHICAGO

\$3,700,000

**VARIABLE RATE DEMAND MULTI-FAMILY HOUSING REVENUE BOND  
(CHURCHVIEW MANOR SENIOR APARTMENTS), SERIES 2012**

NOTICE: Unless this bond is presented by an authorized representative of The Depository Trust Company to the Issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owners hereof, Cede & Co., has an interest herein.

INTEREST RATE:

Variable as specified herein

MATURITY DATE:

February 1, 2031

DATED DATE:

October \_\_, 2012

CUSIP: \_\_\_\_\_

REGISTERED OWNER: Cede & Co.

PRINCIPAL AMOUNT: Three Million Seven Hundred Thousand DOLLARS

The City of Chicago, a municipality and home rule unit of government duly organized and validly existing under the Constitution and the laws of the State of Illinois, for value received, hereby promises to pay solely from the sources and as hereinafter provided, to the Registered Owner shown above, or registered assigns, the Principal Amount shown above on the Maturity Date shown above, except as the provisions hereinafter set forth with respect to redemption and acceleration prior to the Maturity Date may become applicable hereto, and in like manner to pay interest on said Principal Amount at the Interest Rate hereinafter specified from the Dated Date shown above or from the most recent date to which interest has been paid, in accordance with the provisions hereof. During any Variable Rate Period, as hereinafter defined, interest hereon shall be calculated on the basis of a calendar year consisting of 365 or 366 days, as the case may be, and on the actual number of days elapsed, payable on November 1, 2012, and on the first Business Day (as hereinafter defined) of each calendar month thereafter and on the Conversion Date (as hereinafter defined) (each a "**Variable Rate Interest Payment Date**"), until the earlier of the Conversion Date or until the principal sum hereof becomes due and payable. During the Fixed Rate Period, as hereinafter defined, interest hereon shall be calculated on the basis of a calendar year consisting of 360 days of twelve (12) thirty-day months, payable on the January 1 or July 1 immediately following the announcement of the

Fixed Rate Period and on the first day of each January and July thereafter (each a “**Fixed Rate Interest Payment Date**” and, together with a Variable Rate Interest Payment Date, an “**Interest Payment Date**”), until the principal sum hereof becomes due and payable. Interest shall be payable on any overdue installment of principal, premium, if any, and (to the extent that such interest shall be legally enforceable) interest on this Bond at the rate of interest from time to time borne by this Bond from the due date thereof until paid. Principal of and premium, if any, on this Bond shall be payable in lawful money of the United States of America only at the principal corporate trust office of Seaway Bank and Trust Company, as Paying Agent, or its successors under trust (the “**Paying Agent**”).

Interest on this Bond shall be payable to the Registered Owner hereof as of the Record Date (as hereinafter defined). Payments of interest on this Bond shall be made in lawful money of the United States of America by check or draft of the Paying Agent mailed on the applicable Interest Payment Date to the Registered Owner hereof at his address as it appears on the registration books of the Issuer kept by the Paying Agent, as registrar (the “**Bond Registrar**”), or at such other address as is furnished to the Paying Agent in writing by such Registered Owner no later than the close of business on the Record Date immediately preceding the applicable Interest Payment Date; *provided*, that, on or prior to the Conversion Date, as hereinafter defined, payments of interest on this Bond may be made by wire transfer to the Registered Owner of this Bond in the event that the Registered Owner hereof is the Registered Owner of at least \$1,000,000 in principal amount of the Bonds (as hereinafter defined) as of the close of business on the Record Date immediately preceding the applicable Interest Payment Date and such Registered Owner shall have given written notice to the Paying Agent on or before the second Business Day immediately preceding such Record Date, directing the Paying Agent to make such payments of interest by wire transfer and identifying the location and number of the account to which such payments should be wired. As used herein, the term “**Record Date**” shall mean, during the Variable Rate Period, the business day immediately preceding a Variable Rate Interest Payment Date on this Bond, and during the Fixed Rate Period, the fifteenth day of the calendar month immediately preceding a Fixed Rate Interest Payment Date on this Bond.

This Bond and all other Bonds issued under and secured by the Indenture, as hereinafter defined, are, and are to be, equally and ratably secured, to the extent provided in the Indenture, solely by a pledge of the revenues and other funds pledged under the Indenture. This Bond, together with premium, if any, and the interest hereon, is a special and limited obligation of the Issuer and neither the Issuer nor the State of Illinois (the “**State**”) nor any political subdivision thereof, shall be obligated to pay this Bond, the premium, if any, or the interest hereon or other costs incident thereto except from funds pledged under the Indenture.

This Bond and the interest thereon shall not be deemed to constitute a debt or a pledge of the faith and credit of the State nor any political subdivision thereof, including the Issuer. The Issuer shall not in any event be liable for the payment of the principal of, premium, if any, or interest on this Bond, or for the performance of any pledge, mortgage, obligation or agreement of any kind whatsoever of the Issuer or any indebtedness by the Issuer, and neither this Bond nor any of the Issuer’s agreements or obligations described herein or otherwise shall

be construed to constitute an indebtedness of the Issuer, within the meaning of any constitutional or statutory provision whatsoever.

No recourse shall be had for the payment of the principal or redemption or purchase price of, or interest on, this Bond, or for any claim based hereon or on the Indenture, against any member, officer or employee, past, present or future, of the Issuer or of any successor body, as such, either directly or through the Issuer or any such successor body, under any constitutional provision, statute or rule of law, or by the enforcement of any assessment or by any legal or equitable proceeding or otherwise.

This Bond is not valid unless the Certificate of Authentication endorsed hereon is duly executed by the Authenticating Agent.

The terms and provisions of this Bond are continued on the reverse side hereof, which terms and provisions shall for all purposes have the same effect as if set forth in full on the face side of this Bond at this place.

This Bond is issued with the intent that the laws of the State will govern its construction.

**IN WITNESS WHEREOF**, the Issuer has caused this Bond to be executed in its name by the manual or facsimile signature of its Chief Financial Officer and its corporate seal or a facsimile thereof to be affixed, imprinted, lithographed or reproduced hereon and attested by the manual or facsimile signature of the City Clerk.

**CITY OF CHICAGO**

[Seal]

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

Lois A. Scott

Its: Chief Financial Officer

Attest

\_\_\_\_\_  
Susana A. Mendoza

City Clerk

**[FORM OF CERTIFICATE OF AUTHENTICATION]**

This Bond is one of the Bonds of the issue described in the within mentioned Trust Indenture.

Date of Authentication:

**SEAWAY BANK AND TRUST COMPANY,**  
as Authenticating Agent

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

Its: Authorized Signatory

(Form of Reverse Side of Bond)

This Bond is one of an authorized series of Bonds in the aggregate principal amount of \$3,700,000 (the "**Bonds**") issued for the purpose of loaning the proceeds thereof to Churchview Manor Preservation L.P., a limited partnership duly organized, validly existing and in good standing under the laws of the State (the "**Borrower**"), for the purpose of providing funds to pay a portion of the cost of acquiring, rehabilitating, constructing and equipping a residential facility for seniors consisting of approximately 60 units in one building (the "**Development**" or the "**Project**") located at 2626 West 63<sup>rd</sup> Street, Chicago, Illinois. The Bonds are all issued under and are equally and ratably secured by and entitled to the protection of a Trust Indenture dated as of October 1, 2012 (which indenture, as from time to time amended and supplemented, is herein referred to as the "**Indenture**"), duly executed and delivered by the Issuer to SEAWAY BANK AND TRUST COMPANY, as trustee (the "**Trustee**"). Reference is hereby made to the Indenture for a description of the rights, duties and obligations of the Issuer, the Trustee and the owners of the Bonds and the terms upon which the Bonds are issued and secured. The terms and conditions of the loan of the proceeds of the Bonds to the Borrower for the financing of the Project and the repayment of said funds are contained in a Loan Agreement dated as of October 1, 2012, by and between the Issuer and the Borrower (which agreement, as from time to time amended and supplemented, is hereinafter referred to as the "**Agreement**").

Except as otherwise provided in the Indenture, the Bonds are issuable only as fully registered Bonds without coupons in denominations of \$100,000 and any integral multiple of \$5,000 in excess thereof during the Variable Rate Period, and in denominations of \$5,000 and any integral multiple thereof during the Fixed Rate Period. This Bond is transferable by the Registered Owner hereof in person or by his attorney duly authorized in writing at the principal corporate trust office of the Bond Registrar, but only in the manner, subject to the limitations and upon payment of the charges provided in the Indenture, and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds of authorized denomination or denominations for the same aggregate principal amount will be issued to the transferee in exchange therefor. The Issuer, the Trustee, the Paying Agent and Seaway Bank and Trust Company, as tender agent, or its successors under trust (the "**Tender Agent**") may deem and treat the Registered Owner hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof and premium, if any, hereon and interest due hereon and for all other purposes, and neither the Issuer, the Trustee, the Paying Agent nor the Tender Agent shall be affected by any notice to the contrary.

Subject to the limitations and upon payment of the charges provided in the Indenture and upon surrender and cancellation thereof, Bonds may be exchanged for a like aggregate principal amount of Bonds of other authorized denominations. The Bond Registrar shall not be required to transfer or exchange any Bond after notice calling such Bond or portion thereof for redemption prior to maturity has been given as herein provided, nor during the period of ten (10) days next preceding the giving of such notice of redemption.

BMO Harris Bank N.A., Chicago, Illinois, has issued an irrevocable, transferable Letter of Credit dated the date of delivery of the Bonds in favor of the Trustee for the benefit of the owners from time to time of the Bonds, supporting the payment of the unpaid principal amount of the Bonds or the purchase price of the Bonds and in either case up to forty-five (45)

days of interest at the Cap Rate (as hereinafter defined) accrued on the Bonds to pay interest on the Bonds when due under the conditions set forth therein. The initial Letter of Credit may terminate on the Termination Date, as defined in the Letter of Credit, unless extended or withdrawn in accordance with its terms. The initial Letter of Credit, together with any substitute letter of credit, is hereinafter referred to as the **"Letter of Credit,"** and BMO Harris Bank N.A., together with the issuer of any substitute Letter of Credit, is hereinafter referred to as the **"Bank."**

This Bond shall bear interest on the unpaid principal balance hereof until paid at the rates provided below. This Bond shall bear interest at the Variable Rate (as hereinafter defined) during the Variable Rate Period from the Variable Rate Interest Payment Date to which interest on this Bond has been paid or duly provided for immediately preceding the date of authentication hereof, unless (a) such date of authentication shall be dated on or prior to the Record Date for the first Variable Rate Interest Payment Date, in which case this Bond shall bear interest from the date of the initial delivery of this Bond, or (b) such date of authentication shall be after a Record Date and prior to a Variable Rate Interest Payment Date to which interest on this Bond has been paid or duly provided for, in which case this Bond shall bear interest from such Variable Rate Interest Payment Date, and shall bear interest at the Fixed Rate (as hereinafter defined) during the Fixed Rate Period from the first day of the January or July to which interest on this Bond has been paid or duly provided for immediately preceding the date of authentication hereof, unless (a) such date of authentication shall be on or prior to the Record Date for the first day of January or July immediately following the date of commencement of the Fixed Rate Period (the **"Conversion Date"**), in which case this Bond shall bear interest from the Conversion Date or (b) such date of authentication shall be after the fifteenth day of the month preceding a Fixed Rate Interest Payment Date and prior to such Fixed Rate Interest Payment Date, in which case this Bond shall bear interest from such Fixed Rate Interest Payment Date.

For the period from the date of the initial delivery of the Bonds to the earlier of the Conversion Date or the maturity date of this Bond (the **"Variable Rate Period"**), this Bond shall bear interest from such initial delivery date or the Thursday of a week, as the case may be, to and including the Wednesday of the immediately following week, at the Variable Rate (described below) for such interest rate period (an **"Interest Rate Period"**). This Bond shall bear interest (i) during the initial Interest Rate Period, as measured from the date of the initial delivery of the Bonds to and including the Wednesday of the immediately following week, at the rate set forth in the Indenture and (ii) during each Interest Rate Period thereafter, at a rate (the **"Variable Rate"**) equal to the lesser of (a) the Cap Rate (as hereinafter defined) or (b) the interest rate established by the Remarketing Agent, as defined in the Indenture, in the following manner: on the Wednesday of each week succeeding the initial delivery date (or the immediately preceding Business Day, in the event that any such Wednesday is not a Business Day), the Remarketing Agent shall determine the interest rate that would result in the market value of the Bonds on the effective date of such interest rate being 100% of the principal amount thereof, and on such date shall give notice of the interest rate so determined by telephone or facsimile, promptly confirmed in writing to the Issuer (if requested by the Issuer), the Trustee, the Paying Agent, the Borrower and the Bank, and the interest rate so determined (if not greater than the Cap Rate) shall be the interest rate on this Bond for the immediately following Interest Rate Period; *provided, however*, that if for any reason the interest rate on this Bond for any such

Interest Rate Period is not or cannot be established in the foregoing manner: the Variable Rate for the immediately preceding interest rate period shall remain in effect for such interest rate period.

**“Cap Rate”** means the rate per annum equal to the lesser of (a) twenty percent (20%) per annum, (b) the maximum interest rate at the time then specified in the Letter of Credit (initially, ten percent (10%) per annum), or (c) the maximum contract rate of interest permitted from time to time by the laws of the State.

Notwithstanding the above, this Bond shall bear interest at a fixed rate (the **“Fixed Rate”**) from the Conversion Date to the maturity date of this Bond (the **“Fixed Rate Period”**) equal to the lesser of (a) the Cap Rate, or (b) the interest rate established by the Remarketing Agent in the following manner: in order to establish the Fixed Rate, the Issuer, the Trustee, the Remarketing Agent and the Bank shall have received written notice from the Borrower of the exercise of its option to convert the interest rate borne by the Bonds to the Fixed Rate, at least forty-five (45) days prior to the date specified by the Borrower as the Conversion Date (the **“Proposed Conversion Date”**). On or before the Business Day immediately preceding the Proposed Conversion Date, the Remarketing Agent shall determine the interest rate that would result in the market value of the Bonds on the Proposed Conversion Date being 100% of the principal amount thereof, and the interest rate so determined shall be the Fixed Rate from and after the Conversion Date. Notwithstanding the foregoing, such Fixed Rate shall not take effect if there shall not have been supplied to the Issuer, the Trustee, the Borrower, the Remarketing Agent, the Tender Agent and the Bank at or prior to 10:00 A.M., New York time, on the Proposed Conversion Date an opinion of Bond Counsel stating that such conversion to the Fixed Rate is lawful under applicable law and permitted by the Indenture and that such conversion to the Fixed Rate will not have an adverse effect on the exclusion of the interest on the Bonds from gross income of the registered owners thereof for federal income tax purposes. In the event that all conditions to the establishment of the Fixed Rate shall not be met, this Bond shall bear interest at the Variable Rate determined as set forth in the Indenture and will continue to remain outstanding as if no such election had been made by the Borrower to convert the interest rate borne by the Bonds to the Fixed Rate.

The Issuer, at the direction of the Borrower, has appointed Blaylock Robert Van, LLC as Remarketing Agent under the Indenture, which appointment has been approved by the Borrower. The Issuer, at the direction of the Borrower, may, from time to time, remove or replace the Remarketing Agent. The determination of any interest rate by the Remarketing Agent shall be conclusive and binding on the Issuer, the Borrower, the Trustee, the Bank, the Tender Agent and the owners from time to time of all of the Bonds.

The Registered Owner hereof shall have the right to tender this Bond or a portion hereof (in authorized denominations, *provided* that after such tender such remaining portion shall also be in an authorized denomination) to the Tender Agent for purchase as a whole or in part on any Business Day during the Variable Rate Period, but not thereafter, at a purchase price equal to 100% of the principal amount hereof tendered plus accrued interest to the specified purchase date, in accordance with the Indenture. In order to exercise such option with respect to this Bond or any portion hereof, the Registered Owner hereof must give to the Tender Agent at its



designated corporate trust office by the opening of business at such office on a Business Day which is at least seven (7) days immediately preceding the purchase date, notice by telephone, confirmed by written notice of tender to the Tender Agent on a Business Day not more than two (2) Business Days after such notice, or written notice of tender to the Tender Agent (which written notice of tender in either case shall be in the form attached hereto or shall be in such other form acceptable to the Tender Agent). Upon the delivery of such written notice of tender, such election to tender shall be irrevocable and binding upon the Registered Owner hereof. At or before 10:00 A.M., New York time, on the specified purchase date, the owner of each Bond as to which any such notice of tender shall have been given shall deliver this Bond and an instrument of assignment or transfer duly executed in blank (which instrument of assignment or transfer shall be in the form provided on this Bond or in such other form acceptable to the Tender Agent) to the Tender Agent at its designated corporate trust office, and on the specified purchase date, the Tender Agent shall purchase this Bond only out of funds made available to it for such purpose, or cause this Bond to be purchased, at a purchase price equal to the principal amount hereof plus accrued interest to the specified purchase date, if any, thereon. The Registered Owner hereof, by his acceptance hereof, hereby covenants and agrees to tender this Bond in the manner and at the times aforesaid. If this Bond is not so tendered (an “**Unsurrendered Bond**”), and there has been irrevocably deposited in the Bond Purchase Fund referred to in the Indenture Available Moneys (as defined in the Indenture) sufficient to pay the purchase price of this Bond and all other Bonds so tendered or deemed tendered for purchase on such specified purchase date, this Bond shall be deemed to have been tendered by the Registered Owner hereof and purchased from such Registered Owner on the specified purchase date, and the Registered Owner hereof shall not be entitled to receive interest on this Bond on and after the specified purchase date. Upon surrender of this Unsurrendered Bond to the Tender Agent, the Tender Agent shall pay to the Registered Owner of this Unsurrendered Bond only an amount equal the purchase price of this Unsurrendered Bond due on such purchase date. The Tender Agent shall, in its sole discretion, determine whether, with respect to any Bond, the owner thereof shall have properly exercised the option to have its Bond purchased as a whole or in part.

Subject to the provisions below, the Registered Owner of this Bond shall be required to tender this Bond to the Tender Agent for purchase on (i) the Proposed Conversion Date, (ii) a Letter of Credit Substitution Date (as hereinafter defined) and (iii) a Letter of Credit Termination Date (as hereinafter defined) (each a “**Mandatory Tender Date**”), all as more fully provided below. Notice of a mandatory tender shall be given by the Bond Registrar by first class mail, postage prepaid, to the owner of this Bond at its address appearing on the registration books of the Issuer maintained by the Bond Registrar, not less than thirty (30) nor more than forty-five (45) days prior to a Mandatory Tender Date. Such notice of mandatory tender shall specify the Mandatory Tender Date and shall state that the Mandatory Tender Date is a Proposed Conversion Date, a Letter of Credit Substitution Date or a Letter of Credit Termination Date, as the case may be, and shall state that this Bond must be tendered by the Registered Owner hereof for purchase at or before 10:00 A.M., New York time, on the Mandatory Tender Date (or if the Mandatory Tender Date is not a Business Day, on the immediately following Business Day) to the Tender Agent at its designated corporate trust office, together with an instrument of assignment or transfer duly executed in blank (which instrument of assignment or transfer shall be in the form provided on this Bond or such other form acceptable to the Tender Agent), and shall be purchased on the Mandatory Tender Date (or if the Mandatory Tender Date is not a

Business Day, on the immediately following Business Day) at a purchase price equal to the principal amount hereof plus accrued interest, if any, hereon, and if this Bond is not so tendered, but there has been irrevocably deposited in the Bond Purchase Fund referred to in the Indenture an amount sufficient to pay the purchase price for this Bond and all other Bonds so tendered or deemed tendered for purchase on the Mandatory Tender Date, this Bond shall be deemed to have been tendered for purchase by the owner hereof and purchased from such owner on the Mandatory Tender Date.

This Bond shall be tendered by the owner hereof to the Tender Agent for purchase at or before 10:00 A.M., New York time, on the Mandatory Tender Date (or if the Mandatory Tender Date is not a Business Day, on the immediately following Business Day), by delivering this Bond to the Tender Agent at its designated corporate trust office, together with an instrument of assignment or transfer duly executed in blank (which instrument of assignment or transfer shall be in the form provided on this Bond or such other form acceptable to the Tender Agent), and on the Mandatory Tender Date (or if the Mandatory Tender Date is not a Business Day, on the immediately following Business Day), the Tender Agent shall purchase this Bond only out of funds made available to it for such purpose, or cause this Bond to be purchased, at a purchase price equal to the principal amount hereof, and the owner of this Bond, by his acceptance hereof, hereby covenants and agrees to tender this Bond in the manner and at the time as aforesaid.

If this Bond is not tendered at or before 10:00 A.M., New York time, on any Mandatory Tender Date (or if the Mandatory Tender Date is not a Business Day, on the immediately following Business Day), and there has been irrevocably deposited in the Bond Purchase Fund referred to in the Indenture an amount sufficient to pay the purchase price hereof and all other Bonds tendered or deemed tendered for purchase on such Mandatory Tender Date, this Bond shall be deemed to be tendered by the Registered Owner hereof and purchased from such Registered Owner on the Mandatory Tender Date, and the Registered Owner hereof shall not be entitled to receive interest on this Unsurrendered Bond on and after such Mandatory Tender Date. Upon surrender of this Unsurrendered Bond to the Tender Agent, the Tender Agent shall pay to the Registered Owner of this Unsurrendered Bond only an amount equal to the purchase price of this Unsurrendered Bond due on such Mandatory Tender Date.

**“Business Day”** means any day other than (i) a day on which banking institutions in the city in which the principal corporate trust office of the Trustee or the Tender Agent is located are required or authorized by law to remain closed, (ii) a day on which banking institutions in the city in which the office of the Bank where drawings under the Letter of Credit are to be made is located are required or authorized by law to remain closed, (iii) a day on which the principal office of the Remarketing Agent is required or authorized by law to remain closed or (iv) a day on which the New York Stock Exchange is closed.

**“Letter of Credit Substitution”** means the delivery of a substitute Letter of Credit.

**“Letter of Credit Substitution Date”** means the Business Day next preceding the proposed date of a Letter of Credit Substitution.

**“Letter of Credit Termination Date”** means (i) the first Business Day of the calendar month in which the Stated Expiration Date of the Letter of Credit is to occur or (ii) other than with respect to the Stated Expiration Date, the date on which the Letter of Credit is drawn under its terms with respect to a “Termination Date” (as defined in the Letter of Credit).

Prior to the Conversion Date, the Bonds are subject to redemption prior to maturity by the Issuer from any available funds, including moneys derived from a prepayment of the Note (or a portion thereof) at the option of the Borrower, as a whole or in part (and, if in part, by lot in such manner as may be designated by the Trustee, *provided* that Bonds held by or on the behalf of the Tender Agent for the account of the Borrower resulting from a draw upon the Letter of Credit shall be first selected for redemption until all such Bonds have been redeemed which may be selected for redemption), on any date, at a redemption price of 100% of the principal amount thereof to be redeemed plus accrued interest to the date fixed for redemption.

After the Conversion Date, the Bonds are subject to redemption prior to maturity by the Issuer from any available funds, including funds derived from a prepayment of the Note (or a portion thereof) at the option of the Borrower, as a whole on any date, subject to the terms of the Indenture, or in part on any Interest Payment Date (and, if in part, by lot in such manner as may be designated by the Trustee), subject to the terms of the Indenture, at a redemption price of 100% of the principal amount thereof to be redeemed and accrued interest to the date fixed for redemption, plus the applicable premium, if any, set forth in the Indenture.

After the Conversion Date, the Bonds are also subject to redemption at the option of the Borrower, as a whole or in part (and, if in part, by lot in such manner as may be designated by the Trustee, *provided* the Bonds held by the Tender Agent for the account of the Borrower resulting from a draw upon the Letter of Credit shall be first subject to such redemption prior to any other Bonds which may be selected for redemption) on any date at the redemption price of 100% of the principal amount thereof to be redeemed plus accrued interest, if any, to the date fixed for redemption, upon the occurrence of any of certain events described in the Indenture relating to damage, destruction or condemnation of the Project.

The Bonds are also subject to mandatory redemption prior to maturity by the Issuer, as a whole and not in part, on any date within sixty (60) days of the occurrence of a Determination of Taxability (as defined in the Indenture), at a redemption price of 100% of the principal amount to be redeemed (or 103% of the principal amount thereof to be redeemed during the Fixed Rate Period) plus accrued interest to the date fixed for redemption.

In the event any of the Bonds or portions thereof (which shall be an authorized denomination) are called for redemption prior to maturity as aforesaid, the Trustee shall give notice, at the direction of the Borrower (which direction shall be in writing), by directing the Bond Registrar to mail a copy of the redemption notice by first class mail, postage prepaid, at least thirty (30) days but not more than sixty (60) days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed as a whole or in part at the address shown on the registration books of the Issuer maintained by the Bond Registrar; *provided, however*, that failure to give such notice by mailing, or any defect therein, shall not affect the validity of any proceedings for the redemption of any Bond or a portion thereof with respect to which no such

failure or defect has occurred. Any notice mailed as provided above shall be conclusively presumed to have been duly given, whether or not the Registered Owner receives the notice.

The Registered Owner of this Bond shall have no right to enforce the provisions of the Indenture or the Agreement or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Indenture or the Agreement, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Indenture. In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the principal of all the Bonds issued under the Indenture and then outstanding may become or may be declared due and payable before the stated maturity thereof, together with interest accrued thereon. The Indenture prescribes the manner in which it may be discharged, including a provision that under certain circumstances the Bonds shall be deemed to be paid if Governmental Obligations, as defined therein, maturing as to principal and interest in such amounts and on such dates as will provide sufficient funds to pay the principal of and interest and premium, if any, on such Bonds and all fees, charges and expenses of the Trustee, and all other liabilities of the Borrower under the Agreement, shall have been deposited with the Trustee, after which such Bonds shall no longer be secured by or entitled to the benefits of the Indenture or the Agreement, except for purposes of transfer and exchange and payment from such Governmental Obligations on the date or dates specified at the time of such deposit.

The Indenture permits the amendment thereof and the modification of the rights and obligations of the Issuer and the rights of the owners of the Bonds at any time by the Issuer with the consent of the Registered Owners of a majority, or in certain instances 100%, in aggregate principal amount of the Bonds at the time outstanding, as defined in the Indenture. Any such consent or waiver by the Registered Owner of this Bond shall be conclusive and binding upon such owner and upon all future owners of this Bond and of any Bond issued upon the transfer or exchange of this Bond whether or not notation of such consent or waiver is made upon this Bond. The Indenture also contains provisions permitting the Trustee to enter into certain supplemental indentures without the consent of the owners of the Bonds and to waive certain past defaults under the Indenture and their consequences. No supplemental indenture will become effective without the consent of the Borrower and, if a Letter of Credit is then in effect and if the Bank has not failed to honor a properly presented drawing thereunder, the Bank.

**[FORM OF ASSIGNMENT]**

The following abbreviations, when used in the inscription on the face of this Bond, shall be construed as though they were written out in full according to applicable laws or regulations:

UNIF GIFT MIN ACT — Uniform Gifts to Minor Act

CUST – Custodian

TEN COM — as tenants in common

TENANT — as tenants by the entireties

JT TEN — as joint tenants with right of survivorship and not as tenants in common

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

**ASSIGNMENT**

**FOR VALUE RECEIVED**, the undersigned sells, assigns and transfer unto

(Name, Address and Taxpayer Identification Number of Assignee)

the Variable Rate Demand Multi-Family Housing Revenue Bond (Churchview Manor Senior Apartments), Series 2012 (the “**Bond**”), of the City of Chicago, numbered \_\_\_\_\_ and does hereby irrevocably constitute and appoint \_\_\_\_\_ to transfer the Bond on the books kept for registration thereof with full power of substitution in the premises.

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

\_\_\_\_\_  
Registered Owner

NOTICE: The signature to this Assignment must correspond with the name as it appears upon the face of the Bond in every particular, without alteration or enlargement or any change whatever.

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by a guarantor institution participating in the Securities Transfer Agents Medallion Program or on such other guarantee program acceptable to the Trustee.

[Form of Bondholder Tender Notice]

**BONDHOLDER TENDER NOTICE**

The undersigned hereby elects to have the Variable Rate Demand Multi-Family Housing Revenue Bond (Churchview Manor Senior Apartments), Series 2012, numbered R-1 (the "**Bond**") of the City of Chicago (the "**Issuer**") (or any portion thereof in any authorized denomination) purchased in accordance with the provisions of the Bond and the Trust Indenture (the "**Indenture**") dated as of October 1, 2012, by and between the Issuer and Seaway Bank and Trust Company, as trustee (the "**Trustee**"), on \_\_\_\_\_, 20\_\_ (the "**Purchase Date**"), which Purchase Date shall be a Business Day at least seven (7) days immediately following the submission of this Bondholder Tender Notice to Seaway Bank and Trust Company, as tender agent (the "**Tender Agent**") (unless the owner of the Bond shall have given telephonic notice of its election to tender the Bond at the opening of business of the Tender Agent, confirmed by submission of this Bondholder Tender Notice not more than two (2) Business Days after such telephonic notice, in which event such Purchase Date shall be a Business Day at least seven (7) days immediately following the date of such telephonic notice), at the purchase price of 100% of the principal amount thereof being purchased plus accrued interest to the date of purchase (the "**Purchase Price**"). The Bond may be tendered for purchase in part in the principal amount of \$100,000 or any integral multiple of \$5,000 in excess thereof, but the Bond shall not be tendered for purchase if the unpurchased part of the Bond shall be less than \$100,000.

Pursuant to the terms of the Indenture, the Purchase Price of the Bond (or portion thereof) to be purchased shall be paid to the Registered Owner of the Bond in immediately available funds, as provided in the Indenture, at or before 3:00 P.M., New York time, on the Purchase Date (or, if the Purchase Date is not a Business Day, as defined in the Indenture, then on the immediately following Business Day) upon presentation of the Bond to the Tender Agent, together with an instrument of assignment or transfer duly executed in blank (which instrument of assignment or transfer shall be in the form provided on this Bond or in such other form acceptable to the Tender Agent), at or before 10:00 A.M., New York time, on the Purchase Date (or if the Purchase Date is not a Business Day, on the immediately following Business Day), at:

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

The undersigned hereby acknowledges and agrees to such terms.

This Bondholder Tender Notice shall not be accepted by the Tender Agent unless it is properly completed and received by the Tender Agent at the address designated above. If this Bond is submitted for purchase in part, the undersigned hereby directs the Tender Agent to exchange this Bond for (i) a Bond representing the principal amount of the Bond to be purchased and (ii) a Bond (or Bonds of authorized denominations if the owner specifies the authorized denominations) representing the principal amount of the Bond not to be purchased. The Bond or Bonds not to be purchased shall be registered in the same name(s) as this Bond tendered for

purchase. Unless the Registered Owner of this Bond delivers instructions to the Tender Agent with this Bondholder Tender Notice, specifying that said Registered Owner wishes to have the Tender Agent deliver more than one Bond representing the principal amount of the Bond not to be purchased, and specifying the authorized denominations of such replacement Bonds, the Tender Agent will deliver only one replacement Bond to such Registered Owner in the principal amount of the Bond not to be purchased.

THIS ELECTION IS IRREVOCABLE AND BINDING  
ON THE UNDERSIGNED AND CANNOT BE WITHDRAWN.

The undersigned hereby authorizes the Tender Agent to accept on behalf of the undersigned the Purchase Price of the Bond (or portion thereof) subject to this Bondholder Tender Notice.

Print or Type:

Name(s) of Bondholder(s): \_\_\_\_\_  
Street City State Zip: \_\_\_\_\_  
Area Code Telephone Number \_\_\_\_\_  
Signature(s): \_\_\_\_\_  
Date: \_\_\_\_\_

Note: The signature(s) to this Bondholder Tender Notice must correspond exactly to the name(s) appearing on the registration books of the Issuer maintained by Seaway Bank and Trust Company as Bond Registrar, in every particular, without alteration or enlargement or any change whatsoever.

Signature Guaranteed:

\_\_\_\_\_  
\_\_\_\_\_

NOTICE: Signature(s) must be guaranteed by a guarantor institution participating in the Securities Transfer Agents Medallion Program or in such other guarantee program acceptable to the Trustee.

The principal amount of this Bond requested to be purchased pursuant to this Bondholder Tender Notice is \$\_\_\_\_\_. (Insert Total Principal Amount of Bond or a portion thereof in the amount of \$100,000 or any integral multiple of \$5,000 in excess thereof)

If no amount is indicated in the space above, the Registered Owner of this Bond subject to this Bondholder Tender Notice will be deemed to have tendered the Bond in its full principal amount for purchase.

### SPECIAL DELIVERY INSTRUCTIONS

To be completed only if the Registered Owner of this Bond is the Registered Owner of at least \$1,000,000 in aggregate principal amount of this Bond and the issue of which it is a part, and wishes to direct the Tender Agent to wire transfer the purchase price of the Bond (or portion thereof) to be purchased.

Wire transfer purchase price to:

Account Number: \_\_\_\_\_

Location of Account: \_\_\_\_\_

(Include Zip Code) \_\_\_\_\_



## **EXHIBIT B**

Requisition No.: 1

Date: [ISSUE DATE]

### **REQUISITION CERTIFICATE**

To: SEAWAY BANK AND TRUST COMPANY, AS TRUSTEE UNDER THE TRUST INDENTURE DATED AS OF OCTOBER 1, 2012, BETWEEN THE CITY OF CHICAGO AND THE TRUSTEE, AND LOAN AGREEMENT DATED AS OF OCTOBER 1, 2012, BETWEEN THE ISSUER AND THE BORROWER.

The undersigned hereby requests that the following amounts be paid to the following payees for the following Costs of the Project as defined in the above-mentioned Loan Agreement:

<b>Amount:</b>	<b>Payee and Address:</b>	<b>Description:</b>
	<b>See attached</b>	

I hereby state and certify that: (i) the amounts requested are or were necessary and appropriate in connection with the acquisition, rehabilitation, renovation and equipping of the Project have been properly incurred and are a proper charge against the Acquisition and Construction Fund, and have been paid, or are justly due to the persons whose names and addresses are stated above, and have not been the basis of any previous requisition from the Acquisition and Construction Fund, and that such amounts are costs which can be capitalized for Federal income tax purposes; (ii) as of this date, except for the amounts specified above, there are no outstanding statements which are due and payable for labor, wages, materials, supplies or services in connection with the acquisition, rehabilitation, purchase, construction and installation of said buildings and improvements which, if unpaid, might become the basis of a vendors, mechanics, laborers, materialmens, statutory or similar lien upon the Project or any part thereof; (iii) no part of the several amounts paid or due as stated above has been or is being made the basis for the withdrawal of any moneys from the Acquisition and Construction Fund in any previous or pending application for payment made pursuant to the Loan Agreement; (iv) payment of this Requisition will not breach any limitation on disbursements contained in the Development Certificate (as defined in the Loan Agreement); (v) the amount remaining in the Acquisition and Construction Fund after payment of the amount(s) requested in this Requisition, the reasonable estimate of investment income thereon, plus funds of the Borrower available for such purpose will, after payment of the amount(s) requested hereby, be sufficient to pay the cost of completing the Project; and (vi) the amount(s) requested hereby are costs permitted by the Bond Ordinance (as defined in the Agreement).

Authorized Borrower's Representative

**Approved:**

\_\_\_\_\_

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

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

**Approved:**

**BMO HARRIS BANK N.A.**

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

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

16156-0058  
CH2\10707711.10

**EXHIBIT B**

**Loan Agreement**

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## **LOAN AGREEMENT**

between

**CITY OF CHICAGO,**  
a municipality and home rule unit  
of government duly organized and  
validly existing under the  
Constitution and the laws of the  
State of Illinois

and

**CHURCHVIEW MANOR PRESERVATION L.P.,**  
an Illinois limited partnership

Dated as of October 1, 2012

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## LOAN AGREEMENT

THIS LOAN AGREEMENT dated as of October 1, 2012 (the “**Agreement**”), by and between the **CITY OF CHICAGO**, a municipality and home rule unit of government duly organized and validly existing under the Constitution and the laws of the State of Illinois (the “**Issuer**”), and **CHURCHVIEW MANOR PRESERVATION L.P.**, an Illinois limited partnership duly organized and validly existing under the laws of the State of Illinois (the “**Borrower**”).

### WITNESSETH:

WHEREAS, pursuant to the Constitution of the State of Illinois (the “**State**”) the Issuer is authorized to exercise and perform any function pertaining to its government and affairs, including the power to issue bonds for the purpose of financing a residential facility for seniors within the boundaries of the Issuer;

WHEREAS, the Issuer has agreed to issue and sell \$3,700,000 aggregate principal amount of its Variable Rate Demand Multi-Family Housing Revenue Bonds (Churchview Manor Senior Apartments), Series 2012 (the “**Bonds**”) under the terms of a Trust Indenture (the “**Indenture**”) dated as of October 1, 2012, from the Issuer to Seaway Bank and Trust Company, as trustee (the “**Trustee**”), and to lend the proceeds of the Bonds to the Borrower to finance a portion of the costs of acquiring, rehabilitating, constructing and equipping the Churchview Manor Senior Apartments, a residential facility for seniors consisting of approximately 60 units in one building located at 2626 West 63<sup>rd</sup> Street, Chicago, Illinois, described in *Exhibit A* attached hereto (the “**Development**” or the “**Project**”); and

WHEREAS, the Borrower’s obligations to repay the loan are evidenced by this Agreement and the Borrower’s execution and delivery to the Issuer of their promissory note (the “**Note**”) concurrent herewith; and

WHEREAS, the Bonds are secured by (i) an assignment and pledge by the Issuer to the Trustee of this Agreement and the Note and (ii) an irrevocable, transferable letter of credit issued by BMO Harris Bank N.A., a national banking association (the “**Bank**”), in favor of the Trustee for the benefit of the owners from time to time of the Bonds, and any other letter of credit issued in substitution therefor in accordance with the terms hereof and thereof (the “**Letter of Credit**”);

NOW, THEREFORE, in consideration of the respective representations and agreements herein contained, the parties hereto agree as follows (*provided*, that in the performance of the agreements of the Issuer herein contained, any obligation they may thereby incur shall not constitute a debt of the Issuer, or a charge against its general credit, but shall be payable solely out of the revenues and receipts derived from this Agreement, the Note, the sale of the Bonds, the income from the temporary investment thereof and moneys derived from drawings under the Letter of Credit, all as herein provided):



## **ARTICLE I DEFINITION OF TERMS**

All words and phrases defined in Article I of the Indenture shall have the same meanings in this Agreement. Certain terms used in this Agreement are hereinafter defined in this Article I. When used herein, such terms shall have the meanings given them by the language employed in this Article I defining such terms unless the context clearly indicates otherwise:

**“Acquisition and Construction Period”** means the period between the beginning of the acquisition, rehabilitation, construction and equipping of the Project or the date on which the Bonds are first delivered to the purchasers thereof, whichever is earlier, and the Completion Date.

**“Affordable Housing Loan”** has the meaning ascribed to it in the Bond Ordinance.

**“Agreement”** means this Loan Agreement, as from time to time supplemented and amended.

**“Alternate Credit Facility”** means a surety bond, an insurance policy or any other credit facility not constituting an irrevocable, direct-pay letter of credit delivered to the Trustee pursuant to Section 5.7(d) hereof.

**“Authorized Borrower’s Representative”** means such person at the time and from time to time designated to act on behalf of the Borrower by written certificate furnished to the Issuer, the Trustee and the Bank, containing the specimen signature of such person. Such certificate may designate an alternate or alternates.

**“Bank”** means BMO Harris Bank N.A., a national banking association, in its capacity as the issuer of the initial Letter of Credit pursuant to Section 5.7(a) hereof, its successors in such capacity and their assigns, and the issuer of any substitute Letter of Credit pursuant to Section 5.7(c) hereof, its successors in such capacity and their assigns.

**“Bonds”** means the Variable Rate Demand Multi-Family Housing Revenue Bonds (Churchview Manor Senior Apartments), Series 2012 of the Issuer, in the original aggregate principal amount of \$3,700,000, issued pursuant to the Indenture.

**“Borrower”** means Churchview Manor Preservation L.P., an Illinois limited partnership duly organized and validly existing under the laws of the State, and its successors and assigns.

**“Borrower Documents”** means this Agreement, the Note, the Regulatory Agreement, the Purchase Agreement, the Remarketing Agreement, the Reimbursement Agreement, the Tax Agreement and the Development Certificate.

**“Completion Date”** means the earlier of (i) December 31, 2012, or (ii) the date of completion of the Project, as that date shall be certified as provided in Section 3.4 hereof.

**“Cost of the Project”** means the sum of the items authorized to be paid from the Acquisition and Construction Fund pursuant to the provisions of (a) through (h) of Section 3.3 hereof.

**“Development Certificate”** means the certificate of the Borrower with respect to its use of the proceeds of the Bonds to be delivered on the date of issuance of the Bonds.

**“Event of Default”** means any occurrence or event specified as such and defined as such by Section 6.1 hereof.

**“Indenture”** means the Trust Indenture dated as of October 1, 2012, by and between the Issuer and the Trustee, as from time to time supplemented and amended.

**“Investment Obligations”** shall mean, to the extent lawful for the investment of moneys to be made therein, any of the following obligations or securities on which the Borrower is not the obligor:

- (a) Governmental Obligations;
- (b) interest-bearing deposit accounts (which may be represented by certificates of deposit including Eurodollar certificates of deposit) in national or state banks (which may include the Trustee, the Paying Agent, any Co-Paying Agent, the Bond Registrar, the Tender Agent, the Remarketing Agent and the Bank) having a combined capital and surplus of not less than \$100,000,000 and an unsecured deposit rating in one of the three highest rating categories from a nationally recognized rating agency;
- (c) bankers’ acceptances drawn on and accepted by commercial banks (which may include the Trustee, the Paying Agent, any Co-Paying Agent, the Bond Registrar, the Tender Agent, the Remarketing Agent and the Bank) having a combined capital and surplus of not less than \$100,000,000 and an unsecured deposit rating in one of the three highest rating categories from a nationally recognized rating agency;
- (d) obligations of, or guaranteed by, any agency or instrumentality of the United States of America;
- (e) commercial or finance company paper which is rated in the highest rating category by a nationally recognized rating agency;
- (f) repurchase agreements with banking or financial institutions (which may include the Trustee, the Paying Agent, any Co-Paying Agent, the Bond Registrar, the Tender Agent, the Remarketing Agent and the Bank) having a combined capital and surplus of not less than \$100,000,000 and an unsecured deposit rating in one of the three highest rating categories from a nationally recognized rating agency, *provided* (i) that such repurchase agreements shall be secured as to principal (but only to the extent not insured by the Federal Deposit

Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or a similar corporation chartered by the United States of America) by Governmental Obligations, the fair market value of which is equal to one hundred percent (100%) of such principal, (ii) the Trustee or a third party acting solely as agent for the Trustee has possession of the underlying securities, (iii) the Trustee or agent has a perfected first security lien in such collateral and (iv) such collateral is free and clear of third party liens;

(g) obligations of any state or political subdivision thereof or any agency or instrumentality of such a state or political subdivision, the interest on which, in the opinion of Bond Counsel, is not includable in the gross income of the owners thereof for federal income tax purposes;

(h) mutual funds investing in securities or obligations that are permissible investments under this Agreement including any mutual fund from which the Trustee or any of its affiliates may receive compensation; and

(i) any other obligations agreed upon in writing by the Bank and the Borrower.

**“Issuer”** means the City of Chicago, and its lawful successors and any assigns.

**“Letter of Credit”** means the initial irrevocable, transferable letter of credit delivered to the Trustee pursuant to Section 5.7(a) hereof, and, unless the context or use indicates another or different meaning or intent, any substitute Letter of Credit delivered to the Trustee pursuant to Section 5.7(c) hereof, and any extensions or amendments thereof.

**“Note”** means the promissory note of the Borrower made payable to the Issuer and endorsed by the Issuer to the Trustee, delivered by the Borrower pursuant to Section 4.2(a) hereof, in order to evidence the obligation of the Borrower to repay the loan made hereunder.

**“Project”** shall have the meaning given such term in the recitals to this Agreement and the Indenture.

**“Regulatory Agreement”** means the Regulatory Agreement and Declaration of Restrictive Covenants dated as of October 1, 2012, between the Borrower, the Issuer and the Trustee.

**“Section 147 Related Person”** means a “related person” within the meaning of Section 147(a)(2) of the Code (or any successor sections thereto).

**“State”** means the State of Illinois.

**“Substantial User”** means a substantial user within the meaning of Section 147(a) of the Code (or any successor sections thereto).

**“Tax Agreement”** means the Tax Exemption Certificate and Agreement, dated as of October 1, 2012, by and between the Issuer, the Trustee and the Borrower.

**“Trustee”** means the Trustee at that time serving as such under the Indenture.

The words “*hereof*,” “*herein*,” “*hereunder*” and other words of similar import refer to this Agreement as a whole.

Unless otherwise specified, references to Articles, Sections and other subdivisions of this Agreement are to the designated Articles, Sections and other subdivisions of this Agreement as originally executed.

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

## **ARTICLE II REPRESENTATIONS**

**Section 2.1. *Representations of the Issuer.*** The Issuer makes the following representations as the basis for the undertakings on its part herein contained:

(a) The Issuer is a duly constituted and existing municipality and home rule unit of government within the meaning of Section 6(a), Article VII of the 1970 Constitution of the State and as such may legislate matters which pertain to its government and affairs, including the issuance of the Bonds and the loaning of the proceeds of the Bonds.

(b) To the knowledge of the undersigned representatives of the Issuer, there are no actions, suits, proceedings, inquiries or investigations pending or threatened against the Issuer in any court or before any governmental authority or arbitration board or tribunal which would materially and adversely affect the validity or enforceability of the Bonds, the Bond Ordinance, the Indenture, the Purchase Agreement, the Regulatory Agreement or this Loan Agreement or the performance by the Issuer of its obligations hereunder or thereunder.

(c) The issuance and sale of the Bonds and the execution and delivery by the Issuer of the Indenture, the Regulatory Agreement, the Purchase Agreement and this Loan Agreement, and the performance by the Issuer of its obligations hereunder and thereunder (i) are within the purpose, power and authority of the Issuer, (ii) comply with the Constitution and laws of the State, (iii) are legal, valid and binding limited obligations of the Issuer except as enforceability may be limited by applicable bankruptcy, insolvency, moratorium, reorganization, or other laws affecting the enforcement of creditors’ rights generally and general principles of equity and (iv) have been duly authorized by all necessary action on the part of the Issuer. The Bonds do not and will not constitute a debt of the Issuer, the State of Illinois or any political subdivision thereof or a loan of credit thereof within the meaning of any constitutional or

statutory provision or limitation, nor shall the Bonds constitute or give rise to a pecuniary liability of the Issuer.

(d) The City Council of the Issuer has approved the Bond Ordinance, and the Bond Ordinance has not been amended, modified or rescinded and is in full force and effect as of the date hereof.

(e) To the knowledge of the undersigned representatives of the Issuer, the Issuer has not pledged and will not pledge or grant any security interest in its interest in, to or under this Loan Agreement or the Note and the payments made hereunder and thereunder, or the revenues or income to be derived by the Issuer hereunder and thereunder for any purpose other than to secure the Bonds.

(f) The Issuer will not knowingly engage in any activity which will result in the interest on the Bonds becoming taxable to the Bondholders thereof under federal income tax laws.

**Section 2.2. Representations of the Borrower.** The Borrower makes the following representations as the basis for the undertakings on their part herein contained:

(a) The Borrower is an Illinois limited partnership duly organized, validly existing and in good standing under the laws of the State. The Borrower is duly qualified to conduct its business in the State and has the power to carry on its business as it is now being conducted and to enter into, and, by proper action, has been duly authorized to execute and deliver each of the Borrower Documents.

(b) Neither the execution and delivery of any of the Borrower Documents or any other document executed and delivered by the Borrower in connection with the issuance of the Bonds, the consummation of the transactions contemplated hereby or thereby, nor the fulfillment of or compliance with the terms and conditions of the Borrower Documents or any other document executed and delivered by the Borrower in connection with the issuance of the Bonds, conflicts with or results in a breach of any of the terms, conditions or provisions of any restriction of the partnership agreement creating the Borrower or any agreement or instrument to which the Borrower is now a party or by which it is bound, or constitutes a default under any of the foregoing, or results in the creation or imposition of any lien, charge or encumbrance whatsoever upon any of the property or assets of the Borrower or any subsidiary of the Borrower, except as contemplated by such documents. No condition applicable to the Borrower exists which would, upon the execution of this Agreement, with the lapse of time or the giving of notice, or both, become an Event of Default under this Agreement.

(c) The Borrower has made all filings with and has obtained all approvals, authorizations, permits and consents from all federal, state and local regulatory agencies having jurisdiction as required by applicable laws and

regulations to be made or to be obtained in connection with the acquisition, rehabilitation and construction of the Development, except for any such approvals, authorizations, permits and consents which are not yet required and which will be duly obtained not later than the time required or the failure to obtain which will not materially and adversely affect the acquisition, construction and operation of the Development.

(d) The Development will be acquired, rehabilitated, constructed and equipped through the use of the Bond proceeds and certain other funds, and will be located on the Land, entirely within the corporate boundaries of the City of Chicago, Illinois.

(e) The Development meets the requirements of the Regulatory Agreement and the Code with respect to multi-family housing.

(f) All of the Costs of the Project were determined or estimated in accordance with sound engineering and accounting principles.

(g) The information contained in the written documents relating to the Development provided by the Borrower to the Issuer and Bond Counsel is true, correct and complete in all material respects.

(h) No part of the Development was acquired, rehabilitated or constructed on or before the date which is 60 days before May 9, 2012, the date of the adoption of the original Bond Ordinance, and no portion of the proceeds of the Bonds will be used to reimburse the Borrower for Costs of the Development incurred or expended on or before that date.

(i) None of the net proceeds of the Bonds will be used for the acquisition of the land.

(j) None of the proceeds of the Bonds will be used to provide any airplane, skybox or other private luxury box, health club facility, any facility primarily used for gambling, or any store the principal business of which is the sale of alcoholic beverages for consumption off premises, and none of the proceeds of the Bonds will be used for the acquisition of land to be used for farming or industrial park purposes.

(k) The Borrower will comply with the provisions of Section 148 of the Code, and in that connection, has executed and delivered the Tax Agreement and the Development Certificate.

(l) The Borrower will not make any payments, or agreements to pay, to a party, other than the United States of America, an amount that is required to be paid to the United States of America under the rebate requirements of Section 148(f) of the Code by entering into any transaction that reduces the rebatable amount because such transaction results in a smaller profit or a larger

loss than would have resulted if the transaction had been at arm's length and had the yield on the Bonds not been relevant to either party. The Borrower will not acquire with the proceeds of the Bonds any certificate of deposit, investment contract, or any other type of investment which does not comply with the provisions of the Code.

(m) The information furnished by the Borrower and used by the Issuer in preparing the Form 8038, Information Return for Private Activity Bond Issues, which has been filed by or on behalf of the Issuer with the Internal Revenue Service Center in Ogden, Utah, pursuant to Section 149(e) of the Code, was true and complete as of the date of filing of said Form 8038.

(n) The weighted average maturity of the Bonds does not exceed 120% of the weighted average estimated economic life of the components comprising the Development, as determined pursuant to Section 147(b) of the Code.

(o) At least 95% of the net proceeds of the Bonds will be used to finance the cost of acquiring, rehabbing, constructing and equipping the Development. All expenditures for and all Costs of the Project will be charged to a capital account for federal income tax purposes, or would be so chargeable either with a proper election or but for a proper election to deduct. In estimating the Costs of the Project, no amount has been included which, under the federal income tax laws, was or will be deductible by the Borrower in the year in which it was paid or incurred other than through an allowance for depreciation. No portion of the proceeds (as defined for purposes of Section 147(g) of the Code) from the sale of the Bonds will be used to provide working capital.

(p) The facilities comprising the Development constitute qualified residential housing, within the meaning of Section 142 of the Code.

(q) The operation of the Development in the manner presently contemplated and as described herein does not and will not conflict in any material respect with any zoning, water or air pollution or other ordinance, order, law or regulation applicable to the Development. The Borrower has caused the Development to be designed in accordance with all applicable Federal, State and local laws or ordinances (including rules and regulations) relating to zoning, planning, building, safety and environmental quality.

(r) The Borrower possesses, and agrees to maintain and obtain in the future, all necessary licenses and permits, or rights thereto, to operate the Development as presently proposed to be operated; all such licenses, permits or other approvals required in connection with the acquisition, rehabilitation, construction and operation of the Development have been duly obtained and are in full force and effect except for any such licenses, permits or other approvals which are not yet required and which will be duly obtained not later than the time

required or the failure to obtain which will not materially and adversely affect the acquisition, rehabilitation, construction and operation of the Development.

(s) The Borrower will cause all of the residential units in the Development to be rented or available for rental on a basis which satisfies the requirements of the Regulatory Agreement.

(t) The Bank does not control, either directly or indirectly through one or more intermediaries, the Borrower. "Control" for this purpose has the meaning given to such term in Section 2(a)(9) of the Investment Company Act of 1940. The Borrower agrees to provide written notice to the Trustee, the Remarketing Agent, and the Bondholders at least 30 days prior to the consummation of any transaction that would result in the Borrower controlling or being controlled by the Bank or any provider of an Alternate Credit Facility.

### **ARTICLE III**

#### **ACQUISITION, REHABILITATION, CONSTRUCTION AND EQUIPPING OF THE PROJECT; ISSUANCE OF THE BONDS**

***Section 3.1. Acquisition, Rehabilitation, Construction and Equipping of the Project; Title.*** The Borrower agrees that they will acquire, rehabilitate, construct, renovate and equip or complete the acquisition, rehabilitation, construction and equipping of, the Project; any plans and specifications for any construction, including any and all supplements, amendments and additions (or deletions) thereto (or therefrom), shall be made available to the Issuer, the Trustee and the Bank on written request.

Except as otherwise disclosed to the Trustee and the Bank, the Borrower represents and warrants that it has, or simultaneously with the delivery of the Bonds will have, acquired good and marketable equitable interests to the Project Facilities to enable the Borrower to acquire, rehab, construct, expand, equip and use the Project as contemplated by this Agreement.

***Section 3.2. Agreement to Issue Bonds; Application of Bond Proceeds.*** In order to provide funds to finance a portion of the Cost of the Project, as provided in Section 4.1 hereof, the Issuer agrees that it will simultaneously with the execution and delivery hereof issue, sell and cause to be delivered to the purchasers thereof, the Bonds in the aggregate principal amount of \$3,700,000 bearing interest, maturing, subject to prior redemption and subject to transfer, as set forth in the Indenture. The Issuer hereby loans the proceeds of the Bonds to the Borrower by causing the deposit of the proceeds of the Bonds in the Cost of Issuance Fund and in the Acquisition and Construction Fund as provided by the Indenture.

***Section 3.3. Disbursements from the Acquisition and Construction Fund.*** The Issuer authorizes and directs the Trustee, upon compliance with the Indenture, to disburse the moneys in the Acquisition and Construction Fund to or on behalf of the Borrower for the following purposes and, subject to the provisions of Section 3.4 hereof and the provisions of the Tax Agreement and the Development Certificate, for no other purposes than:



(a) Payment to the Borrower of such amounts, if any, as shall be necessary to reimburse the Borrower in full for all advances and payments made by them at any time after a date which is 60 days prior to May 9, 2012, the date of the adoption of the original Bond Ordinance for expenditures in connection with the preparation of plans and specifications for the Project (including any preliminary study or planning of the Project or any aspect thereof) and the acquisition, rehabilitation, construction, renovation and equipping of the Project.

(b) Payment or reimbursement of any legal, financial and accounting fees and expenses, the established administrative fees and expenses of the Issuer, costs of the execution and filing of any instruments and the preparation of all other documents in connection therewith, and payment or reimbursement of all fees, costs and expenses for the preparation of this Agreement, the Note, the Reimbursement Agreement, the Letter of Credit, the Indenture, the Remarketing Agreement, the Bonds and the other Borrower Documents; *provided*, that any of the foregoing costs that are Issuance Costs shall be paid from the Cost of Issuance Fund.

(c) Payment or reimbursement for labor, services, materials and supplies used or furnished in the acquisition, rehabilitation, construction and equipping of the Project, all as provided in the plans, specifications and work orders therefor, payment or reimbursement for the cost of the acquisition, rehabilitation, construction and equipping of utility services or other facilities and the acquisition and installation of all real and personal property deemed necessary in connection with the Project and payment or reimbursement for the miscellaneous capitalized expenditures incidental to any of the foregoing items.

(d) Payment or reimbursement of the fees, if any, for architectural, engineering, legal, investment banking and supervisory services with respect to the Project.

(e) To the extent not paid by a contractor for construction or installation with respect to any part of the Project, payment or reimbursement of the premiums on all insurance required to be taken out and maintained during the Acquisition and Construction Period, if any.

(f) Payment of the taxes, assessments, interest on the Bonds and other charges, if any, that may become payable during the Acquisition and Construction Period with respect to the Project, or reimbursement thereof if paid by the Borrower.

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

(h) Payment of any other costs permitted by the Bond Ordinance.

All moneys remaining in the Acquisition and Construction Fund after the Completion Date and after payment or provision for payment of all other items provided for in the preceding subsections (a) to (h), inclusive, of this Section 3.3, shall at the direction of the Borrower be used in accordance with Section 3.4 hereof.

Notwithstanding the foregoing, in no event shall the Issuance Costs financed with the proceeds of the Bonds exceed 2% of the proceeds of the Bonds within the meaning of Section 147(g) of the Code, and all Costs of Issuance shall be paid from the Cost of Issuance Fund.

Each of the payments referred to in this Section 3.3 shall be made upon receipt by the Trustee of a written requisition (substantially in the form set forth in *Exhibit B* to the Indenture) signed by the Authorized Borrower's Representative and approved in writing by the Bank.

**Section 3.4. Establishment of Completion Date; Obligation of Borrower to Complete.** The Completion Date shall be evidenced to the Issuer, the Trustee and the Bank by a certificate signed by the Authorized Borrower's Representative, stating the Cost of the Project and stating that (a) the acquisition, rehabilitation, construction and equipping of the Project has been completed substantially in accordance with the plans, specifications and work orders therefor and all labor, services, materials and supplies used in such acquisition, rehabilitation, construction and equipping have been paid for and (b) all other facilities necessary in connection with the Project have been acquired, rehabbed, constructed and equipped in accordance with the plans, specifications and work orders therefor, and all costs and expenses incurred in connection therewith (other than costs and expenses for which the Borrower has withheld payment) have been paid and (c) the disbursement of amounts from the Acquisition and Construction Fund and the Cost of Issuance Fund complied with all representations and covenants of the Borrower pertaining thereto contained in the Development Certificate of the Borrower. If the Borrower withholds the payment of any such cost or expense of the Project, the certificate shall state the amount of such withholding and the reason therefor. Notwithstanding the foregoing, such certificate may state that it is given without prejudice to any rights against third parties which exist at the date of such certificate or which may subsequently come into being. It shall be the duty of the Borrower to cause such certificate to be furnished to the Issuer, the Trustee and the Bank promptly after the Project shall have been completed.

Within ten (10) days after the delivery by the Authorized Borrower's Representative of the certificate evidencing the Completion Date, the Trustee shall retain in the Acquisition and Construction Fund a sum equal to the amounts necessary for payment of Costs of the Project not then due and payable or the liability for which the Borrower is contesting as set forth in said certificate. Any amount not so retained in the Acquisition and Construction Fund for such costs, and all amounts so retained but not subsequently used and for which notice of such failure of use has been given by the Borrower to the Trustee, shall be segregated by the Trustee and used by the Trustee, at the direction of the Authorized Borrower's Representative, (a) to redeem Bonds on the earliest redemption date permitted by the Indenture for which no prepayment premium or penalty pertains, or, at the option of the Borrower, at an earlier redemption date (*provided* that, in neither event shall such amounts be used to pay interest or

premium on the Bonds in connection with such redemption), (b) to purchase Bonds on the open market (including Bonds subject to mandatory purchase) prior to such redemption date (*provided* that, if Bonds are purchased at an amount in excess of the principal amount thereof, the Borrower shall pay such excess out of other funds) for the purpose of cancellation, or (c) subject to the written consent of the Bank, for any other purpose, *provided* that the Trustee is furnished with an opinion of Bond Counsel to the effect that such use is lawful under the Bond Ordinance and will not adversely affect the exclusion from gross income of interest on any of the Bonds for purposes of gross income taxation. Until used for one or more of the foregoing purposes, such segregated amount may be invested as permitted by Section 3.5 hereof, but may not be invested, without an opinion of Bond Counsel to the effect that such investment will not adversely affect the exclusion from gross income of interest on any of the Bonds for purposes of federal income taxation, to produce a yield on such amount (computed from the Completion Date and taking into account any investment of such amount from the Completion Date) greater than the yield on the Bonds, computed in accordance with applicable provisions of the Code. The Issuer agrees to cooperate with the Trustee and take all required action necessary to redeem the Bonds or to accomplish any other purpose contemplated by this Section 3.4.

In the event the moneys in the Acquisition and Construction Fund available for payment of the Cost of the Project should not be sufficient to pay the costs thereof in full, the Borrower agrees to pay directly the costs of completing the Project as may be in excess of the moneys available therefor in the Acquisition and Construction Fund. The Issuer does not make any warranty, either express or implied, that the moneys which will be paid into the Acquisition and Construction Fund and which, under the provisions of this Agreement, will be available for payment of a portion of the Cost of the Project, will be sufficient to pay all the costs which will be incurred in that connection. The Borrower agrees that if after exhaustion of the moneys in the Acquisition and Construction Fund the Borrower should pay any portion of the Cost of the Project pursuant to the provisions of this Section 3.4, they shall not be entitled to any reimbursement therefor from the Issuer, from the Trustee or from the Bank, nor shall they be entitled to any diminution of the amounts payable under Section 4.2 hereof or under the Note.

**Section 3.5. *Investment of Moneys.*** Any moneys held as part of the Acquisition and Construction Fund or the Cost of Issuance Fund shall be invested or reinvested by the Trustee, at the written direction of the Authorized Borrower's Representative, as provided in Article VII of the Indenture, in Investment Obligations specified by the Authorized Borrower's Representative. Any moneys held as a part of the Bond Fund (including any moneys held for the payment of a particular Bond) shall be invested or reinvested by the Trustee at the written direction of the Authorized Borrower's Representative as provided in Article VII of the Indenture, to the extent permitted by law, in Investment Obligations, except to the extent Article VII of the Indenture requires that said moneys be invested or reinvested solely in Governmental Obligations. Any such securities may be purchased at the offering or market price thereof at the time of such purchase. The Trustee may make any and all such investments through its own bond department.

The investments so purchased shall be held by the Trustee and shall be deemed at all times a part of the Acquisition and Construction Fund, the Cost of Issuance Fund or the Bond Fund, as the case may be, and the interest accruing thereon and any profit realized therefrom

shall be credited to such fund and any net losses resulting from such investment shall be charged to such fund and paid by the Borrower.

Any moneys held as part of the Bond Purchase Fund shall not be invested.

**Section 3.6. No Additional Bonds.** The Issuer covenants that it shall not issue additional bonds or other obligations payable from the sources described in the Granting Clauses of the Indenture.

**Section 3.7. No Warranty by Issuer.** The Borrower recognizes that the Issuer has not made an inspection of the Project or of any fixture or other item constituting a portion thereof, and the Issuer makes no warranty or representation, express or implied or otherwise, with respect to the same or the location, use, description, design, merchantability, fitness for use for any particular purpose, condition or durability thereof, or as to the Borrower's title thereto or ownership thereof or otherwise, it being agreed that all risks incident thereto are to be borne by the Borrower. In the event of any defect or deficiency of any nature in the Project or any fixture or other item constituting a portion thereof, whether patent or latent, the Issuer shall have no responsibility or liability with respect thereto. The provisions of this Section 3.7 have been negotiated and are intended to be a complete exclusion and negation of any warranties or representations by the Issuer, express or implied, with respect to the Project or any fixture or other item constituting a portion thereof, whether arising pursuant to the Uniform Commercial Code of the State or any other law now or hereafter in effect or otherwise.

#### **ARTICLE IV REPAYMENT PROVISIONS**

**Section 4.1. Bond Proceeds.** The Issuer covenants and agrees, upon the terms and conditions of this Agreement, to lend the proceeds received from the sale of the Bonds to the Borrower in order to finance the Cost of the Project. Pursuant to said covenant and agreement, the Issuer will issue the Bonds upon the terms and conditions contained in the Indenture and this Agreement, and will lend the proceeds of the Bonds to the Borrower by causing the Bond proceeds to be applied as provided in Article III hereof. Such proceeds shall be disbursed by the Trustee to or on behalf of the Borrower as provided in Section 3.3 hereof.

**Section 4.2. Repayment of the Loan and Payment of Other Amounts Payable.**

(a) As evidence of their obligation to repay the loan made hereunder by the Issuer, the Borrower will issue their Note in the principal amount of \$3,700,000. The Note shall be dated the date of issuance and delivery of the Bonds, shall mature on February 1, 2031, except as the provisions hereinafter set forth with respect to prepayment may become applicable thereto. The Note shall bear interest on the unpaid principal amount thereof from the date of the Note at such rates equal to the interest rates from time to time borne by the Bonds, calculated on the same basis and to be paid at the same times as interest on the Bonds is calculated and paid from time to time. The Note shall be subject to prepayment as herein provided. Payments of the principal of and premium, if any, and interest on the Note shall be made in lawful money of the United States of America in federal or other immediately available funds. The Note shall be in

substantially the same form as **Exhibit A** attached hereto and made a part hereof. The Issuer and the Borrower agree that the Note shall be payable to the Issuer, and shall be endorsed and pledged by the Issuer to the Trustee. The Borrower covenants and agrees that the payments of principal of, premium, if any, and interest on the Note shall at all times be sufficient to enable the Issuer to pay when due the principal of, premium, if any, and interest on the Bonds; *provided*, that, the Excess Amount (as hereinafter defined) held by the Trustee in the Bond Fund on a payment date shall be credited against the payment due on such date; and *provided, further*, that, subject to the provisions of the immediately following sentence, if at any time the amount held by the Trustee in the Bond Fund should be sufficient (and remain sufficient) to pay on the dates required the principal of, premium, if any, and interest on the Bonds then remaining unpaid, the Borrower shall not be obligated to make any further payments under the provisions of this Section 4.2(a) or on the Note. Notwithstanding the provisions of the preceding sentence, if on any date the Excess Amount held by the Trustee in the Bond Fund is insufficient to make the then required payments of principal (whether at maturity or upon redemption prior to maturity or acceleration), premium, if any, and interest on the Bonds on such date, the Borrower shall forthwith pay such deficiency. The term "**Excess Amount**" as of any interest payment date shall mean the amount in the Bond Fund on such date in excess of the amount required for the payment of the principal of the Bonds which theretofore has matured at maturity or on a date fixed for redemption and premium, if any, on such Bonds in all cases where Bonds have not been presented for payment and paid, or for the payment of interest which has theretofore come due in all cases where interest checks have not been presented for payment and paid. If the Borrower shall fail to pay any installment of principal of, premium, if any, or interest on the Note or under this Section 4.2(a), the installment so in default shall continue as an obligation of the Borrower until the amount so in default shall have been fully paid, and the Borrower agrees to pay the same with interest thereon until paid (to the extent legally enforceable) at a rate equal to the rate borne by the Bonds from time to time from the due date thereof until paid.

(b) The Borrower also agrees to pay to the Issuer, its costs, fees and expenses (including but not limited to the administrative fee of one quarter of one percent which is due and payable in full at closing) directly related to this Agreement, the Indenture, the Bonds and the Project at any time while this Agreement is in effect, including the fees and expenses of its counsel.

(c) The Borrower also agrees to pay to the Bond Registrar, the Tender Agent and the Trustee (i) the initial acceptance fee of the Trustee and the costs and expenses, including attorneys' fees, incurred by the Trustee in entering into and executing the Indenture and (ii) during the term of this Agreement (A) an amount equal to the annual fee of the Trustee for the ordinary services of the Trustee, as trustee, rendered and ordinary expenses incurred under this Agreement, the Note and the Indenture, including attorneys' fees, as and when the same become due, (B) the fees, charges and expenses of the Underwriter, the Bond Registrar and the Tender Agent, as and when the same become due and (C) the fees, charges and expenses of the Trustee for the necessary extraordinary services rendered by it and extraordinary expenses incurred by it under this Agreement, the Note and the Indenture, including attorneys' fees, as and when the same become due.

(d) The Borrower also agrees to pay all fees, charges and expenses of the Remarketing Agent, as set forth in the Remarketing Agreement, in carrying out duties and obligations and performing services under and pursuant to the Indenture and the Remarketing Agreement.

(e) In addition to the payments required to be made by the Borrower pursuant to the foregoing subsections of this Section 4.2 and the Note, the Borrower agrees to pay to the Tender Agent amounts sufficient to pay the purchase price of any Bonds to be purchased pursuant to Section 4.1 or Section 4.2 of the Indenture, on the purchase date of such Bonds as set forth in said Section 4.1 or said Section 4.2, as the case may be. All such payments shall be made to the Tender Agent in lawful money of the United States of America in federal or other immediately available funds at the principal corporate trust office of the Tender Agent.

(f) In the event that the Trustee is authorized and directed to draw moneys under the Letter of Credit in accordance with the provisions of the Indenture to the extent necessary to pay the principal of, premium, if any, and interest on the Bonds and the purchase price of Bonds if and when due, any moneys derived from a drawing under the Letter of Credit shall constitute a credit against the obligation of the Borrower to make corresponding payments on the Note and under subsections (a) of this Section 4.2. Drawings under the Letter of Credit to pay the purchase price of Bonds when due and remarketing proceeds available for such purpose shall constitute a credit against the obligation of the Borrower to make corresponding payments under subsection (e) of this Section 4.2.

(g) If the date when any of the payments required to be made by this Section 4.2 is not a Business Day, then such payments may be made on the next Business Day with the same force and effect as if made on the nominal due date, and no interest shall accrue for the period after such date.

(h) The Borrower shall have, and is hereby granted, the option to elect to convert the interest rate borne by the Bonds to the Fixed Rate pursuant to the provisions of Section 2.2 of the Indenture, subject to the terms and conditions set forth therein.

(i) The liability of the Borrower under this Agreement and for any damages at law shall be limited to its interest in the Project, and the Issuer and any assignee of the Issuer shall look exclusively to such interest, or to such other security as may from time to time be given for payment of obligations arising out of this Agreement or the Indenture, or under any agreement securing the same, and any judgment rendered against the Borrower for damages at law under this Agreement, the Indenture or such other security or agreements securing the same or any other agreement executed in connection with them, shall be limited to its interest and any other security so given for satisfaction of the Borrower obligations under them; and no deficiency or other personal judgment, or any order or decree of specific performance or other equitable remedies shall be rendered against the Borrower, its assets (other than the Project and the other collateral given by the Borrower to secure its obligations under this Agreement, and to secure obligations arising under the Indenture), its successors, transferees or assigns, as the case may be, in any action or proceedings arising out of this Agreement, the Indenture, the Tax Agreement, the Regulatory Agreement or any other security or agreements securing same or any

other agreement executed in connection with such documents, or any judgment, order or decree rendered pursuant to any such action or proceedings; *provided*, that the foregoing limitations of this paragraph shall not apply to amounts due to the Issuer from the Borrower pursuant to Sections 5.2 and 5.12 of this Agreement; and *provided further*, that the foregoing limitation on equitable remedies shall not apply to equitable remedies ordered or decreed to enforce the covenants and agreements of the Regulatory Agreement or to enforce the covenants and agreements of this Agreement.

**Section 4.3. No Defense or Set-off; Unconditional Obligation.** The obligations of the Borrower to make the payments required in Section 4.2 hereof and pursuant to the Note and to perform and observe the other agreements on its part contained herein shall be absolute and unconditional, irrespective of any defense or any rights of set-off, recoupment or counterclaim the Borrower might otherwise have against the Issuer, the Trustee, the Tender Agent, the Paying Agent, the Bond Registrar, the Remarketing Agent or the Bank. The Borrower shall pay during the term of this Agreement the payments to be made on account of the loan as prescribed in Section 4.2 hereof and all other payments required hereunder free of any deductions and without abatement, diminution or set-off other than those herein expressly provided. Until such time as the principal of, premium, if any, and interest on the Note and the Bonds shall have been fully paid, or provision for the payment thereof shall have been made in accordance with the Indenture, the Borrower: (i) will not suspend or discontinue any payments provided for in Section 4.2 hereof or the Note; (ii) will perform and observe all of its agreements contained in this Agreement in all material respects; and (iii) will not terminate this Agreement for any cause, including, without limiting the generality of the foregoing, its failure to complete the Project, the occurrence of any acts or circumstances that may constitute failure of consideration, destruction of or damage to the Project, commercial frustration of purpose, any change in the tax laws of the United States of America or the State or any political subdivision thereof, or any failure of the Issuer, the Trustee or the Bank to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with this Agreement, except to the extent permitted by this Agreement.

**Section 4.4. Assignment and Pledge of Issuer's Rights.** As security for the payment of the Bonds, the Issuer will assign and pledge to the Trustee all right, title and interest of the Issuer in and to this Agreement and the Note, including the right to receive payments hereunder and thereunder (except for certain rights reserved under the Indenture), and hereby directs the Borrower to make said payments directly to the Trustee. The Borrower herewith assents to such assignment and pledge and will make payments directly to the Trustee without defense or set-off by reason of any dispute between the Borrower and the Issuer or the Trustee.

## **ARTICLE V**

### **SPECIAL COVENANTS AND AGREEMENTS**

**Section 5.1. Issuer's and Trustee's Right of Access to the Project.** The Borrower agrees that during the term of this Agreement the Issuer, the Trustee, the Bank and their duly authorized agents shall have the right during regular business hours, with reasonable notice, to enter upon the Project Facilities and examine and inspect the Project Facilities.

## ***Section 5.2. Release and Indemnification Covenants.***

(a) The Borrower shall indemnify and hold the Issuer and its successors and assigns (including any official, agent, officer, director or employee thereof and counsel to the Issuer) harmless against any and all claims, damages, demands, expenses, liabilities, losses and taxes asserted by or on behalf of any person, firm, corporation, private or municipal, arising or resulting from, or in any way connected with (i) the financing, installation, operation, use or maintenance of the Project, (ii) any act, including negligent acts, failure to act or misrepresentation by any person, firm, corporation or governmental authority, including the Issuer, in connection with the issuance, sale or delivery of the Bonds, (iii) any act, failure to act or misrepresentation by the Issuer in connection with, or in the performance of any obligation related to the issuance, sale and delivery of the Bonds or under this Agreement or the Indenture, or any other agreement executed by or on behalf of the Issuer, including all liabilities, costs and expenses, including attorneys' fees, incurred in any action or proceeding brought by reason of any such claim; (iv) any breach or default on the part of the Borrower in the performance of its obligations under this Agreement or the Note; or (v) any accident or injury or death of a person or damage to any property occurring in or about the Project. In the event that any action or proceeding is brought against the Issuer by reason of any such claim, such action or proceeding shall be defended against by counsel as the Issuer shall determine, and the Borrower shall indemnify the Issuer for costs of such counsel. The Borrower upon notice from the Issuer shall defend such an action or proceeding on behalf of the Issuer. The Borrower shall also indemnify the Issuer from and against all costs and expenses, including attorneys' fees, lawfully incurred in enforcing any obligation of the Borrower under this Agreement. Notwithstanding the foregoing, nothing contained in this subsection shall be construed to indemnify or release the Issuer from any liability which it would otherwise have had arising from the intentional misrepresentation or willful misconduct on the part of the Issuer, or any official, officers, employees, agents or representatives of the Issuer acting in their capacities other than as contemplated by this Agreement.

(b) The Borrower shall indemnify and hold the Trustee, the Bond Registrar, any person who "controls" the Bond Registrar or the Trustee within the meaning of Section 15 of the Securities Act of 1933, as amended, and any member, officer, director, official and employee of the Underwriter, the Remarketing Agent, the Bond Registrar or the Trustee (collectively called the "**Indemnified Parties**") harmless from and against, any and all claims, damages, demands, expenses, liabilities and losses of every kind, character and nature asserted by or on behalf of any person arising out of, resulting from, or in any way connected with, the condition, use, possession, conduct, management, planning, design, acquisition, rehabilitation, construction, installation, renovation or sale of the Project or any part thereof. The Borrower also covenants and agrees, at their expense, to pay, and to indemnify and hold the Indemnified Parties harmless of, from and against, all costs, attorneys' fees, expenses and liabilities incurred in any action or proceeding brought by reason of any such claim or demand. In the event that any action or proceeding is brought against the Indemnified Parties by reason of any such claim or demand, the Indemnified Parties shall immediately notify the Borrower, which shall defend any action or proceeding on behalf of the Indemnified Parties, including the employment of counsel, the payment of all expenses and the right to negotiate and consent to settlement. Any one or more of the Indemnified Parties shall have the right to employ separate counsel in any such action and to



participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such Indemnified Parties unless the employment of such counsel has been specifically authorized by the Borrower. If such separate counsel is employed, the Borrower may join in any such suit for the protection of their own interests. The Borrower shall not be liable for any settlement of any such action effected without their consent, but if settled with the consent of the Borrower or if there be a final judgment for the plaintiff in any such action, the Borrower agrees to indemnify and hold harmless the Indemnified Parties.

(c) The Borrower shall indemnify and hold each of the Trustee, Bond Registrar, Paying Agent and Tender Agent harmless from and against any and all claims, damages, demands, expenses, liabilities and losses of every kind, character and nature asserted by or on behalf of any person arising out of, resulting from, or in any way connected with its acceptance or exercise of the powers and duties of such office under the Indenture and, in the case of the Trustee, as the assignee, transferee and pledgee of all right, title and interest of the Issuer in and to this Agreement and sums payable hereunder, which are not due to negligence or willful misconduct of the party seeking indemnification, as well as the costs and expenses of defending against any claim of liability.

**Section 5.3. Records of Borrower.** The Issuer and the Trustee shall be permitted, after reasonable notice during regular business hours during the term of this Agreement, to examine the books and records of the Borrower with respect to the Project.

**Section 5.4. Tax-Exempt Status.** The Borrower covenants for and on behalf of the purchasers and owners of the Bonds from time to time outstanding that so long as any of the Bonds remain outstanding, moneys on deposit in any fund in connection with the Bonds, whether or not such moneys were derived from the proceeds of the sale of the Bonds or from any other sources, will not be used in a manner which will cause the Bonds to be "*arbitrage bonds*," within the meaning of Section 148 of the Code, and any lawful Regulations promulgated thereunder, as the same exist on this date, or may from time to time hereafter be amended, supplemented or revised. The Borrower also covenants for the benefit of the owners of the Bonds to comply with all of the provisions of the Regulatory Agreement and the Tax Agreement. The Borrower reserves the right, however, to make any investment of such moneys permitted by State law, if, when and to the extent that said Section 148 or the Regulations promulgated thereunder shall be repealed or relaxed or shall be held void by final judgment of a court of competent jurisdiction, but only upon receipt of an opinion of Bond Counsel with respect to such investment that such investment will not affect the exclusion of the interest on the Bonds from gross income of the owners thereof for Federal income tax purposes.

Neither the Issuer nor the Borrower shall cause any proceeds of the Bonds to be expended except pursuant to the Indenture. The Borrower shall not (1) requisition or otherwise allow any payment out of proceeds of the Bonds (i) if as a result of such payment, 25% or more of the proceeds of the Bonds would be considered as having been used directly or indirectly for the acquisition of land (or an interest therein), (ii) if, as a result of such payment, less than 95% of the net proceeds of the Bonds, expended at the time of such requisition would be considered as having been used for costs of the acquisition, rehabilitation, construction, reconstruction or improvement of land or property of a character subject to the allowance for depreciation for use

as a “qualified residential rental property” within the meaning of Section 142(d) of the Code, or (iii) if such payment is used to pay issuance costs (including attorneys’ fees and placement fees) in excess of an amount equal to 2% of the principal amount of the Bonds; (2) take or omit, or permit to be taken or omitted, any other action with respect to the use of such proceeds the taking or omission of which would result in the loss of exclusion of interest on the Bonds from gross income for purposes of federal income taxation; or (3) take or omit, or permit to be taken or omitted, any other action, the taking or omission of which would cause the loss of such exclusion. Without limiting the generality of the foregoing, the Borrower shall not permit (i) the proceeds of the Bonds to be used directly for the acquisition of land (or an interest therein) to be used for farming purposes; (ii) any of the proceeds of the Bonds to be used to provide any airplane, skybox or other private luxury box, any health club facility, any facility primarily used for gambling, any store the principal business of which is the sale of alcoholic beverages for consumption off premises.

The Issuer covenants that it shall file, or cause to be filed, a statement concerning the Bonds, as required and with the time period permitted by Section 149(e) of the Code, and such statement shall be completed and filed in accordance with the Regulations or applicable procedures of the Internal Revenue Service. The Borrower covenants that it shall furnish to the Issuer whatever information is necessary for the Issuer to complete and file such statement.

***Section 5.5. Taxes and Governmental Charges.*** The Borrower hereby covenants and agrees that it will promptly pay, as the same become due, all lawful taxes, assessments, utility charges and other governmental charges of any kind whatsoever levied or assessed by federal, state or any municipal government upon or with respect to the Project or any part thereof or any payments under this Agreement and the Note. The Borrower may, at their expense and in their own name and behalf, in good faith contest any such taxes, assessments and other charges and, in the event of any such contest, permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom, *provided* that during such period enforcement of any such contested item shall be effectively stayed. The Issuer, at the expense of the Borrower, will cooperate fully with the Borrower in any such contest.

***Section 5.6. Maintenance and Repair; Insurance.*** The Borrower hereby covenants and agrees that it will maintain the Project in a reasonably safe and sound operating condition, making from time to time all reasonably needed material repairs thereto, and shall maintain reasonable amounts of insurance coverage with respect to the Project and shall pay all costs of such maintenance, repair and insurance.

***Section 5.7. Letter of Credit.***

(a) On or prior to the issuance, sale and delivery of the Bonds to the purchaser or purchasers thereof pursuant to Section 2.6 of the Indenture, the Borrower hereby covenants and agrees to obtain and deliver to the Trustee the initial, irrevocable, transferable Letter of Credit to be issued by the Bank in favor of the Trustee for the benefit of the owners from time to time of the Bonds in the form of Appendix I to the initial Reimbursement Agreement. The initial Letter of Credit shall be dated the date of issuance and delivery of the Bonds; shall expire on

October 1, 2030, unless otherwise extended in accordance with the terms and provisions of subsection (b) below and the Reimbursement Agreement; shall be in the amount of (i) the aggregate principal amount of the Bonds (A) to enable the Trustee to pay the principal of the Bonds at maturity, upon call for redemption prior to maturity or acceleration, and (B) to enable the Trustee to pay the portion of purchase price of Bonds tendered or deemed to be tendered to the Trustee for purchase, equal to the aggregate principal amount of such Bonds, plus (ii) an amount equal to the interest to accrue on the Bonds for forty-five (45) days at the Cap Rate, (A) to enable the Trustee to pay interest accrued on the Bonds on the dates and in the manner set forth in the Indenture, and (B) to enable the Trustee to pay the portion of the purchase price of Bonds tendered or deemed to be tendered to the Trustee for purchase, equal to the accrued interest on such Bonds.

(b) During the Variable Rate Period, except as hereinafter provided, at any time prior to the forty-fifth (45<sup>th</sup>) day prior to the interest payment date on the Bonds immediately preceding the Stated Expiration Date of the Letter of Credit, the Borrower may, at its option, provide for the extension of the term of the Letter of Credit. Any such extension shall be to the fifteenth (15<sup>th</sup>) day of any calendar month at least one (1) year after the Stated Expiration Date of the existing Letter of Credit. In connection therewith the Borrower shall furnish proof of such extension, in the form of an amendment to the Letter of Credit evidencing such extension, to the Trustee no later than the forty-fifth (45<sup>th</sup>) day prior to the interest payment date on the Bonds immediately preceding the Stated Expiration Date of the Letter of Credit.

(c) Subject to the provisions of Section 2.10 of the initial Reimbursement Agreement and any similar provision of any subsequent Reimbursement Agreement, while a Letter of Credit is in effect, the Borrower may, at its option, deliver to the Trustee a substitute Letter of Credit in substitution for the existing Letter of Credit at any time prior to the forty-fifth (45<sup>th</sup>) day prior to the interest payment date on the Bonds immediately preceding the Stated Expiration Date of the Letter of Credit. The substitute Letter of Credit shall be an irrevocable, direct-pay, transferable letter of credit of a commercial bank in substantially the same form and tenor as the existing Letter of Credit. The stated amount of the substitute Letter of Credit shall equal the then Outstanding principal amount of the Bonds, plus an amount equal to the interest to accrue on the Bonds then Outstanding for a number of days equal to (i) if the Bonds are then in the Variable Rate Period, 45 days, and if the Bonds are then in the Fixed Rate Period, 185 days, plus (ii) if the interest component of the Letter of Credit does not automatically and immediately reinstate after a drawing to pay interest on the Bonds, the sum of (A) six days, plus (B) the maximum number of calendar days the Bank is allowed pursuant to the provisions of such Letter of Credit to reinstate the Letter of Credit after a drawing thereon for interest on the Bonds, all at least 20% per annum (or if the Bonds are then in a Fixed Rate Period, at the Fixed Rate). The substitute Letter of Credit shall contain administrative provisions reasonably satisfactory to the Trustee and, if in the Fixed Rate Period, shall expire on the same date as the existing Letter of Credit or on the 15th day of a calendar month no sooner than the Stated Expiration Date of the existing Letter of Credit.

Simultaneously with the delivery of any substitute Letter of Credit to the Trustee, the Borrower must also provide the Trustee with written evidence from the Bank which issued the existing Letter of Credit that the Borrower shall have paid all of its obligations under the

Reimbursement Agreement to such Bank (other than any obligations with respect to reimbursement for drawings under the Letter of Credit to purchase Bonds tendered or deemed tendered for purchase pursuant to Section 4.1 or Section 4.2 of the Indenture, which obligations are not yet due and owing under the Reimbursement Agreement) and shall have paid all other amounts due and owing under the Reimbursement Agreement pursuant to which the existing Letter of Credit was issued (except as aforesaid). Simultaneously with the delivery of such substitute Letter of Credit to the Trustee, the Borrower shall also provide the Trustee with an opinion of Bond Counsel to the effect that such substitute Letter of Credit is authorized under this Agreement, complies with the terms hereof and will not have an adverse effect on the exclusion of the interest on the Bonds from gross income for purposes of federal income taxation. If the Borrower shall fail to furnish to the Trustee written evidence of payment to the Bank as aforesaid together with such opinion of Bond Counsel, the Trustee shall not be deemed to have received the substitute Letter of Credit and shall not surrender the existing Letter of Credit. Upon delivery of a substitute Letter of Credit and the foregoing evidence and opinion, the Trustee is authorized to surrender the existing Letter of Credit and to approve the cancellation of the existing Letter of Credit.

(d) On or after the Conversion Date, the Borrower may, at its option, provide for the delivery to the Trustee of an Alternate Credit Facility to either supplement a Letter of Credit, replace a Letter of Credit or provide credit enhancement if no Letter of Credit is then in effect. An Alternate Credit Facility must be sufficient to cover the full amount of principal and interest on the Bonds (covering at least the amount of interest specified in (c) above). Any Alternate Credit Facility shall be payable to the Trustee for the benefit of the owners of the Bonds and shall have administrative provisions reasonably satisfactory to the Trustee. Simultaneously with the delivery of such an Alternate Credit Facility to the Trustee, the Borrower shall provide the Trustee with (i) an opinion of Bond Counsel to the effect that the delivery of such Alternate Credit Facility is authorized under this Agreement, complies with the terms hereof and will not have an adverse effect on the exclusion of the interest on the Bonds from gross income for purposes of federal income taxation and (ii) if the Alternate Credit Facility is replacing an existing Letter of Credit, written evidence of maintenance of ratings and payment of all obligations owing the existing Bank as provided in (c) above. Under no circumstances during the Fixed Rate Period may an Alternate Credit Facility be substituted for an existing Letter of Credit without evidence of maintenance of ratings as aforesaid. The Borrower hereby covenants and agrees to give the Issuer, the Trustee, the Bank and the Remarketing Agent written notice of intention to deliver any such Alternate Credit Facility at least fifteen (15) Business Days prior to the date on which the Borrower expects to deliver such Alternate Credit Facility.

(e) In the event that the Letter of Credit is set to expire and the Borrower does not intend to deliver a substitute Letter of Credit to the Trustee, the Borrower shall, on or before the forty-fifth (45th) day prior to the interest payment date immediately preceding the Stated Expiration Date, give written notice to the Issuer, the Trustee, the Remarketing Agent and the Bank that the Borrower does not intend to deliver such a substitute Letter of Credit to the Trustee prior to the Stated Expiration Date.

**Section 5.8. Environmental Laws.** The Borrower will comply in all material respects with the requirements of all federal, state and local environmental and health and safety laws, rules, regulations and orders applicable to or pertaining to the Project (the “**Environmental Laws**”).

(a) The Borrower represents that except as may be set forth in *Exhibit D* attached hereto, there is no claim, action, suit, proceeding, arbitration, investigation or inquiry pending or to the Borrower’s knowledge threatened against the Borrower before any federal, state, municipal, foreign or other court, or any governmental, administrative or self-regulatory body or agency, or any private arbitration tribunal, and there neither is nor, except as may be set forth in *Exhibit D*, has been any complaint, order, directive, claim, citation, notice or lien by or in favor of any governmental authority or private person with respect to: (i) air emissions; (ii) spills, releases or discharges of Hazardous substances on, in or to: any real property owned or leased by the Borrower; any other property as a result of operations or activities on real property owned or leased by the Borrower; any other property as a result of operations or activities on real property owned or leased by the Borrower; surface water; groundwater; or the sewer, septic system or waste water treatment system servicing any real property owned or leased by the Borrower; (iii) noise emissions; (iv) solid or liquid water disposal; (v) the use, storage, generation, treatment, transportation or disposal of Hazardous Substances; (vi) exposure to airborne or friable asbestos; or (vii) violation of any Environmental Law. To the Borrower’s knowledge, there is no circumstance, matter or thing existing which might give rise to any of the foregoing, except as may be described in *Exhibit D*.

(b) The Borrower will at all times and in all respects be in substantial and material compliance with all Environmental Laws, *provided* that the Borrower shall be entitled to contest with due diligence any determination or assertion that it is not in such compliance, and no breach of this covenant shall be deemed to occur until such contest has been concluded. The Borrower’s duties of compliance with Environmental Laws includes, without limitation, the duty to undertake the following specific actions: (i) the Borrower will, at its own expense, procure, maintain in effect, and comply with all conditions of any and all permits, licenses and other governmental and regulatory approvals required by all Environmental Laws, including, without limitation, permits required for discharge of (appropriately treated) Hazardous Substances into the ambient air or any sanitary sewers serving any real property owned or leased by the Borrower; and (ii) except as discharged into the ambient air or a sanitary sewer in compliance with all applicable Environmental Laws, any and all Hazardous Substances to be treated and/or disposed by the Borrower will be removed and transported solely by duly licensed transporters to a duly licensed treatment and/or disposal facility for final treatment and/or disposal (except when applicable Environmental Laws permit on-site treatment or disposal in a sanitary landfill).

**Section 5.9. Annual Certificate.** The Borrower will furnish to the Issuer and to the Trustee within 120 days after the close of the Borrower's fiscal year, a certificate of the Borrower signed by the Authorized Borrower's Representative stating that the Borrower has made a review of their activities during the preceding fiscal year for the purpose of determining whether or not the Borrower has complied with all of the terms, provisions and conditions of this Agreement and the Borrower has kept, observed, performed and fulfilled each and every covenant, provision and condition of this Agreement on its part to be performed and is not in default in the performance or observance of any of the terms, covenants, provisions or conditions hereof, or if the Borrower shall be in default such certificate shall specify all such defaults and the nature thereof.

**Section 5.10. Borrower to Maintain Its Existence; Conditions Under Which Exceptions Permitted.** The Borrower agrees that during the term of this Agreement and so long as any Bond is Outstanding, it will maintain its legal existence, will not dissolve or otherwise dispose of all or substantially all of its assets, and will not consolidate with or merge into another business entity or permit one or more business entities to consolidate with or merge into it; *provided*, that the Borrower may, without violating the agreements contained in this Section 5.10, consolidate with or merge into another domestic business entity (*i.e.*, a business entity incorporated or organized and existing under the laws of the United States of America or any state, district or territory thereof) or permit one or more other domestic business entities to consolidate with or merge into it, or sell or otherwise transfer to another domestic business entity all or substantially all of its respective assets as an entirety and thereafter dissolve; *provided*, that in the event the Borrower is not the surviving, resulting or transferee business entity, as the case may be, that the surviving, resulting or transferee business entity: (i) is a domestic business entity as aforesaid; (ii) is qualified to do business in the State; and (iii) assumes in writing all of the obligations of the Borrower under this Agreement and the Note.

**Section 5.11. Qualification in State.** Subject to the provisions of Section 5.10 hereof, the Borrower agrees that throughout the term of this Agreement, it will be qualified to do business in the State.

**Section 5.12. Indemnity.** The Borrower shall indemnify and save the Issuer and the members of the City Council of the Issuer, and the Issuer's officers, officials, agents, employees, successors and assigns harmless against and from any and all claims, damages, demands, expenses, liabilities, losses and taxes asserted by or on behalf of any person, firm, corporation or governmental authority arising or resulting from or in any way connected with the Borrower's acquisition or ownership of the Project, or the offering, issuance or sale of the bonds, including but not limited to: (a) any condition, occupancy, use, possession, conduct or management of the Project; (b) any act or failure to act by any underwriter, broker, dealer or any other person, firm, corporation or government authority, including the Issuer or the Bank, in connection with the offering, sale or delivery of the Bonds; (c) any breach or default on the part of the Borrower in the performance of any of its obligations under this Agreement or the Note; (d) any act or negligence of the Issuer, the Bank (except as to the Bank only, as limited by the Reimbursement Agreement), the Borrower or its officers, contractors, servants, employees, agents or licensees; or (e) any accident, injury or death of any person or damage to any property occurring in or about the Project. The Borrower shall indemnify and save the Issuer, the

members of the City Council of the Issuer, and the Issuer's officers, agents, employees, successors and assigns harmless from and against all costs, expenses and charges, including attorneys' fees, incurred in or in connection with any such claim arising as aforesaid, or in connection with any action or proceeding brought thereon.

In addition to the foregoing and notwithstanding anything contained in this Agreement or in the Indenture which might be construed to the contrary, the Borrower covenants and agrees to indemnify and save the Issuer, the members of the City Council of the Issuer, and the Issuer's officers, agents, employees, successors and assigns harmless with respect to any liability resulting from the performance or non-performance by the Issuer, the Borrower, the Trustee, the Bank, the Remarketing Agent or the Tender Agent of any covenant or undertaking herein or in the Indenture. The indemnification provided in the first two paragraphs of this Section 5.12 shall not apply to the extent such cost, expense or charge arose as a result of the willful misconduct of the Indemnified Parties.

The Borrower shall indemnify and save the Trustee and the Tender Agent harmless against and from all loss, liability or damages and attorneys' fees incurred by the Trustee or the Tender Agent in the exercise and performance of any of the Trustee's or Tender Agent's powers and duties hereunder or under the Indenture and with respect to the matters described in the first paragraph of this Section 5.12 except to the extent that such loss, liability or damage, including attorneys' fees, is incurred by reason of the Issuer's, the Trustee's or the Tender Agent's gross negligence or willful misconduct.

The Borrower hereby agrees to pay to all of the foregoing indemnified parties, as the case may be, all their costs, charges and expenses, including attorneys' fees, related to the Project or requested by the Borrower or required by this Agreement or the Indenture, or incurred in enforcing the provisions of this Agreement or the Indenture, which are not otherwise required to be paid by the Borrower by the terms of this Agreement.

Promptly after receipt by an Indemnified Party under this Section 5.12 of notice of the commencement of any action or threatened action, such Indemnified Party will, if a claim in respect thereof is to be made against the Borrower under this Section, notify the Borrower in writing of the commencement thereof, but the omission so to notify the Borrower will not relieve it from any liability which it may have to any Indemnified Party otherwise than under this Section. In case any such action is brought against any Indemnified Party, and it notified the Borrower of the commencement thereof, the Borrower will be entitled, but shall not be obligated, to participate in and, to the extent that it may wish, to assume the defense thereof, with counsel satisfactory to such Indemnified Party. Any such Indemnified Party will reasonably cooperate with the Borrower in any investigation relating to such action. After notice from the Borrower to such Indemnified Party of its assumption of the defense of any such action, the Borrower will not, except as hereinafter provided, be liable to such Indemnified Party under this Section for any legal or other expenses subsequently incurred by such Indemnified Party in connection with the defense thereof. If the Borrower shall not have employed counsel to have charge of the defense of any such action or if any such Indemnified Party or parties shall have reasonably concluded (to the reasonable satisfaction of the Borrower shall not have employed counsel to have charge of the defense of any such action or if any such Indemnified Party or parties shall have

reasonably concluded (to the reasonable satisfaction of the Borrower) that there may be defenses available to it or them which are different from or additional to those available to the Borrower (in which case the Borrower shall not have the right to direct the defense of such action on behalf of the Indemnified Party or parties), legal and other expenses thereafter incurred by the Indemnified Party shall be borne by the Borrower. Notwithstanding any other language contained in this Section 5.12, the Borrower shall not be liable to any Indemnified Party hereunder for the costs of, or any expenses associated with, the settlement of any loss, claim, damages or liability to which the Borrower did not consent, if such consent was not unreasonably withheld.

## **ARTICLE VI EVENTS OF DEFAULT AND REMEDIES**

**Section 6.1. *Events of Default.*** The occurrence and continuation of any one of the following shall constitute an Event of Default hereunder:

(a) failure by the Borrower to pay any amounts required to be paid as principal, premium, if any, or interest under this Agreement or under the Note, including, without limitation, Section 4.2(a) or 4.2(e) hereof, on the dates and in the manner specified therein or herein; or

(b) failure by the Borrower to observe or perform any material covenant, condition or agreement on their part to be observed or performed in this Agreement, other than as referred to in subsection (a) above, for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied, is given to the Borrower by the Issuer, the Trustee or the Bank, unless the Trustee and the Bank shall agree in writing to an extension of such time prior to expiration; or

(c) the dissolution or liquidation of the Borrower or the filing by the Borrower of a voluntary petition in bankruptcy, or failure of the Borrower to promptly lift any execution, garnishment or attachment of such consequence as will impair its ability to carry on its obligations hereunder, or an order for relief under Title 11 of the United States Code, as amended from time to time, is entered against the Borrower, or a petition or answer proposing the entry of an order for relief against the Borrower under Title 11 of the United States Code, as amended from time to time, or reorganization, arrangement or debt readjustment under any present or future federal bankruptcy act or any similar federal or state law shall be filed in any court and such petition or answer shall not be discharged within ninety (90) days after the filing thereof, or the Borrower shall fail generally to pay its debts as they become due, or a custodian (including without limitation a receiver, trustee, assignee for the benefit of creditors or liquidator of the Borrower) shall be appointed for or take possession of all or a substantial part of its properties and shall not be discharged within ninety (90) days after such appointment or taking possession, or the Borrower shall consent to or acquiesce in such appointment or taking possession, or assignment by the Borrower for the



benefit of its creditors, or the entry by the Borrower into an agreement of composition with their creditors, for their reorganization, arrangement or debt readjustment under any present or future federal bankruptcy act or any similar federal or state laws; *provided*, that the term "dissolution or liquidation of the Borrower," as used in this subsection (c), shall not be construed to include the cessation of the legal existence of the Borrower resulting either from a merger or consolidation of the Borrower into or with another domestic corporation or a dissolution or liquidation of the Borrower following a transfer of all or substantially all of its assets as an entirety, under the conditions permitting such actions contained in Section 5.10 hereof; or

(d) any warranty, representation or other statement made by or on behalf of the Borrower contained herein, or in any document or certificate furnished by the Borrower in compliance with or in reference hereto, is false or misleading in any material respect; or

(e) an "*Event of Default*" shall occur and be continuing under the Indenture.

**Section 6.2. Remedies on Default.** Whenever any Event of Default shall have occurred and be continuing hereunder, the Issuer or the Trustee may take any one or more of the following remedial steps:

(a) The Issuer or the Trustee may exercise any right, power or remedy permitted to it by law as a holder of the Note, and shall have in particular, without limiting the generality of the foregoing, the right to declare the entire principal and all unpaid interest accrued on the Note to the date of such declaration and any premium the Borrower shall have become obligated to pay to be immediately due and payable, if concurrently with or prior to such notice the unpaid principal of and all unpaid accrued interest and premium on the Bonds have been declared to be due and payable under the Indenture, and upon such declaration the Note and the unpaid accrued interest thereon and such premium shall thereupon become forthwith due and payable in an amount sufficient to pay the principal of, premium, if any, and interest on the Bonds under Section 9.2 of the Indenture, without presentment, demand or protest, all of which is hereby expressly waived. The Borrower shall forthwith pay to the Trustee the entire principal of, premium, if any, and interest accrued on the Note.

(b) The Issuer and the Trustee shall waive, rescind and annul such declaration and the consequences thereof, when any declaration of acceleration on the Bonds has been waived, rescinded and annulled pursuant to and in accordance with Section 9.2 of the Indenture.

(c) The Issuer or the Trustee may take whatever action at law or in equity may appear necessary or desirable to collect the payments and other amounts then due and thereafter to become due or to enforce the performance and

observance of any obligation, agreement or covenant of the Borrower under this Agreement.

In case the Issuer or the Trustee shall have proceeded to enforce its rights under this Agreement or the Note, and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Issuer or the Trustee, as the case may be, then and in every such case the Borrower, the Issuer and the Trustee shall be restored respectively to their several positions and rights hereunder and under the Note, and all rights, remedies and powers of the Borrower, the Issuer and the Trustee shall continue as though no such proceeding had been taken.

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

**Section 6.3. Agreement to Pay Attorneys' Fees and Expenses.** In the event the Issuer or the Trustee should reasonably employ attorneys or incur other expenses for the collection of the payments due under this Agreement or the Note or the enforcement of the performance or observance of any obligation or agreement on the part of the Borrower contained herein, the Borrower agrees that it will on demand therefor pay to the Issuer or the Trustee the fees of such attorneys and such other expenses so incurred by the Issuer or the Trustee.

**Section 6.4. No Remedy Exclusive.** No remedy herein conferred upon or reserved to the Issuer or the Trustee is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement and the Indenture now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power and accruing upon any Event of Default hereunder shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Issuer to exercise any remedy reserved to it in this Article VI, it shall not be necessary to give any notice other than such notice as may be herein expressly required. Such rights and remedies as are given the Issuer hereunder shall also extend to the Trustee, and the Trustee and the owners from time to time of the Bonds shall be deemed third party beneficiaries of all covenants and agreements contained herein.

**Section 6.5. No Additional Waiver Implied by One Waiver.** In the event any agreement contained in this Agreement should be breached by the Borrower and thereafter waived by the Issuer or the Trustee, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

## **ARTICLE VII PREPAYMENT OF NOTE**

**Section 7.1. Obligation to Prepay the Note.** Upon the occurrence of a Determination of Taxability, the Borrower shall have, and hereby accept, the obligation to prepay the principal of the Note as a whole, and not in part, on any date within 60 days after the occurrence of a Determination of Taxability, for redemption of the Bonds pursuant to Section 3.1(c) of the Indenture. The amount to be prepaid pursuant to this Section 7.1 in such event shall be 100% of the then outstanding principal amount of the Bonds (or 103% of the then outstanding principal amount of the Bonds during the Fixed Rate Period) plus accrued interest to the date fixed for redemption.

**Section 7.2. General Option to Prepay the Note.** The Borrower shall have, and is hereby granted, the option to prepay the principal of the Note as a whole, or in part, by paying to the Trustee an amount sufficient to redeem all or a portion of the Bonds then Outstanding, in the manner, at the redemption prices (including premium, if any), from the sources and on the dates specified in Sections 3.1(a) and 3.1(b) of the Indenture. A form of notice of the Borrower's intent to prepay the principal of the Note is attached hereto as *Exhibit C*.

**Section 7.3. Redemption of the Bonds.** To perform an obligation imposed upon the Borrower or to exercise an option granted to the Borrower by this Article VII, the Borrower shall give written notice to the Issuer, the Trustee and the Bank which notice shall specify therein the date upon which prepayment of the Note (or a portion thereof) will be made, which date shall be not less than forty-five (45) days from the date the notice is mailed, and shall specify that all of the principal amount of the Note or a specified portion thereof is to be so prepaid. On or before the date such notice is given to the Bank, the Borrower shall obtain the consent of the Bank to such redemption required by the Reimbursement Agreement or any similar provision of any subsequent Reimbursement Agreement. The Issuer will direct the Trustee to take forthwith all steps (other than the payment of the money required to redeem the Bonds) necessary under the applicable provisions of the Indenture to effect the redemption of the Bonds (or a portion thereof) in amounts equal to the amount of the principal of the Note so prepaid as provided in this Article VII.

## **ARTICLE VIII MISCELLANEOUS**

**Section 8.1. Notices.** All notices, certificates or other communications shall be sufficiently given and shall be deemed given when the same are (a) deposited in the United States mail and sent by first class mail, postage prepaid, or (b) delivered, in each case, to the

parties at the addresses set forth below or at such other address as a party may designate by notice to the other parties:

If to the Issuer: City of Chicago  
Department of Housing and Economic Development  
121 North LaSalle Street  
Room 1000  
Chicago, Illinois 60602  
Attention: Commissioner  
Telephone: (312) 744-9476  
Facsimile: (312) 744-2271

with a copy to: City of Chicago  
Department of Law  
City Hall  
121 North LaSalle Street  
Room 600  
Chicago, Illinois 60602  
Attention: Finance and Economic Development  
Division  
Telephone: (312) 744-0200  
Facsimile: (312) 744-8538

If to the Borrower: Churchview Manor Preservation L.P.  
c/o Greater Southwest Development Corporation  
2601 West 63<sup>rd</sup> Street  
Chicago, Illinois 60629-1619  
Attention: Helen Jareczek  
Phone: (773) 362-3384  
Fax: (773) 471-8206

with a copy to: Applegate & Thorne-Thomsen  
626 West Jackson  
Suite 400  
Chicago, Illinois 60661  
Attention: Caleb Jewell  
Telephone: (312) 491-3325  
Fax: (312) 491-4411

If to the Trustee: Seaway Bank and Trust Company  
645 East 87<sup>th</sup> Street  
Chicago, Illinois 60619  
Attention: Corporate Trust  
Telephone: (773) 602-4156  
Facsimile: (773) 487-0452

If to the Bank: BMO Harris Bank N.A.  
Community Development Lending Division  
111 West Monroe Street – 2<sup>nd</sup> Floor East  
Chicago, Illinois 60603  
Attention: Hugh Franklin  
Telephone: (312) 461-6175  
Fax: (312) 765-8348

with a copy to: Charity & Associates, P.C.  
20 North Clark Street, Suite 1150  
Chicago, Illinois 60602  
Attention: Elvin E. Charity  
Telephone: (312) 564-4963  
Fax: (312) 849-9001

If to the  
Remarketing Agent: Blaylock Robert Van, LLC  
Municipal Trading Desk  
600 Lexington Avenue  
New York, New York 10022  
Telephone: (212) 715-6600  
Fax: (212) 715-3300

A duplicate copy of each notice, certificate or other communication given hereunder by either the Issuer or the Borrower to the other shall also be given to the Trustee, the Remarketing Agent and the Bank.

**Section 8.2. Assignments.** This Agreement may not be assigned by either party without the consent of the other and the Trustee and the Bank, except that the Issuer shall assign and pledge to the Trustee all right, title and interest in and to this Agreement as provided by Section 4.4 hereof.

**Section 8.3. Severability.** If any provision of this Agreement shall be held or deemed to be or shall, in fact, be illegal, inoperative or unenforceable, the same shall not affect any other provision or provisions herein contained or render the same invalid, inoperative or unenforceable to any extent whatsoever.

**Section 8.4. Execution of Counterparts.** This Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument; *provided, however*, that for purposes of perfecting a security interest in this Agreement by the Trustee under Article 9 of the Uniform Commercial Code of the State, only the counterpart assigned, pledged and delivered to the Trustee shall be deemed the original.

**Section 8.5. Amounts Remaining in Any Fund or With Trustee.** It is agreed by the parties hereto that after payment in full of (a) the principal of, premium, if any, and

interest on the Bonds, (b) the fees, charges and expenses of the Issuer, the Trustee, the Bond Registrar and the Remarketing Agent in accordance herewith and with the Indenture, the Note and the Remarketing Agreement (the payment of which fees, charges and expenses shall be evidenced by a written certification of the Borrower that it has fully paid all such fees, charges and expenses) and (c) all other amounts required to be paid under this Agreement, the Note and the Indenture, any amounts remaining in any fund or account maintained under this Agreement or the Indenture and not applied to the principal of, premium, if any, and interest on the Bonds shall belong to and be paid to the Borrower by the Trustee; *provided*, that if the Trustee shall have drawn under the Letter of Credit, the Trustee shall request a written statement from the Bank as to whether or not the Bank has been reimbursed by the Borrower for any and all such drawings under the Reimbursement Agreement (other than an obligation for a drawing under the Letter of Credit to purchase Bonds tendered or deemed to be tendered for purchase pursuant to Section 4.1 or Section 4.2 of the Indenture, which obligations are not due and owing under the Reimbursement Agreement and except to the extent any other obligations are disputed in good faith), such amounts remaining in the Bond Fund or the Bond Purchase Fund shall, upon written notice from the Bank that the Borrower has not reimbursed the Bank under the Reimbursement Agreement for any such drawing under the Letter of Credit (which notice shall state the unreimbursed amount), shall be deemed to constitute property of and be paid to the Bank by the Trustee to the extent that the Borrower has not so reimbursed the Bank.

**Section 8.6. Amendments, Changes and Modifications.** Except as otherwise provided in this Agreement or the Indenture, subsequent to the initial issuance of the Bonds and prior to their payment in full, this Agreement may not be effectively amended, changed, modified, altered or terminated except in the manner provided in the Indenture.

**Section 8.7. Governing Law.** This Agreement shall be governed exclusively by and construed in accordance with the applicable law of the State.

**Section 8.8. Authorized Borrower's Representative.** Whenever under the provisions of this Agreement the approval of the Borrower is required or the Borrower is required to take some action at the request of the Issuer, the Trustee or the Bank, such approval or such request shall be given for the Borrower by the Authorized Borrower's Representative, and the Issuer, the Trustee and the Bank shall be authorized to act on any such approval or request and neither party hereto shall have any complaint against the other or against the Trustee or the Bank as a result of any such action taken.

**Section 8.9. Term of This Agreement.** This Agreement shall be in full force and effect from the date hereof, and shall continue in effect until the payment in full of all principal of, premium, if any, and interest on the Bonds, or provision for the payment thereof shall have been made pursuant to Article VIII of the Indenture, all fees, charges and expenses of the Issuer, the Trustee, the Bond Registrar, the Underwriter and the Remarketing Agent have been fully paid or provision made for such payment (the payment of which fees, charges, indemnities and expenses shall be evidenced by a written certification of the Borrower that it has fully paid all such fees, charges, indemnities and expenses) and all other amounts due hereunder and under the Note have been duly paid or provision made for such payment. All representations, certifications and covenants by the Borrower as to the indemnification of various

parties as described in Section 5.2 hereof, and all matters affecting the tax-exempt status of the interest on Bonds shall survive the termination of this Agreement.

**Section 8.10. Binding Effect.** This Agreement shall inure to the benefit of and shall be binding upon the Issuer, the Borrower and their respective successors and assigns; subject, however, to the limitations contained in Section 4.4 hereof.

**Section 8.11. References to Bank and Letter of Credit.** At any time while the Letter of Credit is not in effect and all amounts payable under the Reimbursement Agreement have been paid, all references to the Bank and the Letter of Credit shall be ineffective.

**Section 8.12. Limited Liability.** No covenant, agreement or obligation contained in this Agreement shall be deemed to be a covenant, agreement or obligation of any present or future member of the City Council of the Issuer, officer, employee or agent of the Issuer in his individual capacity, and neither the members of the City Council of the Issuer nor any officer thereof executing this Agreement shall be liable personally hereon or be subject to any personal liability or accountability by reason of the execution and delivery hereof. No member of the City Council of the Issuer, officer, employee or agent of the Issuer shall incur any personal liability with respect to any other action taken by him pursuant to this Agreement or the Bond Ordinance or any of the transactions contemplated hereby provided he or she does not act in bad faith.

The obligations of the Issuer under this Agreement are not general obligations of the Issuer but are limited obligations payable solely out of the revenues and receipts of the Issuer derived from the obligations of the Borrower under the Note and this Agreement, proceeds from the sale of the Bonds and income from the temporary investment thereof and payments under the Letter of Credit (for so long as a Letter of Credit is in effect). None of the agreements or obligations of the Issuer under this Agreement shall be construed to constitute an indebtedness of the Issuer, within the meaning of any constitutional or statutory provision whatsoever, and the Issuer shall not in any event be liable for the performance of any pledge, mortgage, obligation, or agreement of any kind whatsoever which may be undertaken by the Issuer under this Agreement or otherwise.

**Section 8.13. Indemnification of and Fees and Expenses of the Issuer.** The covenants of the Borrower as to the indemnification of the Issuer and the other Indemnified Parties as described in Section 5.2 hereof and the payment of fees and expenses of the Issuer as described in Sections 4.2(b) and 6.3 hereof shall survive the termination of this Agreement.

**Section 8.14. Immunity of Officers, Members and Employees.** No recourse shall be had on any obligation, covenant or agreement in this Agreement against the Issuer or any past, present or future, official, officer, member or employee of the Issuer, or any successor municipal corporation either directly or indirectly, under any rule of law or equity, statute or constitution, or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such officials, officers, members or employees as such is hereby expressly waived and released as a condition of and consideration for the delivery of this Agreement and the issuance of the Bonds.

***[Signature Page Follows]***


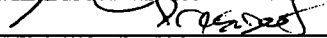


IN WITNESS WHEREOF, the Issuer and the Borrower, have each caused this Agreement to be executed in their respective names and attested by their duly authorized officers or managers, all as of the day first above written.

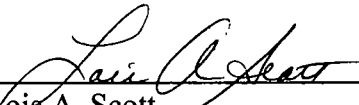
**CHURCHVIEW MANOR PRESERVATION L.P.**

By: **CHURCHVIEW MANOR PRESERVATION, NFP,**  
an Illinois not-for-profit corporation

Its: General Partner

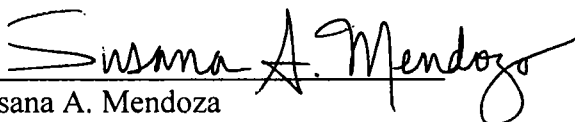
By:   
Its: 

**CITY OF CHICAGO**

By:   
Lois A. Scott

Its: Chief Financial Officer

Attest:

  
Susana A. Mendoza  
City Clerk

## EXHIBIT A

### PROMISSORY NOTE

For Value Received, intending to be legally bound hereby, CHURCHVIEW MANOR PRESERVATION L.P., an Illinois limited partnership duly formed and validly existing under the laws of the State of Illinois (the “**Borrower**”), hereby promises to pay to the CITY OF CHICAGO, or its successors and assigns (the “**Issuer**”), in lawful money of the United States of America in federal or other immediately available funds, the principal amount of THREE MILLION SEVEN HUNDRED THOUSAND DOLLARS (\$3,700,000) due on February 1, 2031, and to pay interest from the date hereof on the unpaid principal balance hereof at such rates equal to the interest rates from time to time borne by the Bonds (as hereinafter defined), calculated during the Variable Rate Period (as defined in the Indenture hereinafter referred to) on the basis of a calendar year consisting of 365 or 366 days, as the case may be, and calculated on the actual number of days elapsed, and calculated during the Fixed Rate Period (as defined in the Indenture hereinafter referred to) on the basis of a calendar year consisting of 360 days of twelve (12) thirty (30) day months, payable in lawful money of the United States of America in federal or other immediately available funds during said Variable Rate Period on November 1, 2012, on the first Business Day (as defined in the Indenture hereinafter referred to) of each calendar month thereafter and on the date of the commencement of said Fixed Rate Period, until the earlier of the date of the commencement of said Fixed Rate Period or the date on which said principal amount is paid, and during said Fixed Rate Period on the first day of the January or July immediately following the commencement of said Fixed Rate Period and on the first day of each January and July thereafter, until said principal amount is paid.

This Promissory Note shall bear interest on any overdue installment of principal hereof, premium, if any, or interest hereon (to the extent legally enforceable) at a rate equal to the interest rate borne by this Promissory Note, from time to time, from the due date thereof until paid.

This Promissory Note is issued pursuant to the Loan Agreement dated as of October 1, 2012, by and between the Issuer and the Borrower (the “**Agreement**”), and is issued in consideration of the loan made thereunder and to evidence the obligations of the Borrower set forth in Section 4.2(a) thereof. The Borrower covenants and agrees that the payments of principal hereof and premium, if any, and interest hereon will be sufficient to enable the Issuer to pay when due the principal of, premium, if any, and interest on Variable Rate Demand Multi-Family Housing Revenue Bonds (Churchview Manor Senior Apartments), Series 2012 in the aggregate principal amount of \$3,700,000 (the “**Bonds**”), issued pursuant to the Trust Indenture dated as of October 1, 2012, by and between the Issuer and Seaway Bank and Trust Company, as trustee (the “**Trustee**”).

Each payment of principal of, premium, if any, and interest on this Promissory Note shall at all times be sufficient to pay the total amount of principal of (whether at maturity or upon acceleration or prior redemption), premium, if any, and interest on the Bonds on the same date. The total payments to be made by the Borrower hereunder shall be sufficient to pay when due the principal of (whether at maturity or upon acceleration or prior redemption), premium, if

any, and interest on the Bonds; *provided*, that the Excess Amount (as hereinafter defined) held by the Trustee in the Bond Fund (as defined in the Agreement) on a payment date shall be credited against the payment due on such date; and *provided further*, that, subject to the provisions of the immediately following sentence, if at any time the amount held by the Trustee in said Bond Fund should be sufficient (and remain sufficient) to pay at the times required the principal of, interest and premium, if any, on the Bonds then remaining unpaid, the Borrower shall not be obligated to make any further payments under the provisions of the preceding sentence. If on any day the Excess Amount held by the Trustee in said Bond Fund is insufficient to make the then required payments of principal of (whether at maturity or upon redemption prior to maturity or acceleration), interest and premium, if any, on the Bonds on such date, the Borrower shall forthwith pay such deficiency. The term "*Excess Amount*" as of any interest payment date shall mean the amount in said Bond Fund on such date in excess of the amount required for payment of the principal of the Bonds which theretofore has matured at maturity or on a date fixed for redemption and premium, if any, on such Bonds in all cases where interest checks have not been presented for payment and paid.

This Promissory Note is entitled to the benefit and is subject to the conditions of the Agreement. The obligations of the Borrower to make the payments required hereunder shall be absolute and unconditional, without any defense or without right of set-off, counterclaim or recoupment by reason of any default by the Issuer under the Agreement or under any other agreement between the Borrower, the Issuer or the Trustee, or out of any indebtedness or liability at any time owing to the Borrower by the Issuer or the Trustee, or for any other reason.

The undersigned waives demand, protest, presentment for payment and notice of nonpayment and agrees to pay all costs of collection when incurred, including attorneys' fees, and to perform and comply with each of the covenants, conditions, provisions and agreements of the undersigned contained in every instrument evidencing or securing the indebtedness evidenced hereby. No extension of the time for the payment of this Note shall operate to release, discharge, modify, change or affect the original liability under this Note, either in whole or in part, of the undersigned if not a party to such agreement.

This Promissory Note is subject to mandatory prepayment as a whole, and optional prepayment as a whole or in part, as provided in Article VII of the Agreement.

In certain events, on the conditions, in the manner and with the effect set out in the Agreement, the principal installments of this Promissory Note may be declared due and payable before the stated maturity thereof, together with accrued interest thereon.

Reference is hereby made to the Agreement for a complete statement of the terms and conditions under which the maturity of the principal installments of this Promissory Note may be accelerated.

**IN WITNESS WHEREOF**, the Borrower has executed and delivered this Promissory Note as of this \_\_\_\_\_ day of \_\_\_\_\_, 2012.

**CHURCHVIEW MANOR PRESERVATION L.P.**

By: Churchview Manor Preservation, NFP,  
an Illinois not-for-profit corporation  
Its: General Partner

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

Attest:

\_\_\_\_\_

**ENDORSEMENT**

Pay, without recourse or warranty, to the order of, Seaway Bank and Trust Company, as Trustee under the Trust Indenture dated as of October 1, 2012, from the undersigned to said Trustee.

**CITY OF CHICAGO**

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

Its: \_\_\_\_\_

**EXHIBIT B**

**LEGAL DESCRIPTION OF THE PROJECT FACILITIES**

**PARCEL 1:**

LOTS 16 THROUGH 23, BOTH INCLUSIVE, IN BLOCK 15, TOGETHER WITH THE WEST HALF OF VACATED SOUTH TALMAN AVENUE LYING EAST OF THE EAST LINE OF SAID LOT 16 IN BLOCK 15, ALL IN COBE & MCKINNON'S 63<sup>RD</sup> ST. & CALIFORNIA AVE. SUBDIVISION OF THE WEST HALF OF THE SOUTHEAST QUARTER OF SECTION 13, TOWNSHIP 38 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN IN COOK COUNTY, ILLINOIS

**Tax Parcel Index No(s).:**

**19-13-426-033; 19-13-426-034; 19-13-426-035; 19-13-426-036; 19-13-426-037; and 19-13-426-038**

**PARCEL 2:**

A PERPETUAL, NON-EXCLUSIVE EASEMENT FOR PRIVATE INGRESS AND EGRESS BENEFITTING PARCEL 1 PURSUANT TO THAT CERTAIN EASEMENT AGREEMENT DATED MARCH 1, 2003 AND RECORDED MARCH 27, 2003 IN THE COOK COUNTY RECORDER'S OFFICE AS DOCUMENT NUMBER 0030415529 UPON, OVER AND ACROSS THE FOLLOWING DESCRIBED PROPERTY:

LOTS 16 THROUGH 25, BOTH INCLUSIVE, IN BLOCK 16, TOGETHER WITH THE EAST HALF OF VACATED SOUTH TALMAN AVENUE LYING WEST OF AND ADJOINING SAID LOT 25 IN BLOCK 16, ALL IN COBE & MCKINNON'S 63<sup>RD</sup> ST. & CALIFORNIA AVE. SUBDIVISION OF THE WEST HALF OF THE SOUTHEAST QUARTER OF SECTION 13, TOWNSHIP 38 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN IN COOK COUNTY, ILLINOIS

**Tax Parcel Index No(s).:**

**19-13-427-030; 19-13-427-031; 19-13-427-032; 19-13-427-033; 19-13-427-034; 19-13-427-035; 19-13-427-036; 19-13-427-037; and 19-13-427-040**

ADDRESS COMMONLY KNOWN AS: 2626 West 63<sup>rd</sup> Street, Chicago, IL

**EXHIBIT C**

**NOTICE OF PREPAYMENT**

*[Letterhead of Borrower]*

[Date]

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

**Re: City of Chicago  
\$3,700,000 Variable Rate Demand Multi-Family Housing Revenue  
Bonds (Churchview Manor Senior Apartments), Series 2012**

Churchview Manor Preservation L.P., an Illinois limited partnership (the **"Borrower"**), acting in accordance with Section 7.2 of the Loan Agreement, dated as of October 1, 2012 (the **"Loan Agreement"**), between the City of Chicago and the Borrower, notifies you that, on \_\_\_\_\_, the Borrower will prepay a portion of the principal of the Note evidencing the Company's obligations under the Loan Agreement in the amount of \$[\_\_\_\_\_].

Unless otherwise defined in this notice, all terms used in this notice shall have the meanings ascribed to them in the Loan Agreement.

Respectfully submitted,

**CHURCHVIEW MANOR PRESERVATION L.P.**

By: Churchview Manor Preservation, NFP,  
an Illinois not-for-profit corporation

Its: General Partner

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

cc: City of Chicago, Department of Law  
City of Chicago, Department of Housing and Economic Development

## **EXHIBIT D**

### **ENVIRONMENTAL DISCLOSURE SCHEDULE**

Those matters disclosed in the Phase I Environmental Site Assessment dated September 18, 2012 and performed by The Kendall Safety Group, Ltd.

16156-0058  
CH2\10707713.7



## **EXHIBIT C**

### **Regulatory Agreement**

Recording Requested By and  
When Recorded Send to:  
Schiff Hardin LLP  
233 S. Wacker Drive  
Suite 6600  
Chicago, Illinois 60606  
Attention: Bruce P. Weisenthal

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**REGULATORY AGREEMENT AND  
DECLARATION OF RESTRICTIVE COVENANTS**

**by and among**

**CHURCHVIEW MANOR PRESERVATION L.P.,  
an Illinois limited partnership,**

**and**

**CITY OF CHICAGO,  
a municipality and home rule unit of government duly organized  
and validly existing under the Constitution and the laws  
of the State of Illinois,**

**and**

**SEAWAY BANK AND TRUST COMPANY,  
as Trustee under the Indenture for the following Bonds:**

**City of Chicago  
\$3,700,000 Variable Rate Demand  
Multi-Family Housing Revenue Bonds  
(Churchview Manor Senior Apartments), Series 2012**

**Dated as of October 1, 2012**

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**REGULATORY AGREEMENT AND  
DECLARATION OF RESTRICTIVE COVENANTS**

THIS REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS, dated as of October 1, 2012 (this “**Agreement**”), is entered into by and among CHURCHVIEW MANOR PRESERVATION L.P., an Illinois limited partnership and any approved successor or assignee to its rights and obligations (the “**Borrower**”), SEAWAY BANK AND TRUST COMPANY, as Trustee (the “**Trustee**”) under the Indenture, as defined in this Agreement, and the CITY OF CHICAGO, a municipality and home rule unit of government duly organized and validly existing under the Constitution and the laws of the State of Illinois (the “**Issuer**”) under the circumstances summarized in the following recitals.

**W I T N E S S E T H:**

**WHEREAS**, the City of Chicago (the “**Issuer**”) has authorized the issuance of its Variable Rate Demand Multi-Family Housing Revenue Bonds (Churchview Manor Senior Apartments), Series 2012 (the “**Bonds**”), in order to finance a portion of the costs of acquiring, rehabilitating, constructing and equipping the Development (as defined below) and to pay certain costs of issuing the Bonds; and

**WHEREAS**, pursuant to a Loan Agreement, dated as of October 1, 2012, among the Issuer, the Trustee and the Borrower (the “**Loan Agreement**”), the proceeds of the Bonds will be loaned (the “**Loan**”) to the Borrower to finance a portion of the costs of acquiring, rehabilitating, constructing and equipping the Churchview Manor Senior Apartments, a residential facility for seniors, consisting of approximately 60 units in 1 building on property located at 2626 West 63<sup>rd</sup> Street in the City of Chicago, Illinois, and legally described on *Exhibit A* to this Agreement (the “**Real Estate**”) (the Real Estate and the improvements on the Real Estate related to the housing development are referred to in this Agreement as the “**Development**”); and

**WHEREAS**, in connection with the Loan, the Borrower has agreed to rent or lease at least 40% of the dwelling units in the Development to families or individuals whose income is 60% or less of area median gross income, all for the public purpose of assisting persons of low and moderate income to afford the costs of decent, safe and sanitary housing; and

**WHEREAS**, the Code and the Regulations (as those terms are defined below) prescribe that the use and operation of the Development be restricted in certain respects in order to assure the continuing tax-exempt status of the interest on the Bonds, and in order to ensure that the Development will be acquired, rehabilitated, constructed, used and operated in accordance with such requirements of the Code, the Regulations and the Act, the Trustee and the Borrower have determined to enter into this Agreement in order to set forth certain terms and conditions relating to the acquisition, rehabilitation, construction, occupancy, use and operation of the Development.

NOW, THEREFORE, in consideration of the Loan and the mutual covenants and undertakings set forth in this Regulatory Agreement, and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the parties covenant, agree and declare as follows:

**Section 1. Definitions and Interpretations.** Except as otherwise defined in this Agreement, the terms used in this Agreement, including its preambles and recitals, shall for all purposes have the meanings specified in the preceding language of this Agreement or Article I of the Trust Indenture dated as of October 1, 2012, between the Issuer and the Trustee, securing the Bonds (the “**Indenture**”), or Article I of the Loan Agreement, unless the context clearly requires otherwise. In addition, unless the context clearly requires otherwise, the following terms used in this Agreement shall have the following meanings:

“**Borrower**” means Churchview Manor Preservation L.P., an Illinois limited partnership, or the Person or Persons who shall succeed to the ownership of all or any part of the Development in accordance with the provisions of the Loan Agreement.

“**Certificate of Continuing Program Compliance**” means the certificate from the Borrower in substantially the form and covering the matters set forth in *Exhibit C* to this Agreement.

“**Code**” means the Internal Revenue Code of 1986, as amended.

“**Low and Moderate Income Tenants**” means and includes individuals or families with adjusted income, calculated in the manner prescribed in Regulation Section 1.167(k)-3(b)(3) as it shall be in effect on the date that the Bonds are issued (or, if not issued on the same date, the earliest issuance date of the Bonds ), which does not exceed sixty percent (60%) of the median gross income for the area in which the Development is located, determined in a manner consistent with determinations of median gross income made under the leased housing program established under Section 8 of the United States Housing Act of 1937, as amended, or if that program is terminated, under that program as in effect immediately before termination. That determination shall include adjustments for family size. In no event, however, will the occupants of a unit of the Development be considered to be Low and Moderate Income Tenants if all the occupants are students, no one of whom is entitled to file a joint return for federal income tax purposes.

“**Person**” means natural persons, firms, partnerships, associations, corporations, trusts and public bodies.

“**Qualified Development Period**” means the period beginning on the date on which ten percent (10%) of the units in the Development are first occupied and ending on the latest of the date (i) which is 15 years after the date on which at least fifty percent (50%) of the residential units in the Development are occupied, (ii) which is the first date on which no tax-exempt private activity bond issued with respect to the Development is outstanding, or (iii) on which any assistance presently provided with respect to the Development under Section 8 of the United States Housing Act of 1937, as amended, terminates.

**“Regulations”** means the United States Treasury Regulations promulgated with respect to the Code.

**“Tenant Income Certificate”** means a sworn and notarized certificate in substantially the form and covering the matters set forth in *Exhibit B* to this Regulatory Agreement.

The rules of interpretation set forth in Section 102 of the Indenture shall apply equally to this Agreement. This Agreement and all of its terms and provisions shall be construed to effectuate the purposes set forth in and to sustain the validity of this Agreement.

**Section 2. The Development to be Residential Rental Property.** The Borrower represents, agrees, covenants and warrants as follows:

(a) The Development is being acquired, rehabilitated and constructed for the purpose of providing a “qualified residential rental project,” within the meaning of the Code. The Borrower shall own, manage and operate the Development as a “residential rental project” comprised of residential units and facilities functionally related and subordinate to them, in accordance with Section 142(d) of the Code and Section 1.103-8(b)(4) of the Regulations, as the same may be amended from time to time, to the extent applicable to the Bonds. Upon the completion of the construction, the Development will consist of approximately 60 residential units located in one building at 2626 West 63<sup>rd</sup> Street in the City of Chicago, Illinois. The Development will consist of one building containing residential units and functionally related and subordinate facilities of a size and character commensurate with the size and character of the residential units, as provided in the Regulations. Acquisition, rehabilitation, constructing and equipping of the residential units and the functionally related and subordinate facilities are being funded in part by the Bonds. The building is a discrete edifices or other person-made constructions with (i) independent foundations, (ii) independent outer walls, and (iii) independent roofs, each building containing one (1) or more similarly constructed units.

(b) Each residential unit in the Development does and shall contain separate and complete facilities for living, sleeping, eating, cooking and sanitation.

(c) None of the residential units in the Development is or shall at any time be used on a transient basis and no portion of the Development shall ever be used as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, hospital, nursing home, sanitarium, rest home or trailer park or court. No part of the Development is or will be used as an airplane, a skybox or other luxury box, a health club facility, a facility primarily used for gambling, or a store the principal business of which is the sale of alcoholic beverages for consumption off-premises. No part of the Development is or will at any time be owned by a cooperative housing corporation or other form of cooperative ownership.

(d) The Borrower shall not give preference in renting residential units in the Development to any particular class or group of persons, other than as required by the Issuer to comply with HOME regulations, to Low and Moderate Income Tenants as provided in this Regulatory Agreement, to comply with eligibility standards in place as a result of the fact that

the Development shall operate as a supportive living facility, to the elderly, or as otherwise required by law.

(e) At no time shall the Borrower occupy a residential unit in the Development, *provided* that a person employed by the Borrower to assist in the management of the Development who has no ownership or other interest in the Borrower may occupy a residential unit.

(f) Any functionally related and subordinate facilities (*e.g.*, parking garages or other areas, swimming pools, tennis courts, etc.) which are to be included as part of the Development will be made available to all tenants on an equal basis. Fees will only be charged with respect to the use of those facilities if the charging of fees is customary for the use of such facilities and in any event, any fees charged will not be discriminatory or exclusionary as to the Low and Moderate Income Tenants.

### **Section 3. Continuous Rental.**

(a) The Borrower represents, covenants, agrees and warrants that at all times during the Qualified Development Period, each unit in the Development shall be rented or available for rental to members of the general public on a continuous basis, except as allowed by Section 2(d) above, and that it shall not grant any commercial leases or permit commercial uses for any space in the Development, except upon receipt by the Trustee and the Issuer of an opinion of any designated firm of attorneys of nationally recognized expertise with respect to the tax-exempt obligations of political subdivisions, selected by the Issuer ("**Bond Counsel**"), which opinion is acceptable to the Trustee, that the lease or use will not adversely affect the exclusion of interest on any of the Bonds from gross income of their holders for federal income tax purposes.

(b) The Borrower shall not make any change in use of any portion of the Development except upon approval of the Issuer or upon receipt by the Trustee of an opinion of Bond Counsel, acceptable to the Trustee, that the change will not adversely affect the exclusion of interest on any of the Bonds from gross income of their holders for federal income tax purposes.

**Section 4. Low and Moderate Income Tenants.** To the end of satisfying the requirements of Section 142(d)(2)(B) of the Code relating to individuals of low and moderate income during the Qualified Development Period, and related Regulations, the Borrower represents, covenants, agrees and warrants as follows:

(a) At all times during the Qualified Development Period, at least forty percent (40%) of the completed residential units shall be occupied by Low and Moderate Income Tenants. For purposes of satisfying that requirement, a unit occupied by an individual or family who at the commencement of occupancy is a Low and Moderate Income Tenant shall be treated as occupied by such an individual or family during their tenancy in such unit, even though that individual or family subsequently ceases to be a Low and Moderate Income Tenant. The preceding sentence shall, however, cease to apply to any resident whose income as of the most

recent determination exceeds one hundred forty percent (140%) of the sixty percent (60%) income limitation amount if, after such determination, but before the next determination, any residential unit of comparable or smaller size in the Development is occupied by a new resident whose income exceeds that sixty percent (60%) limitation. A unit treated as occupied by a Low and Moderate Income Tenant shall be treated as occupied after it is vacated until reoccupied (other than for a temporary period not to exceed 31 days), at which time the character of the unit shall be redetermined.

(b) If necessary, the Borrower shall refrain from renting residential units to persons other than Low and Moderate Income Tenants in order to avoid violating the requirement that at all times during the Qualified Development Period at least forty percent (40%) of the occupied residential units in the Development shall be occupied by Low and Moderate Income Tenants.

(c) The Borrower shall determine annually the current income of each tenant treated as a Low and Moderate Income Tenant.

(d) The Borrower shall obtain a Tenant Income Certificate with respect to each occupant in the Development who is intended to be a Low or Moderate Income Tenant signed by the tenant or tenants (*i.e.*, the person or persons whose names appear on the lease). The Borrower shall obtain such a Tenant Income Certificate prior to such tenant or tenants signing a lease with respect to a unit and commencing occupancy in it and also shall obtain such a Tenant Income Certificate for each subsequent year the tenant lives in the Development, signed by such person or persons and obtained at such time or times, all as may be required by applicable rules, rulings, procedures, official statements, regulations or policies now or later promulgated or proposed by the Department of the Treasury or the Internal Revenue Service with respect to obligations issued under Section 142(d) of the Code. The Borrower shall maintain on file all Tenant Income Certificates and upon obtaining each such Certificate shall promptly deliver a copy of it to the Trustee.

(e) The Borrower shall prepare and submit to the Trustee and the Issuer on or before the first day of each March, June, September and December of each year during the Qualified Development Period, a Certificate of Continuing Program Compliance in substantially the form attached to this Agreement as **Exhibit C** executed by Borrower's Representative.

(f) The Borrower shall submit to the Secretary of the Treasury an annual certification as to whether the Development continues to meet the low and moderate income occupancy requirements set forth in the Code. Failure to comply with the requirements set forth in the preceding sentence shall not constitute a default under this Agreement, but may subject the Borrower to a penalty as provided in Section 6652(j) of the Code.

**Section 5. Tenants and Tenant Leases.** In addition to the requirements contained in other Sections of this Agreement, the Borrower represents, covenants, agrees and warrants as follows:

(a) All tenant lists, applications, certificates and waiting lists relating to the Development shall at all times be kept separate and identifiable from any other business of the



Borrower which is unrelated to the Development and shall be maintained, as required by the Issuer or the Trustee from time to time, in a reasonable condition for proper audit and subject to examination during business hours by representatives of the Trustee. Failure to keep such lists and applications or to make them available to the Issuer or the Trustee shall be a default under this Agreement.

(b) Each tenant lease for a Low and Moderate Income Tenant shall require the tenant to submit annual Tenant Income Certificates and to provide further information as the Borrower may reasonably require concerning such a Tenant Income Certificate, and that a failure to comply with these requirements or the filing of a false Tenant Income Certificate shall be a violation of a substantial obligation of his tenancy. The provisions of this Section 5 shall apply throughout the Qualified Development Period.

**Section 6. Transfer Restrictions.** During the Qualified Development Period, the Borrower shall not do any of the following: sell, transfer, assign, convey, change title to or otherwise dispose of the Development or any interest in it (a "**Transfer**"), in whole or in part, unless: (1) the purchaser or assignee shall execute any necessary or appropriate document reasonably requested by the Trustee with respect to assuming its obligations under this Agreement and the Loan Agreement (the "**Assumption Agreement**"), which document shall be recorded in the Cook County Recorder's Office; (2) the Trustee and the Issuer shall have received an opinion of Bond Counsel, which opinion is acceptable to such recipient, to the effect that such transfer will not adversely affect the exclusion of interest on any of the Bonds from gross income of their holders for purposes of federal income taxation; (3) the Borrower shall deliver to the Trustee and the Issuer an opinion of counsel to the transferee that the transferee has duly assumed the obligations of the Borrower under this Agreement and that such obligations and this Agreement are binding on the transferee; (4) the Issuer should have consented in writing to such Transfer; and (5) such other conditions are met as are set forth in or referred to in the Loan Agreement or as the Trustee or the Issuer may reasonably impose (upon advice of Bond Counsel) as part of the Assumption Agreement to protect the exclusion from gross income of interest on the Bonds for federal income tax purposes.

**Section 7. Tax-Exempt Status of the Bonds.** The Borrower, the Issuer and the Trustee each represent, agree and warrant that to the best of their ability and knowledge:

(a) It will not take or permit, or omit to take or cause to be taken, as is appropriate, any action that would adversely affect the exclusion of the interest on the Bonds from the gross income of their holders for federal income tax purposes and, in particular, the Borrower will not permit any Person to obtain an ownership interest in the Borrower unless, upon advice of Bond Counsel, the Trustee or the Issuer concludes that the exclusion of the interest on the Bonds from gross income for federal income tax purposes is not adversely affected by such Person obtaining such ownership interest. If it should take or permit, or omit to take or cause to be taken, any such action, it will take all lawful actions necessary to rescind or correct such actions or omissions promptly upon obtaining knowledge of them.

(b) It will take such action or actions as may be necessary, in the written opinion of Bond Counsel filed with the Trustee and the Issuer, to comply fully with all

applicable rules, rulings, policies, procedures, Regulations or other official statements promulgated, proposed or made by the Department of the Treasury or the Internal Revenue Service pertaining to obligations the exemption of interest on which depends upon continuing compliance with Section 142(d) of the Code and the Regulations under that Section.

(c) It will file or record such documents and take such other steps as are necessary, in the written opinion of Bond Counsel filed with the Trustee and the Issuer, in order to ensure that the requirements and restrictions of this Agreement will be binding upon all owners of the Development.

**Section 8. Notice of Noncompliance; Corrective Action.** As soon as is reasonably possible, the Borrower shall notify the Trustee and the Issuer of the existence of any situation or the occurrence of any event of which the Borrower has knowledge, the existence or occurrence of which would violate any of the provisions of this Agreement or cause the interest on the Bonds to become includable in gross income of their holders for federal income tax purposes unless promptly corrected. The Trustee shall promptly notify the Issuer of such event or situation upon receipt of notice from the Borrower. The Borrower covenants to commence appropriate corrective action within a reasonable period of time, but in no event later than 30 days after such noncompliance is first discovered or should have been discovered by the exercise of reasonable diligence.

**Section 9. Reliance; Compliance.** The Borrower recognizes and agrees that the representations, warranties, agreements and covenants set forth in this Agreement may be relied upon by all Persons interested in the legality and validity of the Bonds and in the exclusion of the interest on the Bonds from gross income of their holders for federal income tax purposes. In performing their respective duties and obligations under this Agreement, the Trustee and the Issuer may rely upon statements and certificates of the Borrower and tenants, and upon audits of the books and records of the Borrower pertaining to the Development. In addition, the Trustee may consult with counsel, and the written opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by the Trustee under this Agreement in good faith and in conformity with such opinion.

**Section 10. Non-discrimination.** The Borrower shall not, in the selection of tenants, in employment, in the provision of services or in any other manner, discriminate against any person on the ground of race, color, national origin, religion, creed, sex, handicap, family status or marital status or by reason of the fact that there are children in a prospective tenant's family.

**Section 11. Term.** This Agreement shall become effective upon its execution and delivery. Unless the Trustee and the Issuer shall have received a written opinion of Bond Counsel addressed to them to the effect that early termination of this Agreement will not adversely affect the exclusion of the interest on all of the Bonds from gross income of their holders for federal income tax purposes, this Agreement shall remain in full force and effect for a term equal to the Qualified Development Period, it being expressly agreed and understood that the provisions of this Agreement are intended to survive the retirement of the Bonds and expiration of the Indenture and the Loan Agreement and the Note. Notwithstanding the

immediately preceding sentence, this Agreement, and all and several of the terms of it, shall terminate and be of no further force and effect in the event of (x) involuntary noncompliance with the provisions of this Agreement caused by fire, seizure, requisition, foreclosure or delivery of a deed in lieu of foreclosure, change in a federal law or an action of a federal agency after the date of this Agreement which prevents the Trustee or the Issuer from enforcing the requirements of this Agreement, condemnation or other similar event and (y) the payment in full and retirement of the Bonds within a reasonable period after that event. However, the preceding sentence shall cease to apply and the restrictions contained in this Section shall be automatically reinstated if, at any time subsequent to the foreclosure or the delivery of a deed in lieu of foreclosure or similar event, the Borrower or any "related person" (within the meaning of Section 147 of the Code), obtains an ownership interest in the Development for federal income tax purposes. Upon the termination of all and several of the terms of this Agreement, the parties agree to execute, deliver and record appropriate instruments of release and discharge of the terms of this Agreement. However, the execution and delivery of such instruments shall not be a necessary prerequisite to the termination of this Agreement in accordance with its terms.

**Section 12. Covenants to Run With the Development.** The Borrower subjects the Development to the covenants, reservations and restrictions set forth in this Agreement. The Borrower declares its express intent that the covenants, reservations and restrictions set forth in this Agreement shall be deemed covenants running with the Real Estate and the Development to the extent permitted by law and shall pass to and be binding upon the successors in title to the Development throughout the term of this Agreement. Each and every contract, deed, mortgage, assignment, sub-lease or other instrument executed covering or conveying the Development or any portion of it shall conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instrument.

**Section 13. Enforcement.** If the Borrower defaults in the performance or observation of any covenant, agreement or obligation of the Borrower set forth in this Agreement, and if such default remains uncured for a period of 30 days after written notice of the default shall have been given to the Borrower by the Issuer or the Trustee, then the Issuer, or the Trustee, acting on behalf of the Bondholders or on behalf of the Issuer, shall declare an "Event of Default" to have occurred, and, at its option, may take any one or more of the following steps:

(a) by mandamus or other suit, action or proceeding at law or in equity, including injunctive relief, require the Borrower to perform its obligations and covenants under this Agreement or enjoin any acts or things which may be unlawful or in violation of the rights of the Issuer or the Trustee under this Agreement;

(b) have access to and inspect, examine and make copies of all the books and records of the Borrower pertaining to the Development; or

(c) take such other action at law or in equity as may appear necessary or desirable to specifically enforce, or prohibit violations of, the obligations, covenants and agreements of the Borrower under this Agreement.

The Trustee shall have the right, in accordance with this Section and the provisions of the Indenture, without the consent, approval or knowledge of the Issuer or any Person to exercise any or all of the rights or remedies under this Agreement. All reasonable fees, costs and expenses of the Trustee incurred in taking any action pursuant to this Section shall be the sole responsibility of the Borrower.

Notwithstanding the preceding paragraph, if the failure stated in the written notice cannot be corrected within such thirty (30) day period, the Trustee may consent in writing to an extension of such time period, which consent shall not be unreasonably withheld, if corrective action is instituted within such thirty (30) day period and diligently pursued to completion and if such extension does not, in the Trustee's judgment, adversely affect the interests of the holders of the Bonds.

**Section 14. Bankruptcy.** Neither the Borrower nor any permitted successor owner of the Development shall file any petition in bankruptcy or for the appointment of a receiver, or for insolvency, or for reorganization or composition, or make any assignment for the benefit of creditors or to a trustee for creditors, or permit an adjudication in bankruptcy, the taking of possession of the Development or any part of the Development under judicial process pursuant to any power of sale. However, in the case of an involuntary petition, action or proceeding for an adjudication in bankruptcy, or for the appointment of a receiver or trustee of the property of the Borrower or any other owner of the Development, not initiated by the Borrower or any other owner of the Development, the Borrower or such other owner of the Development shall have 90 days after the service of such petition or the commencement of such action or proceeding, as the case may be, within which to obtain a dismissal of such petition, action or proceeding.

**Section 15. Recording and Filing.** The Borrower shall cause this Agreement and all amendments and supplements to it to be recorded and filed in the conveyance and real property records of Cook County, Illinois. The Borrower shall pay all fees and charges incurred in connection with any such recording.

**Section 16. Indemnification.** The Borrower shall be required and agrees to pay, indemnify and hold the Trustee, the Issuer and its respective officers, officials and employees (except for claims arising out of acts or omissions of the Trustee or the Issuer, as applicable, resulting from its gross negligence or willful misconduct) harmless from, any and all loss, damage, cost, expense, suit, judgment, action, injury or liability which they, or any of them, may suffer or incur (including, without limitation, any costs, fees and expenses, including attorneys' fees, costs and expenses) by reason of any violation of the restrictions or provisions of this Agreement.

**Section 17. Agent of the Trustee.** The Trustee shall have the right to appoint an agent or administrator to carry out any of its duties and obligations under this Agreement, and shall inform the other parties to this Agreement of any such agency appointment by written notice.

**Section 18. No Conflict With Other Documents.** The Borrower warrants that it has not executed and will not execute any other agreement with provisions contradictory to, or in opposition to, the provisions of this Agreement, and that, in any event and except to the extent expressly provided in this Agreement, the requirements of this Agreement are paramount and controlling as to the rights and obligations in this Agreement set forth and supersede any other requirements in conflict with this Agreement.

**Section 19. Interpretation.** Any terms not defined in this Agreement, or defined as provided in this Agreement, shall have the same meaning as terms defined for purposes of Section 142(d) of the Code and in the Regulations.

**Section 20. Amendments.** This Agreement shall be amended only by a written instrument executed by the parties to it or their successors in title, and duly recorded in the real property records of Cook County, Illinois, the county in which the Development is located. The Borrower shall pay all fees and charges incurred in connection with any such recording.

No amendment to this Agreement concerning matters governed by the Code or the Regulations shall be effective unless there shall have been filed with the Issuer a written opinion of Bond Counsel to the effect that (a) such amendment will not cause or result in interest on the Bonds becoming includable in gross income of their holders for federal income tax purposes, and (b) compliance with the terms and provisions of the Agreement, as so amended, will be sufficient to ensure full compliance with the requirements of Section 142(d) of the Code and all then-applicable rules, rulings, policies, procedures, portions of the Regulations, or other statements promulgated, proposed or made by the Department of the Treasury or the Internal Revenue Service pertaining to obligations the exclusion of interest from gross income on which depends on continuing compliance with that Section 142(d).

**Section 21. Notices.** Any notice, demand or other communication required or permitted under this Agreement shall be in writing and shall be deemed to have been given if and when personally delivered and receipted for, or, if sent by private courier service or sent by overnight mail service, shall be deemed to have been given if and when received (unless the addressee refuses to accept delivery, in which case it shall be deemed to have been given when first presented to the addressee for acceptance), or on the first day after being sent by telegram, or on the third day after being deposited in United States registered or certified mail, return receipt requested, postage prepaid. Any such notice, demand or other communication shall be addressed to a party at its address set forth below or to such other address as the party to receive such notice may have designated to all other parties by notice in accordance with this Agreement:

If to the Issuer: City of Chicago  
Department of Housing and Economic Development  
121 North LaSalle Street  
Room 1000  
Chicago, Illinois 60602  
Attention: Commissioner  
Telephone: (312) 744-9476  
Facsimile: (312) 744-2271

with a copy to: City of Chicago  
Department of Law  
City Hall  
121 North LaSalle Street  
Room 600  
Chicago, Illinois 60602  
Attention: Finance and Economic Development  
Division  
Telephone: (312) 744-0200  
Facsimile: (312) 744-8538

If to the Borrower: Churchview Manor Preservation L.P.  
c/o Greater Southwest Development Corporation  
2601 West 63<sup>rd</sup> Street  
Chicago, Illinois 60629-1619  
Attention: Helen Jareczek  
Phone: (773) 362-3384  
Fax: (773) 471-8206

with a copy to: Applegate & Thorne-Thomsen  
626 West Jackson  
Suite 400  
Chicago, Illinois 60661  
Attention: Caleb Jewell  
Telephone: (312) 491-3325  
Fax: (312) 491-4411

If to the Trustee: Seaway Bank and Trust Company  
645 East 87<sup>th</sup> Street  
Chicago, Illinois 60619  
Attention: Corporate Trust  
Telephone: (773) 602-4156  
Facsimile: (773) 487-0452

**Section 22. Binding Successors.** This Agreement shall bind, and the benefits shall inure to, the respective parties to this Agreement, their legal representatives, executors, administrators, successors in office or interest, and assigns, *provided* that the Borrower may not

assign this Agreement or any of its obligations under it without the prior written approval of the Issuer.

**Section 23. 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 or the intent of this Agreement.

**Section 24. Severability.** If any provision of this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired.

**Section 25. Governing Law.** This Agreement shall be construed in accordance with and governed by the laws of the State of Illinois, other than the choice of law rules of the State of Illinois and, where applicable, the laws of the United States of America.


**Section 26. Limited Recourse.** Notwithstanding any provisions of this Agreement to the contrary, enforcement of the provisions of this Agreement shall not result in any claim against the Development, Loan or Loan proceeds, any reserve or deposit required by BMO Harris Bank N.A. or an Alternate Letter of Credit Provider, in connection with the Loan, or the rents or other income from the Development. Notwithstanding any other provision of this Agreement, any monetary obligation created under this Agreement shall not be enforceable personally against the Borrower or any partner of the Borrower, their successors and assigns, or against the assets of the Borrower, its successors or assigns.

*[Signature Page Follows]*


IN WITNESS WHEREOF, the Trustee, the Borrower and the Issuer have each caused this Regulatory Agreement and Declaration of Restrictive Covenants to be duly executed and attested in their respective names by their duly authorized representatives, all as of the day and year first above written.

**CHURCHVIEW MANOR PRESERVATION L.P.**

By: **CHURCHVIEW MANOR PRESERVATION, NFP,**  
an Illinois not-for-profit corporation  
Its: General Partner

By:   
Its: President

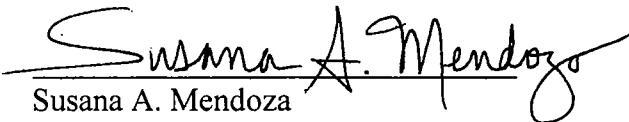
**SEAWAY BANK AND TRUST COMPANY,**  
as Trustee

By:   
Its: HSST Vice President

**CITY OF CHICAGO**

By:   
Lois A. Scott  
Its: Chief Financial Officer

Attest:

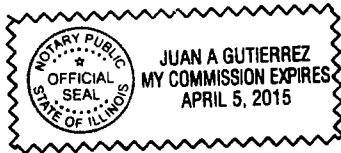
  
Susana A. Mendoza  
City Clerk



STATE OF ILLINOIS     )  
                                      ) SS.  
COUNTY OF COOK     )

I, Juan A. Gutierrez, a Notary Public in and for the County and State aforesaid, CERTIFY that Lois A. Scott, personally known to me to be the Chief Financial Officer of CITY OF CHICAGO, and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he signed and delivered the foregoing instrument as her or his own free and voluntary act and as the free and voluntary act of the corporation for the uses and purposes set forth in such instrument.

GIVEN under my hand and Notarial Seal this 24th day of October, 2012.



Juan A. Gutierrez  
Notary Public  
in and for Cook County, Illinois

(SEAL)  
My Commission Expires:

April 5, 2015

STATE OF ILLINOIS     )  
  ) SS.  
COUNTY OF COOK     )

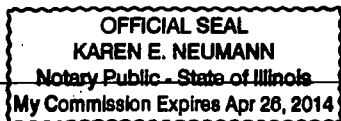
I, Karen E. Neumann a Notary Public in and for the County and State aforesaid,  
CERTIFY that Chian Foreman, personally known to me to be the President of  
**CHURCHVIEW MANOR PRESERVATION L.P.**, an Illinois limited partnership, and personally  
known to me to be the same person whose name is subscribed to the foregoing instrument,  
appeared before me this day in person and acknowledged that he signed and delivered the  
foregoing instrument as her or his own free and voluntary act and as the free and voluntary act of  
the corporation for the uses and purposes set forth in such instrument.

GIVEN under my hand and Notarial Seal this 23rd day of October, 2012.

Karen E. Neumann  
Notary Public  
in and for Cook County, Illinois

(SEAL)

My Commission Expires:



STATE OF ILLINOIS     )  
  ) SS.  
COUNTY OF COOK     )

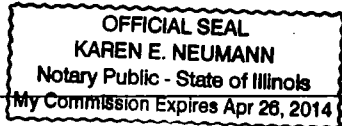
I, Karen E. Neumann Notary Public in and for the County and State aforesaid,  
CERTIFY that Vanessa Williams personally known to me to be the Asst Vice President of  
**SEAWAY BANK AND TRUST COMPANY**, as Trustee, and personally known to me to be the same  
person whose name is subscribed to the foregoing instrument, appeared before me this day in  
person and acknowledged that she signed and delivered the foregoing instrument as her or his  
own free and voluntary act and as the free and voluntary act of said Bank for the uses and  
purposes set forth in such instrument.

GIVEN under my hand and Notarial Seal this 23rd day of October, 2012.

Karen E. Neumann  
Notary Public  
in and for Cook County, Illinois

(SEAL)

My Commission Expires:



***Exhibit A***

**LEGAL DESCRIPTION**

**PARCEL 1:**

LOTS 16 THROUGH 23, BOTH INCLUSIVE, IN BLOCK 15, TOGETHER WITH THE WEST HALF OF VACATED SOUTH TALMAN AVENUE LYING EAST OF THE EAST LINE OF SAID LOT 16 IN BLOCK 15, ALL IN COBE & MCKINNON'S 63<sup>RD</sup> ST. & CALIFORNIA AVE. SUBDIVISION OF THE WEST HALF OF THE SOUTHEAST QUARTER OF SECTION 13, TOWNSHIP 38 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN IN COOK COUNTY, ILLINOIS

**Tax Parcel Index No(s).:**

**19-13-426-033; 19-13-426-034; 19-13-426-035; 19-13-426-036; 19-13-426-037; and 19-13-426-038**

**PARCEL 2:**

A PERPETUAL, NON-EXCLUSIVE EASEMENT FOR PRIVATE INGRESS AND EGRESS BENEFITTING PARCEL 1 PURSUANT TO THAT CERTAIN EASEMENT AGREEMENT DATED MARCH 1, 2003 AND RECORDED MARCH 27, 2003 IN THE COOK COUNTY RECORDER'S OFFICE AS DOCUMENT NUMBER 0030415529 UPON, OVER AND ACROSS THE FOLLOWING DESCRIBED PROPERTY:

LOTS 16 THROUGH 25, BOTH INCLUSIVE, IN BLOCK 16, TOGETHER WITH THE EAST HALF OF VACATED SOUTH TALMAN AVENUE LYING WEST OF AND ADJOINING SAID LOT 25 IN BLOCK 16, ALL IN COBE & MCKINNON'S 63<sup>RD</sup> ST. & CALIFORNIA AVE. SUBDIVISION OF THE WEST HALF OF THE SOUTHEAST QUARTER OF SECTION 13, TOWNSHIP 38 NORTH, RANGE 13 EAST OF THE THIRD PRINCIPAL MERIDIAN IN COOK COUNTY, ILLINOIS

**Tax Parcel Index No(s).:**

**19-13-427-030; 19-13-427-031; 19-13-427-032; 19-13-427-033; 19-13-427-034; 19-13-427-035; 19-13-427-036; 19-13-427-037; and 19-13-427-040**

ADDRESS COMMONLY KNOWN AS:    2626 West 63<sup>rd</sup> Street, Chicago, IL

**FORM OF TENANT INCOME CERTIFICATE**

Name of Tenant (*i.e.*, person or persons whose names appear on the lease): \_\_\_\_\_

Address of Apartment: \_\_\_\_\_

Apartment Number: \_\_\_\_\_

Some or all of the cost of the Development in which you are to lease an apartment was financed by bonds issued for the benefit of the owner. Interest paid on those bonds is intended to be exempt from federal income tax. In order to qualify for that exemption there are certain requirements which must be met with respect to the apartment building and its tenants. To satisfy one of those requirements, it is necessary for you to provide the information requested in this Tenant Income Certificate at the time you sign your lease and annually after you become a Tenant.

**I. ANTICIPATED INCOME**

For each person who is now occupying or is expected to occupy your apartment unit at any time during the next twelve months, please provide the following information:

<u>Name</u>	<u>Annual Salary/Wages</u> *	<u>Other Income</u> **	<u>Total Income</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

\*State the gross amount of compensation, before any payroll deductions, including any bonuses, overtime pay, tips, commissions or fees anticipated to be received during the next twelve months.

\*\*Other income generally includes income anticipated to be received from any source whatsoever during the next twelve months, including, but not limited to:

(a) interest and dividends;

(b) rental income;

- (c) net income from a profession or operation of a business;
- (d) payments in lieu of earnings, such as unemployment compensation;
- (e) periodic payments (not lump-sum payments) received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits;
- (f) periodic and determinable allowances, such as alimony and child support payments and regular contributions or gifts from persons not listed above; and
- (g) public assistance, but if the public assistance payment includes an amount specifically designated for shelter and utilities which is subject to adjustment by the public assistance agency in accordance with the actual cost of shelter and utilities, the amount of public assistance income to be included shall consist of:
  - (1) the amount of the allowance or grant exclusive of the amount specifically designated for shelter and utilities, plus
  - (2) the maximum amount which the public assistance agency could in fact allow the occupant for shelter and utilities.

Do not include in the amount of other income shown above the following items:

- (a) casual, sporadic or irregular payments you may receive;
- (b) amounts which are specifically for or in reimbursement of the cost of medical expenses;
- (c) lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and workmen's compensation), capital gains and settlements for personal or property losses;
- (d) amounts of educational scholarships paid directly to the student or to the educational institution, and amounts paid by the government to a veteran for use in meeting the costs of tuition, fees, books and equipment; *provided* that any amounts of such scholarships, or payments to veterans not used for the above purposes which are available for subsistence are to be included in income;
- (e) the special pay to a serviceman head of a family away from home and exposed to hostile fire;
- (f) relocation payments made pursuant to Title II of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970;
- (g) foster child care payments;

(h) the value of coupon allotments for the purchase of food pursuant to the Food Stamp Act of 1964 which is in excess of the amount actually charged the occupants of the dwelling unit;

(i) payments received pursuant to participation in the following volunteer programs under the ACTION Agency:

(1) National Volunteer Antipoverty Programs which include VISTA, Service Learning Programs and Special Volunteer Programs; and

(2) National Older American Volunteer Programs for persons aged 60 and over which include Retired Senior Volunteer Programs, Foster Grandparent Program, Older American Community Services Program, and National Volunteer Program to Assist Small Business Experience, Service Corps of Retired Executives (SCORE) and Active Corps of Executives (ACE).

## II. CAPITAL ASSETS

If any of the persons listed above has any savings, stocks, bonds, real estate or other form of capital investment (except for necessary items such as furniture, automobiles, etc.), please provide the following information:

(a) the total value of all such assets presently owned by all such persons:  
\$ \_\_\_\_\_; and

(b) the amount of income expected to be derived from such assets in the 12-month period commencing this date (which should be included in "other income" shown above): \$ \_\_\_\_\_.

## III. STUDENTS

(a) Will all of the persons listed above be (or have they been) full-time students during five calendar months of this calendar year at an educational institution (other than a correspondence school) with regular faculty and students?

Yes \_\_\_\_\_ No \_\_\_\_\_

(b) Is any such full-time student married and eligible to file a joint federal income tax return?

Yes \_\_\_\_\_ No \_\_\_\_\_

I, the undersigned, certify that I have read and answered fully, frankly and personally each of these questions and requests for information for all persons who now occupy or are to occupy the unit in the above Development. I acknowledge that all of the above information is relevant to the status under federal income tax law of the interest on bonds issued to finance the Development containing the unit which I now or which I intend to occupy. I

consent to the disclosure of this information to the Issuer of such bonds, the owners of such bonds and any agent acting on their behalf.

I certify under penalty of perjury that these statements are true and correct.

Executed this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, at Chicago, Illinois.

---

Tenant



**STATE OF ILLINOIS**           )  
  ) **SS.**  
**COUNTY OF COOK**             )

I, \_\_\_\_\_, a Notary Public in and for the County in the State aforesaid, certify that \_\_\_\_\_, personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that he/she signed and delivered the instrument, as his/her free and voluntary act, for the uses and purposes set forth in such instrument.

GIVEN under my hand and notarial seal this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

Notary Public  
in and for Cook County, Illinois

(SEAL)

My Commission Expires:

---

#### **IV. FOR COMPLETION BY BORROWER**

(a) Anticipated Income Computation:

- (1) Total income from Part I. \$ \_\_\_\_\_
- (2) If 10% of the amount shown on Part II(a) exceeds the amount on Part II(b), enter the amount of such excess. \$ \_\_\_\_\_
- (3) Anticipated Income ((1) + (2)) \$ \_\_\_\_\_

(b) Insert an [X] in the bracket opposite whichever of the following statements is applicable:

- [ ] (1) Because total Anticipated Income is less than \$ \_\_\_\_\_, the apartment is occupied by Low and Moderate Income Tenants.
- [ ] (2) The apartment is not occupied as provided in (1) above.

(c) The number of units in the Development which are presently occupied is \_\_\_\_\_.

(d) The number of units occupied by Low and Moderate Income Tenants is \_\_\_\_\_. The number of units which were previously occupied by Low and Moderate Income Tenants but have been vacated and have not been reoccupied (other than for a temporary period of no more than 31 days) is \_\_\_\_\_. The sum of the units described in this paragraph (d) is equal to \_\_\_\_\_% of the total number of occupied units from paragraph (c) above.

The undersigned certifies that he or she is the \_\_\_\_\_ of \_\_\_\_\_ and that the above determinations and calculations have been completed to the best knowledge of the undersigned after due inquiry, and the undersigned does not believe or have any reason to believe that the information in the Tenant Income Certificate is inaccurate or has been given falsely.

Dated: \_\_\_\_\_, 20\_\_

---

\* Tenants are Low and Moderate Income Tenants if (a) their income as determined by the Borrower in the most recent annual determination was not more than the applicable income limitation (as adjusted for family size), or (b) their income as so determined exceeded the applicable income limitation but did not exceed an amount equal to 140% of the applicable income limitation and their income when they first applied to rent their unit did not exceed the applicable income limitation, or (c) their income as so determined exceeded an amount equal to 140% of the applicable income limitation and all units in the Development of comparable or smaller size available for rental size the last annual tenant income determination have been rented to tenants whose income did not exceed the applicable income limitation.

**FORM OF CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE**

The undersigned is the \_\_\_\_\_ of Churchview Manor Preservation, NFP and has read and is thoroughly familiar with the provisions of the various Loan Documents associated with the Borrower's participation in the financing by the City of Chicago of the acquisition, rehabilitation and construction of Churchview Manor Senior Apartments, such documents including:

1. the Regulatory Agreement and Declaration of Restrictive Covenants dated as of October 1, 2012, between the Borrower, the City and the Trustee;
2. the Loan Agreement, dated as of October 1, 2012, among the Borrower, the Issuer and the Trustee;

As of the date of this certificate, the following number of residential units in the Development (i) are occupied by Low and Moderate Income Tenants (as such term is defined in the Regulatory Agreement) or (ii) were previously occupied by Low and Moderate Income Tenants and have been vacant and not reoccupied except for a temporary period of no more than 31 days, as indicated:

Number of units occupied by Low and Moderate Income Tenants	_____
Number of units previously occupied by Low and Moderate income tenants (vacated and not reoccupied except for a temporary period of no more than 31 days)	_____
Total Number of Low and Moderate Income Units	_____
The total number of occupied residential units in the Development is	_____

---

\* The number of Low and Moderate Income Tenants shown above is \_\_\_\_% of the total number of occupied units.

The undersigned certifies that the Borrower is not in default under any of the terms and provisions of the above documents.

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

**CHURCHVIEW MANOR PRESERVATION L.P.**

By: **CHURCHVIEW MANOR PRESERVATION, NFP,**  
an Illinois not-for-profit corporation

Its: General Partner

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

Its: \_\_\_\_\_

**EXHIBIT D**

**Purchase Agreement**

**\$3,700,000**  
**City of Chicago**  
**Variable Rate Demand Multi-Family Housing Revenue Bonds**  
**(Churchview Manor Senior Apartments), Series 2012**

**BOND PURCHASE AGREEMENT**

October 23, 2012

City of Chicago  
Office of Chief Financial Officer  
Department of Finance  
33 North LaSalle Street, 6<sup>th</sup> Floor  
Chicago, Illinois 60602  
Attn: Chief Financial Officer

Churchview Manor Preservation, L.P.  
c/o Greater Southwest Development  
Corporation  
2601 West 63<sup>rd</sup> Street  
Chicago, Illinois 60629-1619  
Attention: Helen Jareczek

The undersigned, Blaylock Robert Van, LLC (the “*Underwriter*”), offers to enter into the following agreement (the “*Bond Purchase Agreement*”) with you, for the purchase and sale by us and the execution and delivery by the City of Chicago (the “*City*”) of the Bonds defined below. This offer is made subject to the execution and approval by the City and Churchview Manor Preservation, L.P., a limited partnership duly organized and existing under the laws of the State of Illinois (together with its successors and assigns, the “*Borrower*”) of this Bond Purchase Agreement and its delivery to the Underwriter on or before 5:00 P.M., Chicago time, today. Initially capitalized terms used but not otherwise defined herein have the same meanings given them in the Official Statement or the Indenture (as defined herein).

The Bonds shall be as provided in, and shall be issued pursuant to, a Bond Ordinance adopted by the City on May 9, 2012 (the “*Ordinance*”), authorizing and approving the issuance and sale of the Bonds. The Bonds will also be issued pursuant to a Trust Indenture dated as of October 1, 2012 (the “*Indenture*”), between the City and Seaway Bank and Trust Company, as trustee (the “*Trustee*”), to provide for the financing of a multifamily rental housing development in Chicago, Illinois known as Churchview Manor Senior Apartments (the “*Project*”). Proceeds of the Bonds will be loaned to the Borrower to provide for the financing of the Project pursuant to a Loan Agreement dated as of October 1, 2012 (the “*Loan Agreement*”) by and between the City and the Borrower. The Borrower’s repayment obligations in respect of the loan made under the Loan Agreement will be evidenced by a Note (the “*Note*”) dated the Closing Date (as defined herein).

Payments of principal of and interest on, and payments of the Purchase Price of, the Bonds will be secured by an irrevocable letter of credit (the “*Letter of Credit*”) issued by BMO Harris Bank N.A. (the “*Bank*”) pursuant to a Letter of Credit and Reimbursement Agreement dated as of October 1, 2012 (the “*Reimbursement Agreement*”) by and between the Bank and the Borrower.

Upon their issuance, the Bonds will bear interest at a Variable Rate as provided in the Indenture and will mature, subject to prior redemption, on February 1, 2031. Blaylock Robert Van, LLC has been appointed as remarketing agent (the "*Remarketing Agent*") for the Bonds under the Indenture, and the Borrower and the Remarketing Agent will enter into a Remarketing Agreement dated as of October 1, 2012 (the "*Remarketing Agreement*") relating to the Bonds.

In connection with the issuance of the Bonds, the Ordinance authorizes and approves the execution and delivery of a Regulatory Agreement and Declaration of Restrictive Covenants dated as of October 1, 2012 by and among the Borrower, the City and the Trustee (the "*Regulatory Agreement*"), a Tax Exemption Certificate and Agreement dated the Closing Date (the "*Tax Certificate*"), this Bond Purchase Agreement, the Remarketing Agreement, the Loan Agreement, the Reimbursement Agreement, the Note, and all other agreements, documents and certificates as may be required to be executed and delivered by the Borrower to carry out, give effect to and consummate the transactions contemplated by this Bond Purchase Agreement or by the Official Statement (collectively, the "*Borrower Documents*"), this Bond Purchase Agreement, and any other document, instrument, certificate or agreement to be executed or delivered by or on behalf of the City in connection with the issuance and sale of the Bonds (together with the Indenture, the Loan Agreement, the Tax Certificate and the Regulatory Agreement, the "*City Documents*").

1. On the basis of the representations, warranties and agreements herein contained, but subject to the terms and conditions herein set forth, the Underwriter hereby agrees to purchase from the City, and the City agrees to sell to the Underwriter all (but not less than all) of the City's Variable Rate Demand Multi-Family Housing Revenue Bonds (Churchview Manor Senior Apartments), Series 2012 (the "*Bonds*") to be issued in the aggregate principal amount of \$3,700,000. The payment for and delivery of the Bonds pursuant to Section 9 is called the "*Closing*" and the date on which the Closing occurs is hereinafter referred to as the "*Closing Date*." At the Closing, the Underwriter will deliver for payment to the City or its designee, in immediately available funds, the amount of \$3,700,000.00 (which represents the aggregate principal amount of the Bonds). The Underwriter will be paid an underwriting fee for its services in the amount of \$33,300.00, from which the Underwriter will be reimbursed for certain fees and expenses.

2. The Underwriter agrees to make a bona fide public offering of all the Bonds at the price or prices set forth on the cover page of the Official Statement. In connection therewith, the Underwriter agrees as follows:

(a) to offer the Bonds only pursuant to the Official Statement and not to make any statements in connection with the offering and sale of the Bonds that go beyond or are inconsistent with the information contained in the Official Statement;

(b) to comply with all applicable registration and qualification requirements applicable to the Underwriter of the Bonds under any securities or Blue Sky Laws of any jurisdiction in which such registration or qualification is required;

(c) not to make any untrue or misleading statement in connection with the offering and sale of the Bonds and to ensure that all information contained in the Official

Statement under the captions "UNDERWRITING" and "REMARKETING" is true and correct in all material respects, does not contain any untrue statement of a material fact and does not omit any material fact necessary in order to make the statements therein, in light of the circumstances in which they were made not misleading;

(d) to perform its responsibilities as an underwriter of the Bonds under applicable federal and state securities laws, including, without limitation, its obligation to review the Official Statement in a professional manner and to make such investigation as appropriate in order to have a reasonable basis for concluding that the Official Statement does not contain any untrue statement of a material fact and does not omit to state any material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading; and

(e) to the extent permitted by law, to advise the City and the Borrower if at any time during the initial underwriting period (within the meaning of Rule 15c2-12 of the Securities Exchange Act of 1934, as amended ("*Rule 15c2-12*"), if applicable) for the Bonds there is any reason for the Underwriter to believe that the Official Statement then contains any untrue statement of a material fact or any omission of a material fact necessary in order to make the statements therein, in light of the circumstances in which they were made, not misleading, and in such case, the City, the Underwriter and the Borrower shall take such steps as may be appropriate to amend or supplement the Official Statement.

3. In connection with the foregoing, the City and the Borrower acknowledge and agree:

(a) (i) the purchase and sale of the Bonds pursuant to this Bond Purchase Agreement is an arm's-length commercial transaction between the City, the Borrower and the Underwriter; (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriter is and has been acting solely as principal and is not acting as the agent, advisor or fiduciary of the City or the Borrower; (iii) the Underwriter has not assumed an advisory or fiduciary responsibility in favor of the City or the Borrower with respect to the offering contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter has provided other services or is currently providing other services to the City or the Borrower on other matters), and the Underwriter has no obligation to the City or the Borrower with respect to the offering contemplated hereby except the obligations expressly set forth in this Bond Purchase Agreement or as otherwise required by applicable laws, regulations or the rules of the Securities and Exchange Commission (the "*Commission*") or the Municipal Securities Rulemaking Board (the "*MSRB*"); (iv) this Bond Purchase Agreement expresses the entire relationship between the parties hereto and (v) the City and the Borrower have each consulted its own legal, financial and other advisors to the extent it has deemed appropriate;

(b) the Underwriter has disclosed to the City and the Borrower (i) that MSRB Rule G-17 requires the Underwriter to deal fairly at all times with both municipal issuers and investors; (ii) that unlike a municipal advisor, the Underwriter would not have a fiduciary duty to the City or the Borrower under the federal securities laws and would, therefore, not be required by federal law to act in the best interests of the City or the Borrower without regard to its own



financial or other interests; (iii) that the Underwriter will have a duty to purchase the Bonds from the City at a fair and reasonable market price, but must balance that duty with its duty to sell the Bonds to investors at prices that are fair and reasonable; and (iv) that the Underwriter will review the Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws, as applied to the facts and circumstances of the offer and sale of the Bonds;

(c) the Underwriter, in advice rendered to the City or the Borrower as to the structure, timing, terms and other similar matters concerning the issuance of the Bonds, has identified to the City and the Borrower that it was acting solely in the capacity of an underwriter and not acting in the capacity of a financial advisor to the City or the Borrower;

(d) neither the City nor the Borrower has had any discussions with the Underwriter regarding the City's or the Borrower's use of a financial advisor in connection with the issuance of the Bonds;

(e) in providing written materials to the City or the Borrower concerning the financing represented by the issuance of the Bonds, *e.g.* cash flows, the Underwriter has included written explanations of the assumptions and parameters which formed the basis for such materials;

(f) the Underwriter has presented the City and the Borrower with a written plan, approved by appropriate officials of the City, for offering the Bonds to the public, including the Underwriter's expectations as to the nature of investor demand for the Bonds;

(g) the Underwriter, the Borrower and the City have not previously entered into any formal agreement, engagement letter or other arrangement for the retention of the Underwriter establishing the fees of the Underwriter.

4. (a) The Borrower shall deliver to the Underwriter, as soon as practicable following the execution and delivery of this Bond Purchase Agreement, but in no event later than the Closing Date, sufficient quantities of the Official Statement to enable the Underwriter to comply with the rules of the Commission and the MSRB, including subsection (b)(4) of Rule 15c2-12, if applicable, and MSRB Rule G-32. The City and the Borrower ratify, confirm and consent to the use of the Official Statement by the Underwriter in the offering of the Bonds. The City and the Borrower further ratify and consent to any actions taken by either in order to cooperate with the Underwriter if the Underwriter decides to qualify the Bonds under the securities laws of any state; provided, however, that the City has not been and will not be required to execute a special or general consent to service of process or qualify as a foreign corporation in connection with any such qualification in any jurisdiction or take any action that the City considers unreasonably burdensome. The City and the Borrower ratify, confirm and consent to the use (if any) of the Official Statement by Underwriter's Counsel in obtaining such qualification.

(b) The City and Borrower hereby certify that (i) the Official Statement as of its date was deemed final by the City and the Borrower for purposes of Rule 15c2-12, if applicable, provided that the City makes the representations in this Subsection (b) only with

respect to information contained under the captions "THE ISSUER" and "LITIGATION – Issuer" in the Official Statement. The Borrower hereby deems the remaining information contained in the Official Statement to be final as of the date thereof, except for the omission of such information as is permitted by Rule 15c2-12, such as offering prices, interest rates, selling compensation, aggregate principal amount, principal per maturity, delivery dates, ratings and other terms of the Bonds depending on such matters.

(c) The Borrower has signified its approval of the form of the Official Statement and its authorization to the Underwriter to prepare, use and distribute the Official Statement in final form in connection with the public offering and sale of the Bonds by its execution of the Official Statement.

5. The City represents that:

(a) the City is a duly constituted and existing municipality and home rule unit of local government within the meaning of Section 6(a), Article VII of the 1970 Constitution of the State of Illinois and as such may legislate matters which pertain to its government and affairs, including the issuance of the Bonds;

(b) to the knowledge of the undersigned representatives of the City, there are no actions, suits, proceedings, inquiries or investigations pending or threatened against the City in any court or before any governmental authority or arbitration board or tribunal which would materially and adversely affect the validity or enforceability of the Bonds, the Ordinance, the City Documents or the performance of the City of its obligations hereunder or thereunder;

(c) the issuance and sale of the Bonds and the execution and delivery by the City of the City Documents and the performance by the City of its obligations hereunder and thereunder (i) are within the purposes, power and authority of the City, (ii) comply with the Constitution and laws of the State of Illinois and the ordinances of the City, (iii) are legal, valid and binding special limited obligations of the City except as enforceability may be limited by applicable bankruptcy, insolvency, moratorium, reorganization or other laws affecting the enforcement of creditors' rights generally and general principles of equity and (iv) have been duly authorized by all necessary action on the part of the City; the Bonds do not and will not constitute a debt of the City, the State of Illinois or any political subdivision thereof or a loan of credit thereof within the meaning of any constitutional or statutory provision or limitation, nor shall the Bonds constitute or give rise to a pecuniary liability of the City;

(d) the City Council of the City has approved the Ordinance and the Ordinance has not been amended, modified or rescinded and is in full force and effect as of the date hereof;

(e) pursuant to the provisions of the Code, a public hearing on the proposed issuance of the Bonds was held by the City, or its designee, pursuant to public notice published in a newspaper of general circulation in Chicago, Illinois at least 14 days before the public hearing held on May 7, 2012;

(f) to the knowledge of the undersigned representatives of the City, the City has not pledged and will not pledge or grant any security interest in its interest in, to or under the Loan

Agreement and the payments made thereunder, or the revenues to be derived by the City thereunder for any purpose other than to secure the Bonds;

(g) the information in the Official Statement relating to the City under the captions "THE CITY," and "LITIGATION – Issuer," is true and correct; and

(h) to the knowledge of the undersigned representatives of the City, all authorizations, consents and approvals of any governmental body required in connection with the execution and delivery by the City of, or in connection with the City of its obligations under, the City Documents and the Bonds have been obtained and are in full force and effect or will be obtained prior to the Closing Date and will be in full force and effect as of the Closing Date.

6. The Underwriter represents and warrants that:

(a) it is duly existing as an Illinois corporation, with full legal right, power and authority to execute and deliver this Bond Purchase Agreement and purchase the Bonds from the City;

(b) assuming due authorization, execution and delivery by the Borrower and the City, this Bond Purchase Agreement constitutes a valid and binding obligation of the Underwriter enforceable against the Underwriter in accordance with its terms, subject to customary exceptions for bankruptcy, the availability of other remedies and the enforceability of indemnification provisions under federal and state securities laws;

(c) it has not given any information or made any representation in connection with its purchase of the Bonds other than as contained in the Official Statement, including the Appendices thereto;

(d) (i) it is duly registered under the Securities Exchange Act of 1934, as amended (the "1934 Act"), as a broker/dealer or municipal securities dealer and has duly paid the fee prescribed by MSRB Rule A-12 or is exempt from such requirements, (ii) it is (A) a member in good standing of the National Association of Securities Dealers, Inc. ("NASD") or (B) otherwise eligible under NASD rules to receive underwriting discounts and concessions available to such members with respect to underwriters of municipal securities, and (C) it has complied with the dealer registration requirements, if any, of the various jurisdictions in which it offers bonds for sale;

(e) to the knowledge of the Underwriter, no person holding office of the City, either by election or appointment, is in any manner financially interested, either directly in the officer's own name or indirectly in the name of any other person, association, trust or corporation, in any contract being entered into or the performance of any work to be carried out in connection with the issuance and sale of the Bonds upon which said officer may be called upon to act or vote; provided, however, that nothing in this paragraph 6(e) shall give rise to a cause of action by the Underwriter against the City;

(f) neither the Underwriter, nor any Affiliate thereof is listed on any of the following lists maintained by the Office of Foreign Assets Control of the U.S. Department of the

Treasury, the Bureau of Industry and Security of the U.S. Department of Commerce, the U.S. Department of State or their successors, or on any other list of persons or entities with which the City may not do business under any applicable law, rule, regulation, order or judgment: the Specially Designated Nationals List, the Denied Persons List, the Unverified List, the Entity List, the List of Statutorily Debarred Parties and the Excluded Parties List. Such representation shall be provided to the City in the form attached hereto as Exhibit B.

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

7. The Underwriter understands and agrees that it is required to and will comply with the provisions of Chapters 2-56 and 2-156 of the Municipal Code of Chicago (the "Code"). The parties hereto acknowledge and agree that pursuant to Section 2-156-030(b) of the Code, it is illegal for any elected official of the City, or any person acting at the direction of such official, to contact, either orally or in writing, any other City official or employee with respect to any matter involving any person with whom the elected official has a business relationship, or to participate in any discussion in any City Council committee hearing or in any City Council meeting or to vote on any matter involving the person with whom an elected official has a business relationship. Violation of Section 2-156-030(b) of the Code by any elected official with respect to this Agreement shall be grounds for termination of this Bond Purchase Agreement. The term "business relationship" shall be defined as set forth in Section 2-156-080 of the Code.

8. The Borrower represents that:

(a) it is and on the Closing Date will be an Illinois limited partnership duly organized, validly existing and in good standing under the laws of the State of Illinois and qualified to do business in the State of Illinois;

(b) Churchview Manor Preservation, NFP, the general partner of the Borrower (the "General Partner") is duly organized, validly existing and in good standing as a not for profit corporation under the laws of the State of Illinois;

(c) the Borrower has full legal power and authority to execute and deliver and to enter into and perform its obligations under the Borrower Documents and such other documents, instruments, certificates or agreements to be executed and delivered in connection with the issuance and sale of the Bonds, and at the time of such execution and delivery, the Borrower will have duly authorized the execution, delivery and performance of the Borrower Documents;

(d) the General Partner has taken all actions necessary to authorize it to execute the Borrower Documents on behalf of the Borrower;

(e) the execution and delivery of the Borrower Documents and compliance with the provisions thereof under the circumstances contemplated herein and therein, do not and will not conflict with or constitute on the part of the Borrower a breach or violation of or default under; (1) the Borrower's partnership agreement, or any agreement or other instruments to which the Borrower is a party, or any existing law, administrative regulation, court order or consent decree to which the Borrower is subject, the effect of which will be to prevent or interfere with the Borrower's ability to fulfill its obligations as contemplated by this Bond Purchase Agreement and the Borrower Documents; or (2) the partnership agreement and certificate of partnership of the Borrower, any existing law, court or administrative regulation, judgment, decree or order, or any material agreement, indenture, mortgage, lease, sublease of other instrument or obligation to which the Borrower is a party or by which it may be bound;

(f) the statements and information in the Official Statement (other than the information under the headings "THE ISSUER," "LITIGATION – Issuer," "THE BONDS – Book-Entry-Only System," "TAX MATTERS" and "UNDERWRITING" and in Appendices A, B and C) as of the date hereof, as of its date and as of the Closing Date, do not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements and information made therein, in the light of the circumstances under which they are made, not misleading;

(g) no event of default or event that, with notice or lapse of time or both, would constitute an event of default or a default under the Borrower Documents or any other material instrument, agreement, decree or order to which the Borrower is bound or to which any of its property or assets is subject has occurred and is continuing;

(h) at the Closing, all liens, encumbrances, covenants, conditions and restrictions, if any, applicable to the Project will not interfere with or impair the operation of, or materially adversely affect the value of, the Project;

(i) except as may be described in the Official Statement, there is no action, suit, proceeding, inquiry or investigation at law or in equity or before or by any public board or body pending as to which the Borrower has received service of process or, to the knowledge of the Borrower, threatened against or affecting the Borrower, or to the knowledge of the Borrower any meritorious basis therefor, wherein an unfavorable decision, ruling or finding would have a materially adverse effect on the financial condition of the Borrower, the operation by the Borrower of the Project or the transactions contemplated by the Borrower Documents and the Official Statement or would have an adverse effect on the validity or enforceability of the Borrower Documents, the Undertaking or any agreement or instrument by which the Borrower or its property is bound or would in any way contest the corporate existence or powers of the Borrower or the federal tax-exempt status of the interest on the Bonds or the amounts to be received by the City pursuant to the Indenture or the Loan Agreement;

(j) this Bond Purchase Agreement is, and upon their execution the other Borrower Documents will be, the legal, valid and binding obligation of the Borrower enforceable in accordance with its terms (subject to any applicable bankruptcy, reorganization, insolvency, moratorium or other laws affecting the enforcement of creditors' rights generally from time to time in effect and to applicable legal principles and procedural requirements if equitable and

other specific remedies are sought and subject to the qualification that enforcement of the indemnification provisions of this Bond Purchase Agreement may be limited by federal or state securities laws as the same may have been interpreted by judicial decisions);

(k) no approvals, permits, consents, authorizations, certifications or other orders not already obtained are required as of the date hereof by the Borrower from any governmental agency, authority, board or commission having jurisdiction which could materially affect (A) the performance by the Borrower of its obligations under the Borrower Documents or (B) the acquisition, rehabilitation or operation of the Project;

(l) the financing of the costs of the Project, as contemplated by the Official Statement, is consistent with and does not violate or conflict with the terms of the various consents or approvals of the Borrower;

(m) the Borrower does not have any reason to believe that any additional approvals, licenses or permits necessary for the acquisition, rehabilitation and operation of the Project will not be obtained in due course;

(n) all of the representations and warranties of the Borrower in the other Borrower Documents are true and correct as of this date, as if made on this date;

(o) (i) any certificate signed by an authorized officer of the Borrower and (ii) any certificate signed by authorized officers of the General Partner on behalf of the Borrower, delivered to the City or the Underwriter shall be deemed a representation and warranty by the Borrower to such parties as to the statements made therein;

(p) the Borrower will, on the Closing Date, have good and marketable title to the real property comprising the Project and will maintain such title to the Project property throughout the term of the Bonds;

(q) the Borrower will apply the proceeds of the Bonds in a manner that is consistent with the Ordinance, the Indenture and Loan Agreement; and

(r) the Borrower covenants that between the date hereof and the Closing it will not take any action or omit to take an action that will cause any of the representations and warranties made in this Section to be untrue as of the Closing.

9. Subject to the conditions set forth in this Bond Purchase Agreement, at 10:00 A.M., Chicago time, on the Closing Date, October 24, 2012, or at such other time or on such earlier or later business day as shall have been mutually agreed upon by the City and the Underwriter, the City shall cause the Bonds in definitive form, duly authenticated, to be delivered to the Trustee to facilitate a "FAST" closing through DTC (subject to the terms and conditions set forth in Section 12 hereof), together with the other documents hereinafter mentioned; and, provided that all conditions to the obligations of the Underwriter set forth in Section 12 hereof have been satisfied, the Underwriter shall cause the purchase price of the Bonds as set forth in Section 1 hereof to be paid in federal funds to the order of the Trustee for the account of the City in accordance with the Indenture. The Bonds will be delivered in a single fully registered Bond registered in the name of Cede & Co. (or in the name of such other person

as may be designated by DTC). The Closing shall take place at the offices of Schiff Hardin LLP, Chicago, Illinois, Bond Counsel.

10. (a) (1) The Borrower agrees, at its expense, to pay, indemnify, defend and hold harmless the City along with the City's officers, employees, attorneys and agents, successors and assigns or other elected or appointed officials of the City, past, present or future and each person, if any, who has the power, directly or indirectly, to direct or cause the direction of the management and policies of the City (each an "*City Indemnified Party*" or "*Indemnified Party*" and collectively "*City Indemnified Parties*" or "*Indemnified Parties*"), from and against any and all losses, claims, damages, demands, taxes, liabilities, costs or expenses (collectively, "*Claims*"), including reasonable attorneys' fees and expenses, if arising out of or in connection with any and all suits, actions, legal or administrative proceedings, or claims arising or resulting from, or in any way connected with, the exercise or performance by the Borrower of any of its powers or duties (i) under this Bond Purchase Agreement or any of the other Bond documents or (ii) in connection with the initial offering of the Bonds. The Borrower shall promptly assume the defense of any Claim made against any City Indemnified Party, including the employment of counsel reasonably satisfactory to the City, at the sole expense of the Borrower. The Borrower agrees to pay and to indemnify and hold harmless the City, the Trustee, the Remarketing Agent, any person who "controls" the City, the Trustee or the Remarketing Agent, within the meaning of Section 15 of the Securities Act of 1933, as amended, and any member, officer, director, official and employee of the City, the Trustee or the Remarketing Agent, from any loss, claim, demand, action or right of action and any damage, tax, penalty or expense (including reasonable counsel fees), or liability of any nature due to any and all suits, actions, legal or administrative proceedings, or claims arising or resulting from, or in any way connected with: (i) the financing, acquisition, construction, operation, use, management or maintenance of the Project, (ii) any act, failure to act, or misrepresentation by any person (including any Indemnified Party) in connection with the issuance, sale, delivery or remarketing of the Bonds, or (iii) any act, failure to act, or misrepresentation by the City in connection with this Bond Purchase Agreement or any other document involving the City in this matter, regardless of whether any such loss, claim, demand, action or right of action or such damage, tax, penalty or expense, or liability should be contributed to by the sole or partial negligence of the City or any of the City's officers, employees, attorneys and agents. If any suit, action or proceeding is brought against the City or any Indemnified Party, that suit, action or proceeding shall be defended by counsel to the City or the Borrower, as the City shall determine. If the defense is by counsel to the City, the Borrower shall indemnify the City and Indemnified Parties for the reasonable cost of that defense including reasonable counsel fees. If the City determines that the Borrower shall protect and defend the City or any Indemnified Parties, the Borrower shall immediately assume the defense at its own cost. Neither the City nor the Borrower shall be liable for any settlement of any proceeding made without each of their consents (which consents shall not be unreasonably withheld).

(2) The Borrower shall also indemnify the Indemnified Parties for all reasonable costs and expenses, including reasonable counsel fees, incurred in: (i) enforcing any obligation of the Borrower under this Bond Purchase Agreement or any related agreement, (ii) taking any action requested by the Borrower, (iii) taking any action required by this Bond Purchase Agreement or any related agreement, or (iv) taking any action considered necessary by the City and which is authorized by this Bond Purchase Agreement or any related agreement.

(3) Anything to the contrary notwithstanding, the City retains the right to (i) enforce any applicable federal or state law or regulation or resolution of the City and (ii) enforce any rights accorded to the City by federal or state law or regulation or resolution of the City, and nothing in this Bond Purchase Agreement shall be construed as an express or implied waiver thereof. This indemnification is in addition to any other indemnification provided by the Borrower to the Indemnified Parties.

(4) The Borrower acknowledges that the intention of this Section is that the City's interests be reasonably protected. Accordingly, the Borrower agrees that in the event any provision of this Section is construed to be unenforceable for any reason, the enforceability of the remaining provisions will not be affected.

(b) Each Indemnified Party shall give prompt notice to each indemnifying party of any action commenced against it or any claim asserted against it in respect of which indemnity may be sought hereunder but failure to so notify any indemnifying party shall not relieve it from any liability which it may have otherwise than on account of this indemnity agreement. An indemnifying party, upon receiving notice of any action or claim for which indemnification is sought by another party hereto as provided in subsection (a) above, may, at the direction of the Indemnified Party, assume and control the defense thereof with counsel satisfactory to the Indemnified Party. Following the assumption of the defense of any such action or claim, the indemnifying party shall not be liable for any legal or other expense subsequently incurred by the Indemnified Party in the defense of such action or claim, except expenses incurred because (i) the indemnifying party shall not have employed counsel to defend such action or claim within a reasonable time after its assumption of the defense thereof or (ii) the Indemnified Party has been advised by counsel employed by the Indemnified Party to defend such action or claim that the Indemnified Party may have available to it one or more defenses to such action or claim that are inconsistent with the defenses available to the indemnifying party or one or more other Indemnified Parties. An Indemnified Party may participate in the defense of such action or claim. In no event (other than aforesaid) shall the indemnifying parties be liable for the fees and expenses of more than one counsel for all Indemnified Parties in connection with any action or separate but similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances unless it is determined that the retention of one counsel would create a conflict between the Indemnified Parties, in which case additional counsel may be retained.

(c) In order to provide for just and equitable contribution as a result of specific circumstances or acts for which both the Borrower and the Underwriter are determined to be liable to the City for the indemnity provided for in Subsection (a) of this Section, the Borrower and the Underwriter shall contribute to the aggregate losses, damages, expenses, liabilities or claims of the nature contemplated by said indemnity agreement incurred by the Borrower and the Underwriter, in such proportions as determined by a court of competent jurisdiction; provided, however, that no person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. For purposes of this Section, each person who controls the Underwriter, within the meaning of the Securities Act or the 1934 Act, shall have the same rights of contribution as the Underwriter and each person who controls the



Borrower within the meaning of the Securities Act or the 1934 Act shall have the same rights of contribution as the Borrower.

(d) The indemnity provided by Subsection (a) of this Section shall be in addition to any other liability the Borrower may otherwise have hereunder, at common law or otherwise, and is provided solely for the benefit of the City and its successors, assigns, legal representatives or controlling persons and the members, officers, employees and agents thereof, and no other person shall acquire or have any right under or by virtue of such provisions of this Bond Purchase Agreement.

(e) The Underwriter agrees to indemnify and hold harmless (i) the Borrower and each person who controls the Borrower within the meaning of the Securities Act or the 1934 Act and (ii) the City and its officers, employees, attorneys and agents against any and all loss, liability, claim, damage and expense with respect to (A) untrue statements or omissions, or alleged untrue statements or omissions, made in the Official Statement (or any amendment or supplement thereto) under the headings "UNDERWRITING" or "DESCRIPTION OF RATING" or in reliance upon and in conformity with written information furnished to the Borrower or the City, as the case may be, by the Underwriter expressly for use in the Official Statement (or any amendment or supplement thereto); or (B) any material misstatements or omissions made by any agent, employee or officer of the Underwriter or anyone authorized by the Underwriter to sell the Bonds made in connection with any offer to sell a Bond if such misstatements or omissions arise from providing any information concerning the Bonds to purchasers or potential purchasers of a Bond other than a complete Official Statement.

11. (a) The Borrower agrees to indemnify and hold harmless the Underwriter and its members, officers, agents, attorneys and employees (collectively, the "*Underwriter Indemnified Parties*" and individually an "*Underwriter Indemnified Party*") from and against any losses, claims, damages or liabilities to which any Underwriter Indemnified Party may become subject insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of, or are based upon, any claim asserted by or any legal action brought by any party against an Underwriter Indemnified Party to the effect that there has been (A) any untrue statement or alleged untrue statement of a material fact contained in the Official Statement (as supplemented and amended), or the omission or alleged omission to state therein a material fact necessary to make the statements not misleading with respect to statements and information contained in the Official Statement; it being understood that the indemnification under this Section (11) shall not be applicable to any such claim or action to the extent it alleges any such untrue statement or omission relating to information under the following captions: "THE ISSUER," "LITIGATION – Issuer," "THE BONDS – Book-Entry Only System," "TAX MATTERS" or "UNDERWRITING" or in the Appendices to the Official Statement, (B) the breach by the Borrower of any representation, warranty or agreement of the Borrower contained herein or in any other Borrower Document, and, subject to the provisions of (ii) below, will reimburse each Underwriter Indemnified Party for any legal or other expenses reasonably incurred by such Underwriter Indemnified Party in investigating, defending or preparing to defend any such action or claim. The Borrower shall not be liable to the Underwriter under this Subsection if the person asserting any such loss, claim, damage or liability purchased Bonds after solicitation by the Underwriter, if delivery to such person of the Official Statement or any amendment of or supplement to the Official Statement would have been a valid defense to the

action from which such loss, claim, damage or liability arose and if the Official Statement, amendment or supplement was not delivered to such person by or on behalf of the Underwriter. The indemnity agreement in this Section (11) shall be in addition to any liability which the Borrower may otherwise have to any Underwriter Indemnified Party and shall extend upon the same terms and conditions to each person, if any, who controls any Underwriter Indemnified Party within the meaning of the Securities Exchange Act of 1934, as amended.

(b) Within 30 days after receipt by an Underwriter Indemnified Party under Subsection (a) of this Section (11) of notice of the commencement of any claim or action, such Underwriter Indemnified Party shall, if a claim in respect thereof is to be made against the Borrower under such Subsection, notify the Borrower in writing of the commencement thereof; but the omission to do so by such Underwriter Indemnified Party shall not relieve the Borrower of any liability which it may have to any Underwriter Indemnified Party. In case any such claim or action shall be brought against any Underwriter Indemnified Party, and such Underwriter Indemnified Party shall notify the Borrower of the commencement thereof, the Borrower shall be entitled to participate in and, to the extent that it wishes, to assume the defense thereof, with counsel reasonably satisfactory to such Underwriter Indemnified Party, and after notice from the Borrower to such Underwriter Indemnified Party of its election to assume the defense thereof, the Borrower shall not be liable to such Underwriter Indemnified Party under this Section (11) for any legal or other expenses subsequently incurred by such Underwriter Indemnified Party in connection with the defense thereof other than reasonable out-of-pocket costs of any investigation; *provided, however*, that if the Borrower and any Underwriter Indemnified Party or other named party to any such action, including any impleaded party, or any person controlling any Underwriter Indemnified Party shall have reasonably concluded that there may be one or more conflicting legal defenses available to it which are different from or additional to those available to the Borrower, such Underwriter Indemnified Parties or such other party shall have the right to select separate counsel to assume such legal defenses and to otherwise participate in the defense of such action on behalf of the Underwriter Indemnified Party or such other party with respect to such additional or different defenses; *provided further, however*, that the Borrower shall not, in connection with any one such action or separate but substantially similar or related actions arising out of the same general allegations or circumstances, be liable for the fees and expenses of more than one separate firm of attorneys at any point in time for the Underwriter Indemnified Parties and such other parties.

(c) In order to provide for just and equitable contribution in circumstances in which the indemnity agreement provided for in Section (11) is for any reason held to be unavailable other than in accordance with its terms, the Borrower and the Underwriter shall contribute to the aggregate losses, liabilities, claims, damages and expenses indemnified under Section (11) which otherwise would have been incurred by the Borrower and the Underwriter, in such proportions that: (i) the Underwriter is responsible for that portion represented by the ratio that the fee paid to the Underwriter pursuant to this Bond Purchase Agreement bears to the initial public offering price appearing on the cover page of the Official Statement; and (ii) the Borrower is responsible for the balance; *provided, however*, that no person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act of 1933, as amended (the "1933 Act")) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. Notwithstanding the provisions of this Section, the Underwriter shall not be required to contribute any amount in excess of its fee hereunder. For purposes of

this Subsection, each person, if any, who controls the Underwriter within the meaning of Section 15 of the 1933 Act shall have the same rights to contribution as the Underwriter and each person, if any, who controls the Borrower within the meaning of Section 15 of the 1933 Act shall have the same rights to contribution as the Borrower.

12. The obligations of the Underwriter hereunder are subject to the accuracy in all material respects of the representations and warranties of the City and the Borrower herein contained as of the date of the Closing, and to the following additional conditions:

(a) At the time of the Closing:

(1) the City Documents, the Bonds, the Borrower Documents, the Letter of Credit and all other documents, instruments, certificates or agreements to be executed or delivered in connection with the issuance and sale of the Bonds as described in the Official Statement (individually, a "*Transaction Document*" and collectively, the "*Transaction Documents*") shall be in full force and effect, and shall not have been amended, modified or supplemented since the date hereof except as may have been agreed to in writing by the Underwriter, and the City shall have duly adopted and there shall be in full force and effect the Ordinance and such additional resolutions or agreements as shall be, in the opinion of Bond Counsel to the City, necessary in connection with the transactions contemplated hereby or by the Official Statement;

(2) the City, the Borrower, the Trustee, the Bank and all other persons or entities having obligations under the Transaction Documents (individually, a "*Transaction Party*" and collectively, the "*Transaction Parties*") shall perform or have performed all of their respective obligations required under or specified in this Bond Purchase Agreement or the Transaction Documents with regard to the Bonds to be performed at, simultaneously with, or prior to, the Closing;

(b) The Bonds shall have been duly authorized, executed and authenticated in accordance with the provisions of the Indenture;

(c) At or prior to the Closing, the Underwriter shall receive the following documents with respect to the Bonds:

(1) The unqualified approving legal opinions as to the Bonds of Schiff Hardin LLP, Bond Counsel, dated the Closing Date, in substantially the form set forth as Appendix B to the Official Statement and a supplemental opinion of such Bond Counsel, dated the date of the Closing and addressed to the Underwriter, in form and substance satisfactory to the Underwriter and the City;

(2) The opinion or opinions of Applegate & Thorne-Thomsen, PC, counsel to the Borrower, satisfactory in form and substance to the Underwriter and the City;

(3) The opinion or opinions of counsel to the General Partner, satisfactory in form and substance to the Underwriter and the City;

(4) An opinion of counsel to the Bank, in form and substance satisfactory to the Underwriter and the City;

(5) The opinion or opinions of Burke Burns & Pinelli, Ltd., counsel to the Underwriter, satisfactory in form and substance to the City;

(6) An opinion of the City Corporation Counsel, dated the date of Closing and addressed to the Underwriter in the form attached hereto as Exhibit A;

(7) a certificate, dated the Closing Date, signed by an authorized City representative satisfactory to the Underwriter to the effect that the representations and warranties of the City herein are correct in all material respects as of the Closing Date;

(8) A certificate of the Bank, signed by an authorized officer, in form and substance satisfactory to the Underwriter, in which such officer states that the information in the Official Statement in Appendix A – “The Bank” is true and correct in all material respects and may be included in the Official Statement;

(9) A certificate of an authorized officer of the Trustee, dated the date of Closing and addressed to the City, the Borrower, the Bank and the Underwriter, acceptable in form and substance to the Underwriter, counsel to the Underwriter, counsel to the City, counsel to the Bank, counsel to the Borrower and Bond Counsel;

(10) A certificate of the Borrower addressed to the City, the Trustee the Bank, the Remarketing Agent and the Underwriter, dated the Closing Date, that (i) no event has occurred that would constitute a material default on the part of the Borrower (including, but not limited to, any event that would permit acceleration) in any agreement relating to any debt of the Borrower, or that would cause the Borrower to believe it will default in any material way with respect to its obligations under any such agreement; (ii) except as may be described in the Official Statement, no litigation, proceedings or investigations are pending against the Borrower or to the knowledge of the Borrower threatened (a) in any way contesting or affecting the validity of the Borrower Documents, (b) in any way contesting the existence or powers of the Borrower, (c) that would, if successful, result in a material adverse effect on the operations, financial or otherwise, of the Borrower or the Project, or (d) that in any manner questions the right of the Borrower to enter into the Borrower Documents, and the transactions contemplated thereby; (iii) since the date of the Official Statement, there has been no material and adverse change in the financial position or results of operation of the Borrower or the Project, nor has the Borrower incurred any material liabilities other than in the ordinary course of business; (iv) all material consents, approvals and authorizations of governmental authorities or agencies required for the execution of the Borrower Documents by the Borrower have been obtained; (v) the Borrower has all necessary permits and licenses to conduct its operations as presently being conducted, subject to minor exceptions and deficiencies which do not materially and adversely affect the conduct of its operations; (vi) no event has occurred and no condition exists which constitutes, or with the passage of time or the giving of notice, or both, would constitute, an event of default on the part of the Borrower or the General Partner under any of the Borrower Documents; (vii) except as

may be described in the Official Statement, the Project is in compliance with all applicable laws, ordinances and governmental rules and regulations, including, but not limited to, zoning and pollution control laws, ordinances and regulations; (viii) the representations and warranties of the Borrower herein and in the Loan Agreement are correct as of the Date of Closing; and (ix) the Borrower has complied with all agreements and conditions of this Agreement to be performed or satisfied by the Borrower at or prior to the Closing;

(11) A certificate of the Borrower addressed to the City and the Underwriter, dated the Closing Date, certifying as to (a) the Borrower's (i) certificate of limited partnership, (ii) limited partnership agreement, (iii) good standing in the State of Illinois; (b) resolutions of the General Partners authorizing the execution and delivery of, and the performance by the Borrower under, the Borrower Documents and approving the issuance of the Bonds; in form and substance reasonably satisfactory to the City and the Underwriter;

(12) A certificate of the General Partner, addressed to the City and the Underwriter, dated the Closing Date, certifying as to the General Partner's (i) articles of incorporation, (ii) by-laws, (iii) good standing in the State of Illinois, and (iv) authority to execute and deliver and perform, as a general partner of the Borrower, the Borrower Documents, in form and substance reasonably satisfactory to the City and the Underwriter;

(13) A title insurance policy dated as of the Closing Date relating to title to the Project;

(14) Executed copies of the Transaction Documents;

(15) The Letter of Credit, in full force and effect;

(16) Written evidence satisfactory to the Underwriter that Standard & Poor's Ratings Service has issued a rating of at least "A+/A-1" for the Bonds, and such rating shall be in effect on the Closing; and

(17) Such additional certificates, instruments or opinions as Bond Counsel or counsel to the Underwriter may reasonably deem necessary or desirable to evidence the due authorization, execution and delivery of the Bonds.

13. This Bond Purchase Agreement may be terminated in writing by the Underwriter if any of the following shall occur: (i) legislation shall have been enacted by the Congress of the United States to become effective on or prior to the Closing, or a decision of a court of the United States shall be rendered, or a stop order, ruling, regulation or proposed regulation by or on behalf of the Commission or other agency having jurisdiction over the subject matter shall be issued or made, to the effect that the issuance, sale and delivery of the Bonds, or any similar obligations of any similar public body of the general character of the City, is in violation of, or has the effect of requiring the contemplated offering, sale and distribution of the Bonds to be registered under the Securities Act of 1933, as amended, or the enactment of the Ordinance or any ordinance of similar character is in violation of the Trust Indenture Act of 1939, as amended,

or with the purpose or effect of otherwise prohibiting the issuance, sale or delivery of the Bonds as contemplated hereby or by the Official Statement or of obligations of the general character of the Bonds, (ii) there shall have occurred any event which in the Underwriter's reasonable opinion, after consultation with its legal counsel, makes the Official Statement either (A) contain an untrue statement of a material fact or (B) omit to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading in any material respect, and the Borrower fails to prepare or furnish or fails to cause to be prepared or furnished to the Underwriter an amendment or supplement to the Official Statement which will amend or supplement the Official Statement so that, as amended or supplemented, the Official Statement will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading, (iii) any ratings on the Bonds shall be downgraded or suspended or placed on Credit Watch by S&P, placed on Watchlist by Moody's, or placed on Rating Watch by Fitch, which in the Underwriter's reasonable opinion, materially adversely affects the market price or marketability of the Bonds, (iv) there shall be in force a general suspension of trading on The New York Stock Exchange, Inc., minimum or maximum prices for trading shall have been fixed and be in force or maximum ranges for prices for securities shall have been required and be in force on The New York Stock Exchange, Inc., whether by virtue of a determination by that Exchange or by order of the Commission or any other governmental authority having jurisdiction, (v) a general banking moratorium shall have been declared by either federal or Illinois or New York authorities having jurisdiction and be in force, (vi) any legislation, ordinance, rule or regulation shall be enacted by the City or department or agency of the State of Illinois, or a decision by any court of competent jurisdiction within the State of Illinois shall be rendered which, in the reasonable opinion of the Representative, would have a material adverse effect on the market price or marketability of the Bonds, (vii) a war involving the United States, an outbreak or escalation of or adverse development in hostilities or other national or international calamity or crisis shall have occurred which in the reasonable opinion of the Underwriter, materially adversely affects the market price or marketability of the Bonds, (viii) there shall be any proceeding or threatened proceeding by the Commission against the Borrower of the Bonds and such proceeding or threatened proceeding, in the reasonable opinion of the Underwriter, materially adversely affects the market price or marketability of the Bonds.

14. (a) The Borrower shall pay all expenses incident to the issuance of the Bonds, except for those to be paid by the Underwriter as set forth in Subsection (b) hereof. Absent such payment from the Borrower, the Underwriter shall pay such expenses.

(b) The Underwriter shall pay (i) any costs of any "Blue Sky" surveys and any legal investment memorandum to be used by it and "Blue Sky" registration fees; (ii) all advertising expenses in connection with the public offering and distribution of the Bonds; and (iii) all other expenses incurred by it in connection with the public offering and distribution of the Bonds, excluding fees and disbursements of counsel to the Underwriter.

15. Any notice, request, complaint, demand, communication or other paper required or permitted to be delivered to the City, the Borrower or the Underwriter under this Bond Purchase Agreement shall be sufficiently given and shall be deemed given (unless another form of notice shall be specifically set forth herein) on the Business Day following the date on which such notice or other communication shall have been delivered to a national overnight delivery

service (receipt of which to be evidenced by a signed receipt from such overnight delivery service) addressed to the appropriate party at the addresses set forth below. The City, the Borrower or the Underwriter may, by notice given as provided in this Section, designate any further or different address to which subsequent notices or other communication shall be sent.

If to the City: City of Chicago  
Department of Housing and Economic Development  
121 North LaSalle Street  
Room 1000  
Chicago, Illinois 60602  
Attention: Commissioner  
Telephone: (312) 744-9476  
Facsimile: (312) 744-2271

with a copy to: City of Chicago  
Department of Law  
City Hall  
121 North LaSalle Street  
Room 600  
Chicago, Illinois 60602  
Attention: Finance and Economic Development  
Division  
Telephone: (312) 744-0200  
Facsimile: (312) 744-8538

If to the Borrower: Churchview Manor Preservation L.P.  
c/o Greater Southwest Development Corporation  
2601 West 63<sup>rd</sup> Street  
Chicago, Illinois 60629-1619  
Attention: Helen Jareczek  
Phone: (773) 362-3384  
Fax: (773) 471-8206

with a copy to: Applegate & Thorne-Thomsen  
626 West Jackson  
Suite 400  
Chicago, Illinois 60661  
Attention: Caleb Jewell  
Telephone: (312) 491-3325  
Fax: (312) 491-4411

If to the Underwriter: Blaylock Robert Van, LLC  
600 Lexington Avenue, 3<sup>rd</sup> Floor  
New York, NY 10022  
Attention: Alex Palmieri  
Telephone: (212) 715-3317  
Telecopier: (212) 715-3300

with a copy to: Blaylock Robert Van, LLC  
180 N. LaSalle St., Suite 1825  
Chicago, IL 60601  
Attention: Dudley Brown  
Telephone: (312) 324-0772  
Telecopier: (312) 541-1743

This Bond Purchase Agreement is made solely for the benefit of the City, the Borrower and the Underwriter (including the successors or assigns of any of the parties) and no other person shall acquire or have any right under or by virtue hereof. All representations, warranties and agreements in this Bond Purchase Agreement shall remain operative and in full force and effect, regardless of (a) any investigation made by or on behalf of the parties hereto, (b) delivery of any payment for the Bonds hereunder, and (c) except as otherwise provided herein, any termination of this Bond Purchase Agreement.

16. This Bond Purchase Agreement shall be governed by and construed in accordance with the laws of the State of Illinois, without giving effect to the conflict of law provisions thereof.

17. This Bond Purchase Agreement may be executed in counterparts, each of which shall be deemed to be an original document and together shall constitute one instrument.

18. Captions used in the Bond Purchase 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 this

[SIGNATURE PAGES FOLLOW]




The undersigned parties are executing this Bond Purchase Agreement with respect to the Bonds.

BLAYLOCK ROBERT VAN, LLC

By 

Name:

Title:


  
Eric V. Bransford  
President

Accepted by:  
CITY OF CHICAGO

By

Name:

Title:

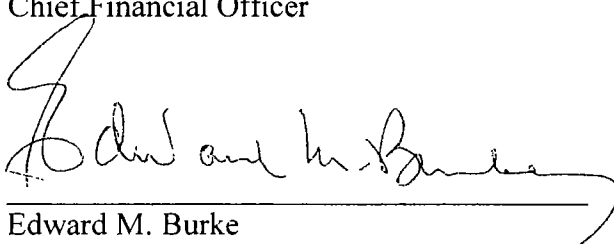
  
Lois A. Scott  
Chief Financial Officer

Concurred:

By:

Name:

Title:

  
Edward M. Burke  
Chairman, Committee on  
Finance of the City Council


[Borrower's acceptance on following page]

Accepted by:

CHURCHVIEW MANOR PRESERVATION, L.P.

By: CHURCHVIEW MANOR PRESERVATION, NFP, an Illinois not for profit corporation,  
its general partner

By:

  
\_\_\_\_\_

Name: Ghian Foreman

Title: President

**EXHIBIT A**  
**FORM OF GENERAL COUNSEL OPINION**

[Closing Date]

Blaylock Robert Van, LLC  
180 N. LaSalle St., Suite 1825  
Chicago, IL 60601

\$3,700,000  
CITY OF CHICAGO, ILLINOIS  
MULTI-FAMILY HOUSING REVENUE BONDS  
(CHURCHVIEW MANOR SENIOR APARTMENTS) SERIES 2012

Ladies and Gentlemen:

In connection with the issuance on this date by the City of Chicago (the "Issuer"), of its Multi-Family Housing Revenue Bonds (Churchview Manor Senior Apartments), Series 2012, in the aggregate principal amount of \$3,700,000 (the "Bonds"), issued pursuant to the Issuer's home rule powers and an ordinance (the "Ordinance") adopted by the City Council of the Issuer at a meeting held on May 9, 2012, I have caused to be examined, among other things, the following:

- (A) a copy of the record of proceedings pertaining to the issuance of the Bonds;
- (B) a Loan Agreement dated as of October 1, 2012 (the "Loan Agreement") between the Issuer and Churchview Manor Preservation, L.P., an Illinois Limited Partnership (the "Borrower"), with respect to the Bonds;
- (C) a Trust Indenture dated as of October 1, 2012, by and between the Issuer and Seaway Bank and Trust Company, as trustee (the "Trustee"), with respect to the Bonds (the "Indenture");
- (D) an Tax Exemption Certificate and Agreement, dated as of October 1, 2012, by and among the Issuer, the Trustee and the Borrower, with respect to the Bonds (the "Tax Agreement");

- (E) a Regulatory Agreement and Declaration of Restrictive Covenants dated as of October 1, 2012, by and among the Issuer, the Trustee and the Borrower (the “Regulatory Agreement”); and
- (F) a Bond Purchase Agreement dated October 23, 2012, by and among Blaylock Robert Van, LLC (the “Underwriter”), the Issuer and the Borrower with respect to the Bonds (the “Bond Purchase Agreement”).

The Loan Agreement, the Indenture, the Tax Agreement, the Regulatory Agreement and the Bond Purchase Agreement are collectively referred to as the “Bond Documents.”

Based upon the foregoing and upon such other information and documents deemed necessary to enable me to render this opinion, I am of the opinion that:

- (i) The Issuer is a municipality and a home rule unit of local government duly organized and existing under the Constitution and laws of the State of Illinois with full power and authority, among other things, to adopt the Ordinance, to authorize, issue and sell the Bonds and to execute the Bond Documents.
- (ii) The Bond Documents have been duly authorized, executed and delivered by, and the Ordinance has been duly adopted by, the Issuer, and assuming the due execution and delivery by the other parties thereto, as appropriate, such instruments constitute legal, valid and binding obligations of the Issuer, in each case enforceable in accordance with their terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors’ rights and subject to the exercise of judicial discretion in accordance with general principles of law and equity applicable to those remedies.
- (iii) To my knowledge, compliance with the provisions of the Bonds, the Ordinance and the Bond Documents does not conflict in a material manner with, or constitute a material breach of or material default under, any applicable law, administrative regulation, court order or consent decree of the State of Illinois or the United States of America or any department, division, agency or instrumentality thereof or any ordinance, agreement or other instrument to which the Issuer is a party or otherwise subject.
- (iv) To my knowledge, all approvals, consents and orders of and filings with any government authority, board, agency or commission having jurisdiction which would constitute conditions precedent to the performance by the Issuer of its obligations under the Bonds, the Ordinance or the Bond Documents have been obtained. No opinion is being expressed concerning compliance with the federal securities laws, the securities or “blue sky” laws of the various states or any state or federal income tax laws.

- (v) There is no litigation or proceeding pending or to my knowledge, threatened, materially affecting the existence of the Issuer, or seeking to restrain or enjoin the issuance, sale or delivery of the Bonds, or contesting the validity or enforceability of the Bonds, the Ordinance, or the Bond Documents, or contesting the powers of the Issuer or its authority with respect to the Bonds, the Ordinance or the Bond Documents.
- (vi) Nothing has come to my attention which would lead me to believe that the information contained in the Official Statement dated October 15, 2012, with respect to the Bonds under the captions "THE ISSUER" and "LITIGATION – The Issuer" contains an untrue statement of a material fact or omits to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

This opinion is given in an official capacity and not personally and no personal liability shall derive herefrom. Furthermore, the only opinions that are expressed are the opinions specifically set forth herein and no opinion is implied or should be inferred as to any other matter or transaction.

Very truly yours,

Stephen R. Patton, Esq.  
Corporation Counsel

## **EXHIBIT B**

### **REPRESENTATION LETTER FROM UNDERWRITER**

#### **REPRESENTATION LETTER**

City of Chicago  
Office of Chief Financial Officer  
Department of Finance  
33 North LaSalle Street, 6<sup>th</sup> Floor  
Chicago, Illinois 60602  
Attn: Chief Financial Officer

Blaylock Robert Van, LLC  
180 N. LaSalle St., Suite 1825  
Chicago, IL 60601

Pursuant to the Bond Purchase Agreement dated October 23, 2012 (the "Purchase Agreement") among the City of Chicago (the "City") and Blaylock Robert Van, LLC (the "Underwriter") relating to the \$3,700,000 City of Chicago Multi-Family Housing Revenue Bonds (Churchview Manor Senior Apartments), Series 2012 (the "Bonds"), the undersigned Underwriter represents to the City that:

(1) Neither the Underwriter, nor any Affiliate thereof is listed on any of the following lists maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the Bureau of Industry and Security of the U.S. Department of Commerce, the U.S. Department of State or their successors, or on any other list of persons or entities with which the City may not do business under any applicable law, rule, regulation, order or judgment: the Specially Designated Nationals List, the Denied Persons List, the Unverified List, the Entity List, the List of Statutorily Debarred Parties and the Excluded Parties List.

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

(2) The undersigned Underwriter agrees that in the event that the Underwriter or any of its Affiliates appears on any of the lists described in paragraph 1 above, at any time prior to the Closing (as defined in the Purchase Agreement) with respect to the Bonds, the Underwriter shall withdraw as the Underwriter under the Bond Purchase Agreement.

IN WITNESS WHEREOF, the undersigned has caused this Representation Letter in connection with the City of Chicago Multi-Family Housing Revenue Bonds (Churchview Manor Senior Apartments), Series 2012 to be executed by its duly authorized representatives as of the date written below.

Dated: October 24, 2012.

~~BLAYLOCK~~ ROBERT VAN, LLC

By: Timothy O'Brien  
Its: Executive Vice President

**EXHIBIT E**

**Official Statement**



*In the opinion of Schiff Hardin LLP, Bond Counsel, under existing laws, regulations, judicial decisions and rulings, interest on the Bond is excludable from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), except for interest on any Bond for any period during which such Bond is held by a "substantial user" of the Project or a "related person" (as defined in Section 147(a) of the Code). Such exclusion is conditioned on continuing compliance with the Tax Covenants (hereinafter defined). Interest on the Bonds is not treated as an item of tax preference for purposes of computing the federal alternative minimum tax imposed on individuals and corporations. Interest on the Bonds is not exempt from income taxation in the State of Illinois. See "TAX MATTERS" herein.*

**\$3,700,000**  
**City of Chicago**  
**Variable Rate Demand**  
**Multi-Family Housing Revenue Bonds**  
**(Churchview Manor Senior Apartments), Series 2012**  
**CUSIP<sup>1</sup>: 167570 TJ9**

**Dated: Date of Delivery****Price of all Bonds 100%****Due: February 1, 2031**

Principal of and premium, if any, on the Bonds will be payable at the principal corporate trust office of Seaway Bank and Trust Company, as paying agent (the "Paying Agent"), in Chicago, Illinois, as herein provided.

The Bonds will initially bear interest at the Variable Rate established from time to time in the manner described herein under "THE BONDS – VARIABLE RATE," payable on November 1, 2012 and on the first business day of each calendar month thereafter and on the Conversion Date.

The Bonds are being issued pursuant to a Trust Indenture dated as of October 1, 2012 (the "Indenture") between the City of Chicago (the "Issuer") and Seaway Bank and Trust Company, in Chicago, Illinois, as trustee (the "Trustee"). The Bonds will be subject to redemption by the Issuer prior to maturity. The owner of any Bond will have the right to tender any such Bond to Seaway Bank and Trust Company, in Chicago, Illinois, as tender agent (the "Tender Agent"), all as described in this Official Statement.

The Bonds are special, limited obligations of the Issuer payable solely from and secured by payments to be made to the Issuer under a Loan Agreement dated as of October 1, 2012 (the "Agreement") between Churchview Manor Preservation, L.P. (the "Borrower") and the Issuer and initially from payments to be made under an irrevocable letter of credit (the "Letter of Credit") to be issued by



The Letter of Credit will be issued in an amount equal to the aggregate principal amount of the Bonds, plus 45 days' accrued interest thereon at the rate of 10% per annum. The Letter of Credit will permit the Trustee to draw thereunder up to (a) an amount sufficient (i) to pay principal of the Bonds when due, and (ii) to enable the Tender Agent to pay the portion of the purchase price of the Bonds delivered for purchase (and not remarketed) equal to the principal amount of such Bonds, plus (b) an amount (not to exceed 45 days') of accrued interest on such Bonds at the rate of 10% per annum (i) to pay interest on such Bonds when due and (ii) to enable the Tender Agent to pay the portion of the purchase price of Bonds delivered for purchase equal to the interest accrued, if any, on such Bonds, all as described herein. The expiration date of the Letter of Credit is October 1, 2030. Under certain circumstances, the Borrower may terminate the Letter of Credit or deliver a substitute Letter of Credit and BMO Harris Bank N.A. (the "Bank") may terminate the Letter of Credit prior to its stated expiration date, all as described herein. Upon termination of the Letter of Credit, the Bonds will be subject to mandatory purchase as described herein. The Bonds will also be subject to mandatory purchase prior to maturity if the Borrower does not provide for an extension of the Letter of Credit upon its expiration in accordance with the Agreement and upon the conversion of the interest rate on the Bonds to the Fixed Rate. The initial Remarketing Agent is

**BLAYLOCK ROBERT VAN, LLC**

The Bonds, when issued, will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. Purchases of beneficial interests in the Bonds will be made in book-entry only form. Purchasers will not receive certificates representing their beneficial interests in the Bonds. Interest on the Bonds, together with principal, purchase price, and premium, if any, thereon will be paid by the Trustee to Cede & Co. so long as Cede & Co. is the bondholder. The disbursement of such payments to the Direct Participants is the responsibility of DTC and disbursement of such payments to the purchasers of beneficial ownership interests in the Bonds is the responsibility of the Participants, all as more fully described herein under the heading "THE BOND—BOOK-ENTRY ONLY SYSTEM."

The Bonds, the premium, if any, and the interest thereon are special, limited obligations of the Issuer. The principal of, premium, if any, and interest on the Bonds are payable solely out of the revenues and receipts of the Issuer derived from obligations of the Borrower under the Agreement and the Promissory Note of the Borrower delivered pursuant to the Agreement, proceeds from the sale of the Bonds, income from the temporary investment thereof, and payments under the Letter of Credit (for so long as a Letter of Credit is in effect). The Bonds, the premium, if any, and the interest due thereon do not and will not represent or constitute a general obligation, a debt or a liability of the State of Illinois (the "State"), the Issuer, or of any other political corporation, subdivision or agency of the State or the Issuer or a pledge of the full faith and credit of any of them and do not constitute or give rise to any pecuniary liability or charge against the general credit of the Issuer or the credit or taxing power of the State or the Issuer, but such bonds shall be payable solely from the funds provided for in the Indenture.

THE BONDS ARE BEING MARKETED AND SOLD ON THE BASIS OF THE CREDIT OF THE BANK, AS ISSUER OF THE LETTER OF CREDIT, AND ON THE BASIS OF THE LETTER OF CREDIT, AND NOT ON THE BASIS OF THE CREDIT OF THE BORROWER OR THE FINANCIAL VIABILITY OF THE PROJECT. THIS OFFICIAL STATEMENT SHOULD NOT BE RELIED UPON IN DETERMINING WHETHER TO PURCHASE BONDS THAT ARE NOT SECURED BY THE LETTER OF CREDIT ISSUED BY THE BANK OR THAT HAVE BEEN CONVERTED TO BEAR INTEREST UNTIL MATURITY AT THE FIXED RATE.

*The Bonds are offered subject to prior sale, when, as and if issued by the Issuer, subject to the issuance of an approving legal opinion by Schiff Hardin LLP, Chicago, Illinois, Bond Counsel, and certain other conditions. Certain legal matters will be passed on for the Borrower by Applegate & Thorne-Thomsen, P.C., Chicago, Illinois, for the Issuer by its Corporation Counsel, for the Bank as issuer of the Letter of Credit by Charity & Associates, P.C., Chicago, Illinois and for the Underwriter by Burke Burns & Pinelli, Ltd., Chicago, Illinois. It is expected that the Bonds will be available for delivery through the facilities of DTC on or about October 24, 2012.*

**BLAYLOCK ROBERT VAN, LLC**

October 15, 2012

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**CITY OF CHICAGO**

**MAYOR**

Rahm Emanuel

**CITY TREASURER**

Stephanie D. Neely

**CITY CLERK**

Susana A. Mendoza

**CITY COUNCIL  
COMMITTEE ON FINANCE**

Edward M. Burke, Chairman

**CHIEF FINANCIAL OFFICER**

Lois A. Scott

**CITY COMPTROLLER**

Amer Ahmad

**BUDGET DIRECTOR**

Alexandra Holt

**CORPORATION COUNSEL**

Stephen R. Patton, Esq.

**DEPARTMENT OF HOUSING AND ECONOMIC DEVELOPMENT**

Andrew J. Mooney, Commissioner

**BOND COUNSEL**

Schiff Hardin LLP

Chicago, Illinois

**FINANCIAL ADVISOR**

Public Finance Advisors LLC

Chicago, Illinois

This Official Statement is delivered in connection with the offer and sale of the securities described on the cover page hereof (the "Bonds") and may not be reproduced or used, in whole or in part, for any other purpose. The information set forth herein relating to the City of Chicago, as issuer of the Bonds (the "Issuer") under the headings "THE ISSUER" and "LITIGATION - ISSUER" has been obtained from the Issuer, and all other information herein has been obtained by Blaylock Robert Van, LLC, as Underwriter (the "Underwriter"), from Churchview Manor Preservation, L.P. (the "Borrower"), BMO Harris Bank N.A., as issuer of the Letter of Credit (the "Bank") and other sources believed by the Underwriter to be reliable, but is not construed as a representation by the Issuer, the Bank, or the Underwriter. The Issuer has not reviewed or approved any information in this Official Statement except information relating to the Issuer under the headings "THE ISSUER" and "LITIGATION - ISSUER." The information herein is subject to change without notice, and neither the delivery of this Official Statement nor any sale made pursuant hereto implies that there has been no change in the affairs of the Issuer, the Borrower or the Bank at any time subsequent to the date hereof.

No dealer, sales representative or any other person has been authorized by the Issuer, the Borrower or the Bank to give any information or to make any representation other than as contained in this Official Statement in connection with the offering described herein, and, if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer of any securities other than those described on the cover page or an offer to sell or a solicitation of an offer to buy in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

The Bonds have not been registered with the Securities and Exchange Commission by reason of the provisions of Section 3(a)(2) of the Securities Act of 1933, as amended. Neither (i) the registration or qualification of these securities in accordance with applicable provisions of securities laws of any jurisdiction in which the Bonds may be registered or qualified in order to be offered for sale in such jurisdiction; nor (ii) the exemption from registration or qualification in any jurisdiction in which the Bonds may be offered for sale shall be regarded as a recommendation thereof. Neither these jurisdictions nor any of their agencies has passed upon the merits of the Bonds or the accuracy or completeness of this Official Statement. Any representation to the contrary may be a criminal offense.

The tax advice contained in this Official Statement is not intended or written by the Issuer, Bond Counsel, or any other tax practitioner to be used, and it cannot be used, by any investor for the purpose of avoiding penalties that may be imposed on the investor as taxpayer. The tax advice contained in this Official Statement was written to support the promotion or marketing of the Bonds. Each investor should seek advice based on the investor's particular circumstances from an independent tax advisor.

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**\$3,700,000**  
**City of Chicago**  
**Variable Rate Demand**  
**Multi-Family Housing Revenue Bonds**  
**(Churchview Manor Senior Apartments), Series 2012**

**INTRODUCTORY STATEMENT**

This Official Statement is furnished in connection with the sale of \$3,700,000 aggregate principal amount of Variable Rate Demand Multi-Family Housing Revenue Bonds (Churchview Manor Senior Apartments), Series 2012 (the "*Bonds*") of the City of Chicago (the "*Issuer*"). The Bonds are being issued pursuant to a Trust Indenture dated as of October 1, 2012 (the "*Indenture*"), between the Issuer and Seaway Bank and Trust Company, in Chicago, Illinois, as trustee (the "*Trustee*").

The Bonds will be issued to provide the funds necessary, together with other available funds, to finance a portion of the costs of acquiring, rehabilitating, constructing and equipping the Churchview Manor Senior Apartments, a residential facility for seniors consisting of approximately 60 units in one building located at 2626 West 63<sup>rd</sup> Street, Chicago, Illinois (the "*Project*"). The Issuer is authorized to issue the Bonds to finance a portion of the cost of the Project pursuant to the Constitution of the State of Illinois (the "*State*") and a Bond Ordinance adopted by the City Council of the Issuer on May 9, 2012 (the "*Ordinance*").

Pursuant to a Loan Agreement dated as of October 1, 2012 (the "*Agreement*"), by and between the Issuer and Churchview Manor Preservation, L.P., an Illinois limited partnership (the "*Borrower*"), the Issuer will lend the proceeds of the Bonds to the Borrower to finance a portion of the costs of the Project. The Borrower, concurrently with the sale and delivery by the Issuer of the Bonds, will execute and deliver a promissory note (the "*Note*") in a principal amount equal to the aggregate principal amount of the Bonds and containing terms identical to the Bonds as to maturity date, interest rates, payment dates and prepayment or redemption provisions. The Note will be made payable to the Issuer, and will be endorsed and pledged to the Trustee pursuant to the Indenture.

The Borrower will enter into a Regulatory Agreement and Declaration of Restrictive Covenants (the "*Regulatory Agreement*") dated as of October 1, 2012, with the Trustee and the Issuer, pursuant to which the Project and its operations will be subject to certain covenants and restrictions intended to assure compliance with certain requirements of the Internal Revenue Code of 1986, as amended, and any regulations, temporary regulations and proposed regulations promulgated thereunder or applicable thereto (the "*Code*"), which must be met as a condition to exclusion of interest on the Bonds from gross income for federal income tax purposes. See "*THE REGULATORY AGREEMENT*" herein.

BMO Harris Bank N.A., Chicago, Illinois (together with the issuer of any substitute letter of credit, the "*Bank*"), will deliver to the Trustee its irrevocable letter of credit (together with any substitute letter of credit delivered to the Trustee pursuant to the Agreement, the "*Letter of Credit*") under which the Trustee will be permitted, on or prior to the expiration of the Letter of

Credit, to draw amounts sufficient to pay the principal or purchase price of and up to 45 days' interest on the Bonds (at an initial maximum rate of 10% per annum). Under the Indenture, the Trustee will draw under the Letter of Credit, to the extent permitted therein, in an amount sufficient to make payments of principal of and interest on the Bonds. In addition, to the extent that certain other Available Moneys are not available to pay the purchase price of Bonds tendered for purchase, the Trustee will be obligated to draw on the Letter of Credit to pay the purchase price of such Bonds. The initial Letter of Credit will expire on October 1, 2030 (the "*Stated Expiration Date*"). The Bonds will be subject to mandatory purchase prior to maturity if the Borrower does not provide for an extension of the Letter of Credit upon its expiration in accordance with the Agreement. Other circumstances under which the Borrower may terminate the Letter of Credit or deliver a substitute Letter of Credit and under which the Bank may terminate the Letter of Credit prior to its stated expiration date are described herein. Upon termination of the Letter of Credit, the Bonds will be subject to mandatory purchase as described herein. Pursuant to a Letter of Credit and Reimbursement Agreement dated as of October 1, 2012 (the "*Reimbursement Agreement*"), between the Bank and the Borrower, the Borrower will reimburse the Bank for amounts drawn under the Letter of Credit as therein provided. The occurrence of an event of default under the Reimbursement Agreement will permit the Bank to cause the acceleration of the maturity of the Bonds. See "*THE BONDS – MANDATORY TENDERS*," "*THE LETTER OF CREDIT AND THE REIMBURSEMENT AGREEMENT – REIMBURSEMENT AGREEMENT*" and "*THE INDENTURE – EVENTS OF DEFAULTS AND REMEDIES*" herein.

THE BONDS, THE PREMIUM, IF ANY, AND THE INTEREST THEREON ARE SPECIAL, LIMITED OBLIGATIONS OF THE ISSUER. THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE BONDS ARE PAYABLE SOLELY OUT OF THE REVENUES AND RECEIPTS OF THE ISSUER DERIVED FROM OBLIGATIONS OF THE BORROWER UNDER THE AGREEMENT AND THE NOTE, PROCEEDS FROM THE SALE OF THE BONDS, INCOME FROM THE TEMPORARY INVESTMENT THEREOF, AND PAYMENTS UNDER THE LETTER OF CREDIT (FOR SO LONG AS A LETTER OF CREDIT IS IN EFFECT). THE BONDS, THE PREMIUM, IF ANY, AND THE INTEREST DUE THEREON DO NOT AND WILL NOT REPRESENT OR CONSTITUTE A GENERAL OBLIGATION, A DEBT OR A LIABILITY OF THE STATE, THE ISSUER, OR OF ANY OTHER POLITICAL CORPORATION, SUBDIVISION OR AGENCY OF THE STATE OR THE ISSUER OR A PLEDGE OF THE FULL FAITH AND CREDIT OF ANY OF THEM AND DO NOT CONSTITUTE OR GIVE RISE TO ANY PECUNIARY LIABILITY OR CHARGE AGAINST THE GENERAL CREDIT OF THE ISSUER OR THE CREDIT OR TAXING POWER OF THE STATE OR THE ISSUER, BUT SUCH BONDS SHALL BE PAYABLE SOLELY FROM THE FUNDS PROVIDED FOR IN THE INDENTURE.

THE BONDS ARE BEING MARKETING AND SOLD ON THE BASIS OF THE CREDIT OF THE BANK, AS ISSUER OF THE LETTER OF CREDIT, AND ON THE BASIS OF THE LETTER OF CREDIT, AND NOT ON THE BASIS OF THE CREDIT OF THE BORROWER OR THE FINANCIAL VIABILITY OF THE PROJECT. THIS OFFICIAL STATEMENT SHOULD NOT BE RELIED UPON IN DETERMINING WHETHER TO PURCHASE BONDS THAT ARE NOT SECURED BY THE LETTER OF CREDIT ISSUED BY THE BANK OR THAT HAVE BEEN CONVERTED TO BEAR INTEREST UNTIL MATURITY AT THE FIXED RATE.

Brief descriptions of the Issuer, the Borrower, the Project, the Bonds, the Agreement, the Indenture, the Letter of Credit and the Reimbursement Agreement are included in this Official Statement. These descriptions do not purport to be comprehensive or definitive. All references to the Agreement, the Indenture, the Letter of Credit and the Reimbursement Agreement are

qualified in their entirety by reference to such documents, and references to the Bonds are qualified in their entirety by reference to their forms included in the Indenture and the information with respect to them included in those documents, copies of all of which are available for inspection at the principal corporate trust office of the Trustee. Information concerning the Bank is included or incorporated by reference in APPENDIX A.

### THE ISSUER

The Issuer is a municipality and home rule unit of government under the Constitution and laws of the State. Pursuant to its home rule powers, the Issuer is authorized to issue the Bonds for the purpose of financing a portion of the costs of the Project.

### THE BORROWER

The Borrower, Churchview Manor Preservation, L.P. is a limited partnership duly organized, validly existing and in good standing under the laws of the State. The sole general partner of the Borrower is Churchview Manor Preservation, NFP, an Illinois not-for-profit corporation (the "*General Partner*"). The sole shareholder of the General Partner is the Greater Southwest Development Corporation, an Illinois not-for-profit corporation ("*GSDC*"). Upon the issuance of the Bonds, the limited partner of the Borrower will be Great Lakes Capital Fund for Housing Limited Partnership XXVI (the "*Limited Partners*"). The Borrower may admit additional limited partners. The Borrower was formed for the purpose of acquiring, owning, constructing, maintaining and operating the Project.

GSDC will serve as the developer of the Project and will receive a development fee in connection therewith. GSDC was established in 1974 for the purpose of fostering residential, institutional, commercial and industrial development in the Southwest Community for the benefit of all its residents regardless of their nationality, race, creed or sex and for the general good of the entire Chicago area community.

GSDC's projects have included three previous multi-unit senior-citizen housing developments funded in part through low-income housing tax credits. Among them, Churchview Supportive Living, an 86-unit building, was completed in 2004 and GSDC developed Lawn Terrace Apartments, with 102 units, in 1997. To date, GSDC has developed numerous commercial developments in the community, including retail, cinema, food service and industrial properties, valued at over \$500 million.

### THE PROJECT AND USE OF FUNDS

#### GENERAL DESCRIPTION

The proceeds of the Bonds will be used, together with other available funds, to finance a portion of the costs of acquiring, rehabilitating and equipping the Project and to pay certain costs incurred in connection with the issuance of the Bonds. The Project is a senior citizen residential

facility consisting of approximately sixty (60) units (the "*Units*") in one building on property to be acquired by the Borrower, located generally at 2626 West 63<sup>rd</sup> Street, Chicago, Illinois.

In addition to the Bonds, the Project will also be financed by other financing sources described herein. See "- OTHER PROJECT FUNDING SOURCES" below. The various funding sources have numerous requirements with respect to the Project, including restrictions on the maximum income for certain tenants and on the maximum rents for certain rental units as described in "- RENTAL AND OCCUPANCY RESTRICTIONS" below.

The Bonds are not secured by a mortgage or other lien with respect to the Project.

#### OTHER PROJECT FUNDING SOURCES

Other sources of funding for the Project are as follows:

*City Loan.* Simultaneously with the issuance of the Bonds, the Issuer is lending the sum of \$3,412,266 to GSDC, the proceeds of which will be loaned to the Borrower to finance a portion of the costs of the Project (the "*City Loan*"). The City Loan will have a term not to exceed 42 years. The City Loan will be a non-recourse obligation of GSDC and will be secured by a second mortgage on and security interest in the Project. No payments are scheduled to be made prior to maturity of the City Loan. The City Loan will be made in accordance with the provisions of a Housing Loan Agreement among the Issuer, GSDC and the Borrower (the "*Housing Loan Agreement*"), will bear interest at zero per cent per annum and is payable at maturity. The Housing Loan Agreement contains a number of covenants, the breach of which could result in the Issuer's exercise of certain remedies including an action of foreclosure on the Project. A default under the City Loan will not constitute a default under the Agreement; however, the pursuit of remedies under the City Loan may result in an acceleration of the Note.

*Low Income Housing Tax Credit Equity and Equity.* Low Income Housing Tax Credits ("*Tax Credits*") are available for 100% of the residential Units in the Project. Approximately \$1,752,624 will be derived by the Borrower for costs of the Project from the equity contribution of the Limited Partners. An amount not to exceed \$333,415 will be contributed by the General Partner as equity to the Project. A portion of the equity contributions will be used when received to pay principal of and interest on the Bonds.

*Seller Financing.* In connection with the Borrower's acquisition of the Project, the seller, Churchview Limited Partnership, is providing Borrower a loan in the amount of \$1,704,937. Said loan will not carry interest, will have a 42-year term and be secured by a third mortgage on and security interest in the Project.

The availability of the Project funding sources described above is conditioned upon the issuance of the Bonds and the simultaneous availability of other funding sources.

## RENTAL AND OCCUPANCY RESTRICTIONS

*The Bonds.* In order to preserve the exemption of interest on the Bonds from gross income for Federal income tax purposes, not less than 40% of the Units in the Project are required to be occupied by households whose incomes do not exceed 60% of the area median income as adjusted for family size.

*The City Loan.* The Borrower will be required under documents entered into among the Issuer, GSDC and the Borrower in connection with the City Loan to rent 100% of the units in the Project to persons whose income does not exceed 80% of the area median income (adjusted for family size) and to establish maximum rents for the Units of 30% of 80% of the area median income (adjusted for family size).

*Low-Income Tax Credits.* The Borrower will be required under a low-income housing tax credit agreement among the Borrower, GSDC and the Issuer to rent 100% of the Units to persons whose income does not exceed 60% of the area median income (adjusted for family size) and to establish maximum rents for the Units of not more than 30% of 60% of the area median income (adjusted for family size).

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## SOURCES AND USES OF FUNDS

The estimated sources and uses of funds relating to the acquisition, rehabilitation and equipping of the Project including Bond proceeds, net of accrued interest, are set forth below. Sources are shown as they are available both at the time of issuance of the Bonds and at completion of the rehabilitation when additional sources of equity and financing become available.

### SOURCES OF FUNDS

#### *Acquisition/Rehabilitation*

Bond Proceeds	\$3,700,000*
Owner Equity	774,065
City Loan	1,588,591
Seller Loan	<u>1,704,837</u>

**TOTAL** \$7,767,593\*

#### *Completion of Rehabilitation*

Bond Proceeds	\$600,000*
Owner Equity	2,050,490
City Loan	3,412,266
Seller Loan	<u>1,704,837</u>

**TOTAL** \$7,767,593\*

### USES OF FUNDS

Site Acquisition	\$2,920,000
Construction Hard Costs	2,899,324
Construction and Other	
Soft Costs	639,363
Capitalized Interest	115,625
Developer's Fee	592,104
Reserves	322,000
Costs of Issuance <sup>1</sup>	<u>279,177</u>

**TOTAL** \$7,767,593

<sup>1</sup> Includes Underwriter compensation. See "UNDERWRITING."

\* Equity and other sources will be used to repay approximately \$3,100,000 of Bond proceeds at completion of the rehabilitation of the Project.

Other funding sources for the Project are described above under "- OTHER PROJECT FUNDING SOURCES."

## THE BONDS

### GENERAL DESCRIPTION

The Bonds are initially being issued pursuant to a Book-Entry Only System (the "*Book-Entry Only System*") maintained by The Depository Trust Company, New York, New York ("*DTC*"), as described below under the heading, "*THE BONDS – BOOK-ENTRY ONLY SYSTEM.*" Under the Indenture, the Issuer may appoint a successor securities depository to DTC (DTC, together with any such successor securities depository, is hereinafter referred to as the "*Securities Depository*"). The holders of the Bonds have no right to a Book-Entry Only System for the Bonds, which may be discontinued at any time. The following provisions under this heading are subject in their entirety to the provisions described below under the heading "*THE BONDS – BOOK-ENTRY ONLY SYSTEM.*"

The Bonds will bear interest from their date of initial delivery and mature on the date set forth on the cover page of this Official Statement. The Bonds will be issuable only as fully registered Bonds without coupons in denominations of \$100,000 and any integral multiple of \$5,000 in excess thereof during the Variable Rate Period from the date of the initial delivery of the Bonds to the earlier of the date on which the interest rate on the Bonds is converted to a fixed rate to maturity (the "*Conversion Date*") or the maturity date of the Bonds, and in denominations of \$5,000 and any integral multiple thereof from the Conversion Date to the maturity of the Bonds during the Fixed Rate Period.

During the Variable Rate Period, interest on the Bonds will be payable on November 1, 2012, and on the first Business Day of each calendar month thereafter and on the Conversion Date (calculated on the basis of a calendar year consisting of 365 or 366 days, as the case may be, and calculated on the actual number of days elapsed). During the Fixed Rate Period, interest on the Bonds will be payable semiannually on the first day of January and July of each year, with the first such payment being on the first day of the January or July immediately following the Conversion Date (calculated on the basis of a calendar year of 360 days consisting of twelve 30-day months).

The principal of and premium, if any, on the Bonds will be payable upon presentation and surrender thereof at the principal corporate trust office of Seaway Bank and Trust Company, in Chicago, Illinois, as Paying Agent (referred to in such capacity as the "*Paying Agent*"). During the Variable Rate Period, interest on the Bonds is payable on any regularly scheduled interest payment date to the registered owners of the Bonds as of the Business Day immediately preceding such interest payment date, and during the Fixed Rate Period, interest on the Bonds is payable on any regularly scheduled interest payment date to the registered owners of the Bonds as of the fifteenth day of the calendar month immediately preceding such interest payment date (each a "*Record Date*"). Payments of interest will be made by check or draft of the Paying Agent mailed on the applicable interest payment date to each registered owner at his or her address as it appears on the registration books of the Issuer; *provided that*, during the Variable Rate Period such payments of interest may be made by wire transfer to the registered owner of any Bond in the event such registered owner is the registered owner of at least \$1,000,000 in

principal amount of Bonds as of the close of business on the applicable Record Date, and such registered owner shall have given written notice to the Paying Agent on or before the second Business Day immediately prior to such Record Date, directing the Paying Agent to make such payments of interest by wire transfer and identifying the location and number of the account to which such payments should be wired.

Blaylock Robert Van, LLC, is appointed as Remarketing Agent (the "*Remarketing Agent*") under the Indenture and the Remarketing Agreement dated as of October 1, 2012 by and between the Borrower and the Remarketing Agent (the "*Remarketing Agreement*").

#### SECURITY FOR THE BONDS

The principal of, premium, if any, and interest on the Bonds will be secured by certain funds and investments held by the Trustee under the Indenture, including amounts held in the Acquisition and Construction Fund.

THE BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE CITY PAYABLE SOLELY FROM REVENUES, RECEIPTS AND SECURITY HELD BY THE TRUSTEE UNDER THE INDENTURE AND AMOUNTS DERIVED UNDER THE AGREEMENT. THE BONDS, TOGETHER WITH PREMIUM, IF ANY, AND INTEREST THEREON, DO NOT CONSTITUTE AN INDEBTEDNESS, LIABILITY, GENERAL OR MORAL OBLIGATION OR A PLEDGE OF THE FAITH OR LOAN OF CREDIT OF THE CITY, THE STATE OR ANY POLITICAL SUBDIVISION OF THE STATE WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY PROVISIONS. NEITHER THE CITY, THE STATE NOR ANY POLITICAL SUBDIVISION THEREOF SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS OR OTHER COSTS INCIDENT THERETO EXCEPT FROM THE PAYMENTS PLEDGED WITH RESPECT THERETO. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS OR OTHER COSTS INCIDENT THERETO.

#### CERTAIN DEFINITIONS

As used in this Official Statement, the term:

(i) "*Bond Counsel*" means the counsel who renders the opinion as to the tax exempt status of the interest on the Bonds on the date of the issuance, sale and delivery of the Bonds or such other nationally recognized municipal bond counsel of recognized expertise with respect to such matters as may be mutually satisfactory to the Issuer, the Borrower, the Bank and the Trustee;

(ii) "*Borrower Bonds*" means any Bonds (A) owned or held by the Borrower or an agent of the Trustee for the account of the Borrower or the Issuer, or (B) with respect to which the Borrower or the Issuer has notified the Trustee, or which the Trustee actually knows, was purchased by another person for the account of the Borrower or the Issuer;

(iii) "*Business Day*" means any day other than (A) a day on which banking institutions in the city in which the principal corporate trust office of the Trustee or the Tender Agent (as



defined herein) is located are required or authorized to remain closed, (B) a day on which banking institutions in the city in which the office of the Bank (or any substitute Letter of Credit provider) where drawings under the Letter of Credit are to be made is located are required or authorized by law to close, (C) a day on which the principal office of the Remarketing Agent is required or authorized by law to remain closed or (D) a day on which the New York Stock Exchange is closed;

(iv) "*Cap Rate*" means the rate per annum equal to the lesser of (A) twenty percent (20%) per annum, (B) the maximum interest rate at the time specified in the Letter of Credit (initially, ten percent (10%) per annum) or (C) the maximum contract rate of interest permitted by the laws of the State;

(v) "*Fixed Rate Period*" means the period from and after the Conversion Date until the maturity date of the Bonds;

(vi) "*Letter of Credit Substitution*" means the delivery of a substitute Letter of Credit;

(vii) "*Letter of Credit Substitution Date*" means the Business Day next preceding the proposed date of a Letter of Credit Substitution;

(viii) "*Letter of Credit Termination Date*" means (i) the first Business Day of the calendar month in which the Stated Expiration Date of the Letter of Credit is to occur or (ii) other than with respect to the Stated Expiration Date, the date on which the Letter of Credit is drawn under its terms with respect to a "Termination Date" (as defined in the Letter of Credit);

(ix) "*Purchased Bonds*" means any Bond purchased with moneys derived from a draw under the Letter of Credit to pay the purchase price of any Bond tendered or deemed to be tendered;

(x) "*Unsurrendered Bonds*" means Bonds (or portions thereof in authorized denominations) which are not tendered as required under the provisions of the Indenture, but for which there has been irrevocably deposited in the Bond Purchase Fund an amount sufficient to pay the purchase price thereof and all other Bonds tendered or deemed to be tendered for purchase on the applicable tender date; and

(xi) "*Variable Rate Period*" means the period from the date of the initial delivery of the Bonds to the earlier of the Conversion Date or the maturity date of the Bonds.

#### VARIABLE RATE

During the Variable Rate Period, the Bonds will bear interest from the date of the initial delivery of the Bonds or the Thursday of a week, as the case may be, to and including the Wednesday of the next week (an "*Interest Rate Period*") at the interest rate (the "*Variable Rate*") for such Interest Rate Period as follows: (i) during the initial Interest Rate Period, as measured from the date of the initial delivery of the Bonds to and including the Wednesday of the immediately following week, at the rate set forth in the Indenture, and (ii) during each Interest

Rate Period thereafter, at a rate equal to the lesser of (a) the Cap Rate or (b) the Variable Rate established by the Remarketing Agent. When required to do so in accordance with the Indenture, the Remarketing Agent will establish the Variable Rate in the following manner: on the Wednesday of each week succeeding the initial delivery date (or the immediately preceding Business Day in the event that any such Wednesday is not a Business Day), the Remarketing Agent will determine the interest rate that would result in the market value of the Bonds on the first day of the immediately following Interest Rate Period being 100% of the principal amount thereof, and on such date shall give notice of the Variable Rate so determined by telephone or facsimile, promptly confirmed in writing, to the Trustee, the Paying Agent, the Borrower and the Bank, and the Variable Rate so determined (if not greater than the Cap Rate) will be the interest rate on the Bonds for the immediately following Interest Rate Period; *provided, however*, that if for any reason the interest rate on the Bonds for any such Interest Rate Period is not or cannot be established in the foregoing manner, the Variable Rate for such Interest Rate Period shall be the Variable Rate for the immediately preceding Interest Rate Period. The Trustee will confirm the interest rate on the Bonds from time to time in effect by telephone (confirmed in writing if requested). The determination of the Variable Rate will be conclusive and binding on the Issuer, the Borrower, the Trustee, Seaway Bank and Trust Company, Chicago, Illinois, as Tender Agent (referred to in such capacity as the "*Tender Agent*"), the Paying Agent, the Remarketing Agent, the Bank and the owners from time to time of the Bonds.

#### FIXED RATE

The interest rate borne by the Bonds will be converted from the Variable Rate to a fixed rate for the period from the Conversion Date to the maturity date of the Bonds (the "*Fixed Rate*") equal to the lesser of (a) the Cap Rate, or (b) the interest rate established by the Remarketing Agent in the manner described in the following sentence, *provided that* the Issuer, the Trustee, the Remarketing Agent, the Tender Agent and the Bank shall have received written notice from the Borrower of the exercise of its option to convert the interest rate borne by the Bonds to the Fixed Rate at least forty-five (45) days prior to the date designated by the Borrower as the Conversion Date (the "*Proposed Conversion Date*") together with the written consent of the Bank to such conversion. On or before the Business Day next preceding the Proposed Conversion Date, the Remarketing Agent will determine the interest rate that would result in the market value of the Bonds on the Proposed Conversion Date being 100% of the principal amount thereof, and on such date will give notice by facsimile or telephone, promptly confirmed in writing, of the interest rate so determined to the Issuer, the Trustee, the Borrower, the Tender Agent and the Bank, and the interest rate so determined will be the Fixed Rate from and after the Conversion Date. Notwithstanding the foregoing, such Fixed Rate shall not take effect unless the prior written consent of the Bank is delivered to the Trustee or if there shall not have been supplied to the Issuer, the Trustee, the Borrower, the Remarketing Agent, the Tender Agent and the Bank at or prior to 10:00 A.M., New York time, on the Proposed Conversion Date, an opinion of Bond Counsel stating that such conversion to the Fixed Rate is lawful under applicable law and permitted by the Indenture and that such conversion to the Fixed Rate will not have an adverse effect on the exclusion of the interest on the Bonds from gross income of the registered owners thereof for purposes of federal income taxation.

In the event that all conditions to the establishment of the Fixed Rate are not met, the Bonds will bear interest at the Variable Rate for the remaining portion of the current Interest Rate Period at the Variable Rate then in effect, or for an Interest Rate Period at the Variable Rate in effect for the immediately preceding Interest Rate Period, and will remain outstanding in accordance with the terms of the Indenture as if no such election by the Borrower to convert the interest rate borne by the Bonds to the Fixed Rate had been made. The determination of the Fixed Rate will be conclusive and binding on the Issuer, the Borrower, the Trustee, the Remarketing Agent, the Tender Agent, the Bank and the owners from time to time of all of the Bonds.

#### OPTIONAL TENDERS

The owner of any Bond will have the right to tender any such Bond to the Tender Agent for purchase as a whole or in part (in any authorized denomination provided that after such tender, such remaining portion shall also be in an authorized denomination) on any Business Day during the Variable Rate Period, but not thereafter, at a purchase price equal to 100% of the principal amount of Bonds tendered (or portions thereof in authorized denominations) plus accrued interest to the specified purchase date. In order to exercise such option with respect to any Bond or portion thereof, the owner thereof must give to the Tender Agent at its designated corporate trust office by the opening of business at such office on a Business Day at least seven (7) days immediately preceding the proposed purchase date, written notice or notice by telephone, confirmed by written notice of tender to the Tender Agent not more than two (2) Business Days after such telephonic notice (which written notice of tender shall be in such form provided in the Indenture or shall be in such other form acceptable to the Tender Agent). Upon the delivery of such written notice of tender, such election to tender will be irrevocable and binding upon the owner thereof, its successors, transferees and assigns.

At or before 10:00 A.M., New York time, on the specified purchase date, the registered owner of any Bond as to which any such written notice of tender shall have been given shall deliver each Bond to be purchased as a whole or in part and an instrument of assignment or transfer duly executed in blank (which instrument of assignment or transfer shall be in the form provided on such Bond or in such other form acceptable to the Tender Agent), to the Tender Agent at its designated corporate trust office. Any Bond that is not so tendered, but for which there has been irrevocably deposited in the Bond Purchase Fund established under the Indenture (the "*Bond Purchase Fund*") Available Moneys sufficient to pay the purchase price thereof and of all other Unsurrendered Bonds, shall be deemed to have been tendered by the owner thereof and purchased on such specified purchase date. Any such Unsurrendered Bond will not earn interest on and after the date such Bond is to be purchased pursuant to the tender provisions of the Indenture.

The Tender Agent will, in its sole discretion, determine whether, with respect to any Bond, the owner or beneficial owner thereof shall have properly exercised the option to have its Bond purchased as a whole or in part.

The right of the owners of the Bonds to tender their Bonds to the Tender Agent for purchase on a purchase date as described herein terminates on the Conversion Date.

So long as the Bonds are in the Book-Entry Only System, owners of the Bonds must exercise their rights to optionally tender as described above by giving telephonic notice (confirmed in writing) or written notice to the Tender Agent, in lieu of notice by DTC (or by a Participant to DTC and, then, by DTC) to the Tender Agent. Further, the requirement for physical delivery of Bonds in connection with the demand for purchase will be deemed satisfied when the right to exercise ownership rights in the tendered Bonds through DTC is transferred by DTC on its books. Payments for purchase price of the tendered Bonds will be made to DTC by wire transfer.

#### MANDATORY TENDERS

Subject to the provisions below, the owners of the Bonds will be required to tender their Bonds to the Tender Agent for purchase on (i) a Proposed Conversion Date, (ii) a Letter of Credit Substitution Date or (iii) a Letter of Credit Termination Date (each, a "*Mandatory Tender Date*"), all as more fully provided below.

Notice of a mandatory tender will be prepared by the Trustee and given by the Bond Registrar by first class mail, postage prepaid, to the owners of all Bonds at their addresses appearing on the registration books of the Issuer (the "*Bond Register*") maintained by Seaway Bank and Trust Company, Chicago, Illinois, as Bond Registrar (referred to in such capacity as the "*Bond Registrar*"), not less than thirty (30) nor more than thirty-five (35) days prior to a Mandatory Tender Date. Such notice of mandatory tender will specify the Mandatory Tender Date and shall state that the Mandatory Tender Date is either a Proposed Conversion Date, a Letter of Credit Substitution Date or a Letter of Credit Termination Date, as the case may be, and that all Bonds shall be tendered by the owners thereof for purchase at or before 10:00 A.M., New York time, on such Mandatory Tender Date (or, if the Mandatory Tender Date is not a Business Day, on the immediately following Business Day) to the Tender Agent at its designated corporate trust office, together with an instrument of assignment or transfer duly executed in blank (which instrument of assignment or transfer shall be in the form provided on the Bonds or such other form acceptable to the Tender Agent), and shall be purchased on the Mandatory Tender Date (or, if the Mandatory Tender Date is not a Business Day, on the immediately following Business Day) at a purchase price equal to the principal amount thereof and accrued interest, if any, thereon. Any such Bond which is not so tendered but for which there has been irrevocably deposited in the Bond Purchase Fund (as defined under "THE INDENTURE - GENERAL") Available Moneys (as defined under "THE INDENTURE - BOND FUND") sufficient to pay the purchase price thereof and of all other Bonds so tendered and deemed to be tendered for purchase on the Mandatory Tender Date shall be deemed to have been tendered for purchase by the owner thereof and purchased from such owner on the Mandatory Tender Date.

All Bonds must be tendered by the owner thereof to the Tender Agent for purchase at or before 10:00 A.M., New York time, on the Mandatory Tender Date (or, if the Mandatory Tender Date is not a Business Day, on the immediately following Business Day), by delivering such Bonds to the Tender Agent at its designated corporate trust office, together with an instrument of assignment or transfer duly executed in blank (which instrument of assignment or transfer shall be in the form provided on the Bonds or such other form acceptable to the Tender Agent). On

the Mandatory Tender Date, the Tender Agent will purchase, or cause to be purchased, all Bonds at a purchase price equal to the principal amount thereof and accrued interest, if any, thereon.

If there has been irrevocably deposited in the Bond Purchase Fund Available Moneys sufficient to pay the purchase price of all Bonds tendered or deemed to be tendered for purchase on the Mandatory Tender Date, any Unsurrendered Bond will not earn interest on and after the relevant Mandatory Tender Date, and all such Unsurrendered Bonds will be deemed to have been tendered for purchase and purchased on such Mandatory Tender Date.

#### PROCEDURES FOR PURCHASE OF BONDS

On each purchase date, the Tender Agent, to the extent it shall have received sufficient money for such purpose, will pay the purchase price to each owner of a Bond (or portion thereof) tendered for purchase in federal or other immediately available funds or by wire transfer to the registered owner thereof in the event that such registered owner of at least \$1,000,000 in aggregate principal amount of Bonds shall have given written notice to the Tender Agent directing the Tender Agent to make such payment of purchase price by wire transfer and identifying the location and the number of the account to which such payment should be wired.

Notwithstanding the foregoing, any Bond remarketed by the Remarketing Agent which has been called for prior redemption will be redelivered by the owner thereof to the Remarketing Agent with a copy of the redemption notice and any Bond as to which notice of mandatory tender has been given as described under "*THE BONDS - MANDATORY TENDERS*," will be redelivered with a copy of the notice of mandatory tender.

#### OPTIONAL REDEMPTION

At the option of the Borrower with the prior written consent of the Bank, on or prior to the Conversion Date, the Bonds will be subject to redemption prior to maturity by the Issuer first from a draw on the Letter of Credit and then from any available funds, including moneys derived from a prepayment of the Borrower's loan payment obligations under the Agreement and the Note (or portion thereof) as a whole, or in part (and if in part, by lot, in such manner as may be designated by the Trustee; *provided, however*, that the Borrower shall first select the Purchased Bonds until all such Purchased Bonds have been redeemed which may be selected for redemption), on any date, at a redemption price of 100% of the principal amount to be redeemed plus accrued interest to the date fixed for redemption.

At the option of the Borrower, after the Conversion Date, the Bonds will also be subject to redemption prior to maturity by the Issuer from any available funds, including moneys derived from a prepayment of the Borrower's loan payment obligations under the Agreement and the Note (or portion thereof), as a whole on any date, or in part on any interest payment date (and if in part, by lot in such manner as may be designated by the Trustee) during the redemption periods and at the redemption prices (expressed as percentages of principal amount) set forth below plus accrued interest to the date fixed for redemption:



<u>YEARS REMAINING FROM CONVERSION DATE UNTIL FINAL MATURITY OF THE BOND TO BE REDEEMED</u>	<u>FIRST DAY OF REDEMPTION PERIOD</u>	<u>REDEMPTION PRICES</u>
More than ten	Eighth anniversary of Conversion Date	102% declining by 1% on each succeeding anniversary of the eighth anniversary of the Conversion Date until reaching 100% and thereafter at 100%
More than seven but not more than ten	Sixth anniversary of Conversion Date	101% declining by 1% on each succeeding anniversary of the sixth anniversary of the Conversion Date until reaching 100% and thereafter at 100%
Seven or fewer	Bonds Not Callable	

Notwithstanding any provision in the Indenture or the Bonds to the contrary, the Indenture and the Bonds may be amended as of the Conversion Date upon the request of the Borrower, without the consent of any of the holders of the Bonds, to change the redemption provisions applicable during the Fixed Rate Period to such redemption provisions as are acceptable to the Borrower provided the Borrower provides an opinion of Bond Counsel to the Trustee to the effect that such amendment will not adversely affect the exclusion from gross income of interest on the Bonds for purposes of federal income taxation.

After the Conversion Date, at the option of the Borrower, the Bonds shall be subject to redemption prior to maturity as a whole on any date at a redemption price of 100% of the principal amount to be redeemed plus accrued interest to the date fixed for redemption, within 360 days of the occurrence of any one of the following events: (i) the Project shall have been damaged or destroyed to such an extent that, in the opinion of the Borrower, (x) the required restoration and repair could not reasonably be expected to be completed within a period of six (6) months after commencement of restoration or repair, (y) the Borrower is prevented or would likely be prevented from using the Project for its normal purposes for a period of six (6) months or more, or (z) the cost of restoration and repair would exceed 25% of the original cost of acquiring, constructing and equipping the Project; or (ii) title to the whole or any part of the Project or the use or possession thereof shall have been taken or condemned by a competent authority to such an extent that, in the opinion of the Borrower, the Borrower is prevented from using the Project for its normal purposes for a period of six months or more.

#### MANDATORY REDEMPTION

Prior to the Conversion Date, the Bonds are subject to mandatory redemption prior to maturity by the Issuer from funds derived from the prepayment of the Note by the Borrower pursuant to the Agreement (first from a draw on the Letter of Credit if then in effect), as a whole and not in part, on any date within sixty (60) days of the occurrence of a Determination of

Taxability, at a redemption price of 100% of the principal amount to be redeemed plus accrued interest to the date fixed for redemption.

The Indenture provides that the term "*Determination of Taxability*" means (i) the receipt by the Borrower of a written notice from the Trustee or the receipt by the Borrower and the Trustee of a written notice from any owner of any Bond of the issuance of a preliminary letter regarding a proposed deficiency or a statutory notice of deficiency by the Internal Revenue Service which holds, in effect, that the interest payable on such Bond, or any installment thereof, is includable in the federal gross income of the taxpayer named therein (other than a "substantial user" of the Project or a "related person" within the meaning of Section 147(a) of the Code); or (ii) the delivery to the Borrower and the Trustee of an opinion of Bond Counsel to the effect that the interest payable on any Bond, or any installment thereof, is includable in the federal gross income of the taxpayer named therein (other than a "substantial user" of the Project or a "related person" within the meaning of Section 147(a) of the Code); or (iii) filing by the Borrower with the Trustee, any owner of any Bond or the Internal Revenue Service of any certificate, statement, or other tax schedule, return or document which discloses that the interest payable on any Bond, or any installment thereof, is includable in the federal gross income of the owner of any Bond or any former owner of any Bond (other than a "substantial user" of the Project or a "related person" within the meaning of Section 147(a) of the Code); or (iv) any amendment, modification, addition or change shall be made in any provision of the Code or in any regulation or proposed regulation thereunder, or any ruling shall be issued or revoked by the Internal Revenue Service; or any other action shall be taken by the Internal Revenue Service, the Department of Treasury or any other governmental agency, authority or instrumentality, or any opinion of any federal court or of the United States Tax Court shall be rendered, and the Trustee, the Bank or the owner of any Bond shall have notified the Borrower and the Trustee in writing that, as a result of any such event or condition, Bond Counsel is unable to give an unqualified opinion that the interest payable on any Bond, or any installment thereof, made on or after a date specified in said notice is excludable from the federal gross income of the taxpayer named therein (other than a "substantial user" of the Project or a "related person" within the meaning of Section 147(a) of the Code). No event described in (i) above shall constitute a Determination of Taxability unless the Borrower have been afforded the opportunity to contest the same either directly or in the name of any bondholder or beneficial owner, and until conclusion of any appellate review, if sought.

#### PARTIAL REDEMPTION OF BONDS

In the case of a partial redemption of Bonds prior to maturity by lot when Bonds of denominations greater than \$100,000 during the Variable Rate Period or greater than \$5,000 during the Fixed Rate Period are then outstanding, then for all purposes in connection with such redemption, each \$5,000 of face value of principal amount shall be treated as though it were a separate Bond in the denomination of \$5,000, as the case may be. If it is determined that one or more, but not all of the \$5,000 units of face value represented by any Bond is to be called for redemption, then upon notice of redemption of such \$5,000 unit or units, the owner of such Bond shall forthwith surrender such Bond to the Paying Agent (1) for payment of the redemption price (including the premium, if any, and interest, if any, to the date fixed for redemption) of the \$5,000 unit or units of face value called for redemption, and (2) for exchange, without charge to



the owner thereof, for a new Bond or Bonds of the aggregate principal amount of the unredeemed balance of the principal amount of such Bond. If the owner of any such Bond of a denomination greater than \$5,000 of principal amount shall fail to present such Bond to the Paying Agent for payment and exchange as aforesaid, such Bond shall, nevertheless, become due and payable on the date fixed for redemption to the extent of the \$5,000 unit or units of face value called for redemption (and to that extent only); interest shall cease to accrue on the portion of the principal amount of such Bond represented by such \$5,000 unit or units of face value on and after the date fixed for redemption and (funds sufficient for the payment of the redemption price having been deposited with the Paying Agent, and being available for the redemption of said unit or units on the date fixed for redemption) such Bond shall not be entitled to the benefit or security of the Indenture to the extent of the portion of its principal amount (and accrued interest thereon to the date fixed for redemption) represented by such \$5,000 unit or units of face value nor shall new Bonds be thereafter issued corresponding to said unit or units. Bonds shall be redeemed only in authorized denominations. During any period in which the Indenture requires minimum denominations of \$100,000, the Trustee shall not select portions of Bonds for redemption, such that the outstanding principal amount of any Bond is less than \$100,000 after giving effect to such call for redemption.

#### NOTICE OF REDEMPTION

Any notice of call for redemption will be given by mailing a copy of the redemption notice at least thirty (30) but not more than sixty (60) days prior to the date fixed for redemption by first class mail, postage prepaid, to each registered owner of each Bond (or portion thereof) to be redeemed as a whole or in part at the address shown on the registration books of the Issuer maintained by the Trustee; *provided, however*, that failure to give such notice by mailing, or any defect therein, shall not affect the validity of any proceedings for the redemption of any Bond or portion thereof with respect to which no such failure or defect has occurred.

No further interest shall accrue on any Bond or portion thereof called for redemption from and after the date fixed for redemption if moneys sufficient for such redemption have been deposited with the Trustee.

#### BOOK-ENTRY ONLY SYSTEM

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Bond certificate will be issued in the aggregate principal amount of the Bonds and will be deposited with DTC.

DTC, the world's largest depository, is a limited purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues,

corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants (the "*Direct Participants*") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between the Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("*DTCC*"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others, such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (the "*Indirect Participants*"). DTC has a Standard & Poor's rating of AA+. The DTC rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of the Bonds (the "*Beneficial Owner*") is in turn to be recorded on the Direct Participants' and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct Participant or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct Participants and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that the use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct Participants and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, defaults, and proposed amendments to the documents related to the Bonds. For example, Beneficial Owners of the Bonds may wish to

ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (not any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, interest and redemption payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Trustee on a payment date in accordance with their respective holdings shown on DTC's records. Payments by Direct Participants and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Direct Participant or Indirect Participant and not of DTC, the Trustee or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest and redemption payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct Participants and Indirect Participants.

During the Variable Rate Period, a Beneficial Owner shall give notice to elect to have its Bonds purchased or tendered through its Direct Participant to the Tender Agent, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records, to the Tender Agent. The requirement for physical delivery of Bonds in connection with a demand for purchase or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of purchased Bonds to the Tender Agent's DTC account.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Issuer or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be printed and delivered.

The Issuer or the Borrower may decide to discontinue use of the book-entry only system through DTC (or a successor securities depository). In that event, bond certificates will be

printed and delivered to DTC. In either of the foregoing events, Bond certificates will be printed and delivered as described herein under the heading, "*THE BONDS—SUCCESSOR SECURITIES DEPOSITORY; DISCONTINUATION OF BOOK-ENTRY ONLY SYSTEM.*"

The information in this section concerning DTC and DTC's book-entry only system has been obtained from sources that the Issuer, the Borrower, the Underwriter and the Trustee believe to be reliable, but the Issuer, the Trustee, the Underwriter and the Borrower take no responsibility for the accuracy thereof.

In reading this Official Statement it should be understood that while the Bonds are in DTC's book-entry only system, reference in other sections of this Official Statement to Owners, Bondholders or Holders should be read, where applicable, to include the Beneficial Owner for whom a Direct Participant or an Indirect Participant acquires an interest in the Bonds, but (1) all rights of ownership must be exercised through DTC and DTC's book-entry only system and (2) notices that are to be given to Registered Owners by the Trustee will be given only to DTC, as Registered Owner, except as to Interested Beneficial Holders who are required under the Indenture to be given all notices given by the Trustee to DTC.

Neither the Issuer, the Borrower, the Bank, the Underwriter, the Remarketing Agent nor the Trustee shall have any responsibility or obligation with respect to:

- (i) the accuracy of the records of DTC, its nominee or any Direct Participant or Indirect Participant with respect to any beneficial ownership interest in any Bonds;
- (ii) the delivery to any Direct Participant or Indirect Participant or any other Person, other than an owner, as shown in the Bond Register, of any notice with respect to any Bond including, without limitation, any notice of redemption, tender, purchase or any event which would or could give rise to a tender or purchase right or option with respect to any Bond;
- (iii) the payment to any Direct Participant or Indirect Participant or any other Person, other than an owner, as shown in the Bond Register, of any amount with respect to the principal of, premium, if any, or interest on, or the purchase price of, any Bond; or
- (iv) any consent given by DTC or its nominee, Cede & Co., as registered owner.

Prior to any discontinuation of the Book-Entry Only System described above, the Issuer and the Trustee may treat DTC or its nominee, Cede & Co., as, and deem DTC or its nominee, Cede & Co., to be, the absolute owner of the Bonds for all purposes whatsoever, including, without limitation:

- (i) the payment of principal of, premium, if any, and interest on the Bonds;
- (ii) giving notices of redemption and other matters with respect to the Bonds;
- (iii) registering transfers with respect to the Bonds; and

- (iv) the selection of Bonds for redemption.

Notwithstanding the description of the Book-Entry Only System set forth above, the right to optionally tender Bonds may be exercised only by giving notice to the Tender Agent, in lieu of notice by DTC or its nominee, Cede & Co. to the Tender Agent. See "*THE BONDS - OPTIONAL TENDERS.*"

#### SUCCESSOR SECURITIES DEPOSITORY; DISCONTINUATION OF BOOK-ENTRY ONLY SYSTEM

In the event that (a) the Issuer or the Borrower determine that DTC is incapable of discharging its responsibilities described in the Indenture and in the initial Blanket Letter of Representations from the Issuer and accepted by DTC (the "*Representation Letter*"), (b) the Representation Letter shall be terminated for any reason or (c) the Issuer or the Borrower determine that it is in the best interest of the Beneficial Owners of the Bonds that they be able to obtain certificated Bonds, the Issuer will notify DTC of the availability through DTC of Bond certificates and the Bonds will no longer be restricted to being registered on the Bond Register in the name of Cede & Co., as nominee of DTC. At that time, the Issuer may determine that the Bonds shall be registered in the name of and deposited with a successor depository operating a securities depository system, as may be acceptable to the Issuer, or such depository's agent or designee, or if the Issuer does not select such an alternate securities depository system then the Bonds may be registered in whatever name or names registered owners of Bonds transferring or exchanging Bonds shall designate, in accordance with the provisions of the Indenture.

#### THE AGREEMENT

The following, in addition to information contained under the headings "*INTRODUCTORY STATEMENT,*" "*THE PROJECT AND USE OF FUNDS,*" and "*THE BONDS,*" summarizes certain provisions of the Agreement, to which document, in its entirety, reference is made for the complete provisions thereof.

#### LOAN OF BOND PROCEEDS AND REQUIRED REPAYMENTS

In order to finance a portion of the cost of the acquisition and rehabilitation of the Project, the Issuer will lend the proceeds of the Bonds to the Borrower. On or before each date on which a payment with respect to any Bond is due and payable, the Borrower will pay to the Trustee, for the account of the Issuer, a sum equal to the amount payable on such date as principal (whether at maturity, upon prior redemption or acceleration), premium, if any, and interest on such Bonds due and payable on such date. The obligation of the Borrower to make such payments will be evidenced by the Note, which will be made payable to the Issuer and endorsed and pledged by the Issuer to the Trustee. Under the Agreement, the Borrower will also agree to pay the purchase price of any Bonds tendered or deemed to be tendered for purchase. To the extent such amounts are paid from drawings under the Letter of Credit, such payment shall constitute a credit against the obligation of the Borrower under the Agreement.

The Borrower will also pay the fees and expenses of the Issuer, the Trustee, the Tender Agent, the Bond Registrar, the Paying Agent, the Underwriter and the Remarketing Agent in connection with the Bonds.

#### OBLIGATIONS OF THE BORROWER UNCONDITIONAL

The obligations of the Borrower to make the loan payments required by the Agreement and under the Note and to perform and observe the other agreements on its part contained in the Agreement will be absolute and unconditional, irrespective of any defense or any rights of set-off, recoupment or counterclaim the Borrower might otherwise have against the Issuer, the Trustee, the Tender Agent, the Paying Agent, the Bond Registrar, the Remarketing Agent or the Bank. The Borrower will make all loan payments required by the Agreement or the Note free of any deductions and without abatement, diminution or set-off other than those expressly provided in the Agreement. Until such time as the principal of, premium, if any, and interest on the Bonds shall have been fully paid, or provision for the payment thereof shall have been made in accordance with the Indenture, the Borrower (a) will not suspend or discontinue any payments provided for in the Agreement or the Note, (b) will perform and observe all of their other agreements contained in the Agreement, and (c) except as provided in the Agreement, will not terminate the Agreement for any cause.

#### ADDITIONAL COVENANTS OF THE BORROWER

The following additional covenants will be agreed to by the Borrower in the Agreement:

*Access.* The Borrower will agree to provide the Issuer, the Trustee, the Bank and their authorized agents with reasonable access to the Project.

*Tax-Exempt Status.* The Borrower will agree to refrain from using the proceeds of the Bonds except pursuant to the Indenture and to take certain actions necessary to preserve the exclusion of interest on the Bonds from gross income for purposes of federal income taxation.

*Taxes and Governmental Charges.* The Borrower will agree to pay all taxes and governmental charges of every kind and nature relating to the Project or payments to be made by the Borrower under the Agreement.

*Maintenance and Repair; Insurance.* The Borrower will agree to maintain the Project in a reasonably safe and sound operating condition, making from time to time all reasonably needed material repairs thereto, and will agree to maintain reasonable amounts of insurance coverage with respect to the Project and to pay all costs of such maintenance, repair and insurance.

*Environmental and Other Laws.* The Borrower will agree to comply in all material respects with all applicable federal, state and local environmental and health and safety laws, rules, regulations and orders applicable to or pertaining to the Project.

*Assignment.* The Borrower will agree not to assign the Agreement without the consent of the Bank, the Issuer and the Trustee.

*Maintenance of Existence.* The Borrower will agree that during the term of the Agreement and so long as any Bond is outstanding, the Borrower will maintain its legal existence, will not dissolve or otherwise dispose of all or substantially all of its assets, and will not consolidate with or merge (subject to certain conditions in the Agreement) into another business entity or permit one or more business entities to consolidate with or merge into it other than as provided in the Agreement.

*Qualification in State.* The Borrower will agree, throughout the term of the Agreement, that the Borrower will be qualified to do business in the State.

#### EVENTS OF DEFAULT AND REMEDIES

Each of the following is an event of default under the Agreement:

- (a) failure by the Borrower to pay any amounts required to be paid as loan payments under the Agreement or under the Note on the dates and in the manner specified therein; or
- (b) failure by the Borrower to observe and perform any material covenant, condition or agreement on its part to be observed or performed in the Agreement, other than as referred to in (a) above, for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied, is given to the Borrower by the Issuer, the Trustee or the Bank, unless the Trustee and the Bank shall agree in writing to an extension of such time prior to its expiration; or
- (c) certain events of bankruptcy, insolvency or reorganization in respect of the Borrower; or
- (d) any warranty, representation or other statement made by or on behalf of the Borrower in the Agreement or in any document or certificate furnished by the Borrower in compliance with or in reference to the Agreement, is false or misleading in any material respect; or
- (e) the occurrence and continuation of an event of default under the Indenture.

Whenever any event of default shall have occurred and be continuing under the Agreement, the Issuer or the Trustee may exercise any right, power or remedy permitted to it by law under the Agreement or the Note, and shall have in particular, without limiting the generality of the foregoing, the right to declare loan payments payable by the Borrower under the Agreement and under the Note to be immediately due and payable, if concurrently with or prior to such notice the unpaid principal of and all unpaid accrued interest and premium on the Bonds have been declared to be due and payable under the Indenture, and upon such declaration the loan payments payable under the Agreement and under the Note and the unpaid accrued interest thereon and such premium shall thereupon become forthwith due and payable in an amount

sufficient to pay the principal of, premium, if any, and interest on the Bonds without presentment, demand or protest.

The Issuer and the Trustee shall waive, rescind and annul such declaration of an acceleration of loan payments and the consequences thereof, when any declaration of acceleration on the Bonds has been waived, rescinded and annulled pursuant to and in accordance with the Indenture. See "*THE INDENTURE - EVENTS OF DEFAULT AND REMEDIES.*"

The Issuer or the Trustee may take whatever action at law or in equity may appear necessary or desirable to collect the payments and other amounts then due and thereafter to become due or to enforce the performance and observance of any obligation, agreement or covenant of the Borrower under the Agreement and the Note.

In case the Issuer or the Trustee shall have proceeded to enforce its rights under the Agreement or the Note, and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Issuer or the Trustee, as the case may be, then and in every such case the Borrower, the Issuer or the Trustee, as the case may be, shall be restored respectively to their several positions and rights under the Agreement and under the Note, and all rights, remedies and powers of the Borrower, the Issuer and the Trustee shall continue as though no such proceeding had been taken.

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

#### AMENDMENT

The Agreement may not be amended, changed, modified, altered or terminated so long as the Letter of Credit is in effect except as provided in the Agreement or the Indenture. With respect to any amendment, the Borrower must provide the Trustee with an opinion of Bond Counsel to the effect that any such amendment is permitted by applicable law and will not have an adverse effect on the exclusion of the interest on the Bonds from gross income of the owners thereof for purposes of federal income taxation. See "*THE INDENTURE - SUPPLEMENTAL INDENTURE; AMENDMENT OF THE AGREEMENT AND NOTE; AMENDMENT OF THE LETTER OF CREDIT.*"



## THE INDENTURE

The following, in addition to information contained under the headings "*INTRODUCTORY STATEMENT*" and "*THE BONDS*," summarizes certain provisions of the Indenture, to which document, in its entirety, reference is made for the complete provisions thereof.

### GENERAL

The Indenture will constitute an assignment and pledge by the Issuer to the Trustee to secure the Bonds of all of the right, title and interest of the Issuer in and to the Agreement (except certain fees and expenses and indemnification payments and the right to make certain determinations and receive certain notices) and the Note and all moneys held by the Trustee in any of the funds or accounts established under the Indenture (including, without limitation, moneys held in the City of Chicago Bond Fund (Churchview Manor Senior Apartments) (the "*Bond Fund*") and the City of Chicago Acquisition and Construction Fund (Churchview Manor Senior Apartments) (the "*Acquisition and Construction Fund*"), but excluding certain amounts in the City of Chicago Bond Purchase Fund (Churchview Manor Senior Apartments) (the "*Bond Purchase Fund*")). No additional bonds may be issued under the Indenture. The Issuer has created and established with the Trustee, pursuant to the Indenture and the Tax Exemption Certificate and Agreement, dated the date of issuance of the Bonds, by and among the Issuer, the Borrower, and the Trustee, five trust funds to be designated the Bond Fund, the Acquisition and Construction Fund, the Bond Purchase Fund, the Rebate Fund (the "*Rebate Fund*") and the Issuance Cost Fund (the "*Issuance Cost Fund*").

### BOND FUND

There will be deposited in the Bond Fund as and when received (a) any amount in the Acquisition and Construction Fund directed to be paid into the Bond Fund under the Indenture; (b) all Revenues (as defined in the Indenture); and (c) all other moneys received by the Trustee under and pursuant to any of the provisions of the Agreement, the Note or the Letter of Credit which are required or which are accompanied by directions that such moneys are to be paid into the Bond Fund. Except as otherwise provided in the Indenture, moneys in the Bond Fund will be used solely for the payment of the principal of and premium, if any, on the Bonds at maturity or upon acceleration and for the redemption of Bonds prior to maturity and for the payment of interest on the Bonds when due, and for the payment of the obligations of the Borrower under the Reimbursement Agreement. Moneys in the Bond Fund for such payment of the principal of, premium, if any, and interest on the Bonds will be derived from the following sources in the order of priority indicated:

- (1) if the Letter of Credit is then in effect, all moneys derived by the Trustee from a draw under the Letter of Credit for principal of, premium, if any, and interest on the Bonds, *provided* that in no event shall such money be used to pay the principal of, premium, if any, and interest on Purchased Bonds or Borrower Bonds;

(2) moneys transferred from the Acquisition and Construction Fund to the Bond Fund pursuant to the Agreement, *provided* such moneys constitute Available Moneys, to pay principal of the Bonds at maturity or upon redemption prior to maturity;

(3) Available Moneys held by the Trustee to discharge the lien of the Indenture, such money to be applied only to the payment or redemption of the Bonds which are deemed to be paid in accordance with the Indenture;

(4) payments made by the Borrower pursuant to the Note and under the Agreement, such moneys to be applied to the redemption of the Bonds, *provided* that such amounts constitute Available Moneys;

(5) all payments made by the Borrower pursuant to the Note and the Agreement to pay principal of, premium, if any, and interest on the Bonds, and amounts derived from the investment of such amounts; and

(6) all other amounts received by the Trustee under and pursuant to the Agreement, the Note or from any other source when required or accompanied by directions by the Borrower that such amounts are to be paid into the Bond Fund, and amounts derived from the investments of such amounts.

The Indenture provides that the term "*Available Moneys*" means (a) with respect to any date on which principal of, premium, if any, or interest on the Bonds is due or the purchase price of any Bond is payable during the term of the Letter of Credit, (i) Bond proceeds deposited with the Trustee contemporaneously with the issuance and sale of the Bonds and which were continuously thereafter held subject to the lien of the Indenture in a separate and segregated fund, account or subaccount established under the Indenture in which no moneys which were not Available Moneys were at any time held, together with investment earnings on such Bond proceeds; (ii) moneys (A) paid by the Borrower to the Trustee, (B) held in any fund, account or subaccount established under the Indenture in which no other moneys which are not Available Moneys are held, and (C) which have so been on deposit with the Trustee for at least 123 consecutive days from their receipt by the Trustee during and prior to which period no petition by or against the Issuer or the Borrower under any bankruptcy or similar law now or hereafter enacted shall have been filed (unless such petition shall have been dismissed and such dismissal be final and not subject to appeal), together with investment earnings on such moneys; (iii) moneys received by the Trustee from any draw on the Letter of Credit, together with investment earnings on such moneys; (iv) proceeds from the remarketing of any Bonds pursuant to the Indenture to any person other than the Borrower, any affiliate of the Borrower, the Issuer or any person that is an "*insider*" of any such person within the meaning of Title 11 of the United States Code, as amended (the "*Bankruptcy Code*"); and (v) any other moneys or securities, including proceeds from the issuance and sale of refunding bonds, if there is delivered to the Trustee at the time of issuance and sale of such bonds an opinion (which may assume that no owner of Bonds is an "*insider*" within the meaning of the Bankruptcy Code) of recognized bankruptcy counsel to the effect that the use of such proceeds to pay the principal of, premium, if any, or interest on the Bonds would not be avoidable as preferential payments under Section 547 of the Bankruptcy Code which could be recovered under Section 550(a) of the Bankruptcy Code

should the Issuer or the Borrower become a debtor in a case or proceeding commenced thereunder, and (b) with respect to any date on which principal of, premium, if any, or interest on the Bonds is due or the purchase price of any Bond is payable during a period in which the Letter of Credit is not in effect, any moneys furnished to the Trustee pursuant to the Indenture and the proceeds from the investment thereof.

If the Letter of Credit is then in effect, on the Business Day immediately preceding the date on which any principal and/or interest shall become due on the Bonds, whether upon any interest payment date, at maturity, upon the date fixed for redemption prior to maturity or upon maturity by declaration of acceleration of the Bonds, the Trustee will, without making any prior claim or demand upon the Borrower, draw under and in accordance with the Letter of Credit so as to receive moneys thereunder in an amount which will be equal to the amount of principal and interest coming due on the Bonds on the date such payment is due; *provided* that such draw upon a declaration of acceleration shall be as soon as possible and in no event later than three (3) Business Days after such declaration; and *provided* that the Trustee shall not draw under the Letter of Credit to pay the principal of and/or interest on any Purchased Bonds or Borrower Bonds.

#### ACQUISITION AND CONSTRUCTION FUND

There will be deposited in the Acquisition and Construction Fund the proceeds of the Bonds net of all the issuance costs properly payable from the proceeds of the Bonds. Separately, there will be an Issuance Cost Fund into which a portion of the proceeds of the Bonds will be deposited and used to pay the costs of the Project. All moneys in the Acquisition and Construction Fund shall be expended on written requisitions signed by an authorized representative of the Borrower in accordance with the provisions of the Agreement.

The Trustee will keep and maintain adequate records pertaining to the Acquisition and Construction Fund and all disbursements therefrom, and after the Project has been completed and a certificate of payment of all costs is or has been filed as provided in the Agreement, the Trustee will file an accounting thereof with the Issuer or the Borrower upon the written request of the Issuer or the Borrower, as the case may be. The completion of the Project and payment or provision made for payment of the full cost of the Project will be evidenced by the filing with the Trustee of a certificate required by the provisions of the Agreement. Any balance remaining in the Acquisition and Construction Fund on the date of completion will be used in accordance with the provisions of the Agreement. If the Borrower should exercise its option, or be obligated, to prepay in whole the loan payments payable under the Agreement and the Note, or if an event of default shall occur and be continuing under the Indenture, the Trustee will deposit any balance then remaining in the Acquisition and Construction Fund in the Bond Fund.

## BOND PURCHASE FUND

There will be deposited into the Bond Purchase Fund the proceeds of the remarketing of the Bonds by the Remarketing Agent pursuant to the Indenture, as well as those amounts paid directly by the Borrower to the Tender Agent pursuant to the Agreement, moneys drawn by the Trustee or Tender Agent under the Letter of Credit for the purpose of purchasing Bonds and other moneys received by the Trustee under the Indenture, the Agreement, the Note or the Letter of Credit which are accompanied by directions that such moneys be paid into the Bond Purchase Fund. Moneys in the Bond Purchase Fund will be used solely to pay the purchase price of Bonds tendered or deemed to be tendered on any purchase date pursuant to the Indenture and to pay any obligations of the Borrower under the Reimbursement Agreement in the order of priority indicated: (1) proceeds of the remarketing of the Bonds; (2) if the Letter of Credit is then in effect, moneys derived by the Trustee from a draw under the Letter of Credit to pay the purchase price of Bonds tendered or deemed to be tendered for purchase; (3) any other moneys on deposit in the Bond Purchase Fund that constitute Available Moneys; (4) payments made by the Borrower pursuant to the Agreement for the purpose of paying the purchase price of Bonds tendered or deemed tendered for purchase; and (5) other moneys received by the Trustee which are required to be paid into the Bond Purchase Fund or which are accompanied by directions that such moneys are to be paid into the Bond Purchase Fund.

## INVESTMENT OF FUND MONEYS

Any moneys held as a part of the Acquisition and Construction Fund, the Issuance Cost Fund or the Bond Fund will be invested and reinvested by the Trustee, at the direction of the Borrower, as provided in the Indenture. All such investments and all income and profits on such investments shall be credited to, and any net losses thereon shall be charged to such fund for which they were made; *provided, however*, the interest occurring thereon and profits realized from investments in the Acquisition and Construction Fund shall be initially credited to such Fund and upon completion of the Project transferred to the Bond Fund.

Moneys in the Bond Purchase Fund will not be invested.

## EVENTS OF DEFAULT AND REMEDIES

Each of the following is an event of default under the Indenture:

- (a) failure to pay interest on any Bond when such interest shall have become due and payable;
- (b) failure to pay the principal of, or premium, if any, on any Bond, when due, whether at the stated maturity thereof or upon proceedings for redemption thereof;
- (c) failure to pay when due the purchase price of any Bond tendered or deemed to be tendered for purchase;

(d) receipt by the Trustee, not later than the last day provided for in the Letter of Credit on which the Bank can give notice preventing a reinstatement of the Letter of Credit following a drawing under the Letter of Credit to pay regularly scheduled interest on the Bonds, of written notice by the Bank that the Borrower has not reimbursed the Bank for such drawing or of the occurrence of an "Event of Default" under the Reimbursement Agreement, and, as a consequence of either of the above, the Bank will not reinstate the Letter of Credit with respect to such drawing;

(e) receipt by the Trustee of written notice from the Bank of the occurrence of an event of default under the Reimbursement Agreement and directing the Trustee to accelerate the Bonds;

(f) failure to perform or observe any other of the covenants, agreements or conditions on the part of the Issuer in the Indenture or in the Bonds and failure to remedy the same after notice thereof; or

(g) the occurrence of an event of default under the Agreement.

Upon (i) the occurrence of an event of default specified in subparagraphs (d) or (e), the Trustee shall, or (ii) the occurrence of any other event of default under the Indenture the Trustee may, and upon the written request of the owners of not less than a majority in principal amount of all Bonds then outstanding shall, declare the principal of all Bonds outstanding and the interest accrued thereon to the date of such declaration immediately due and payable (and interest on the Bonds shall cease to accrue from and after the date of declaration of acceleration), and such principal, interest, and any premium the Issuer will be obligated to pay prior to such date, if any, will thereupon become immediately due and payable; *provided, however*, that so long as a Letter of Credit is in effect and the Bank has not failed to honor a properly presented and conforming drawing thereunder, no acceleration will be declared under subsection (ii) of this paragraph by reason of a default under subparagraph (a), (b), (c), (f) or (g) above without the prior written consent of the Bank. Upon any declaration of acceleration, the Trustee shall immediately declare an amount equal to all amounts then due and payable on the Bonds to be immediately due and payable under the Agreement and under the Note and, if the Letter of Credit is then in effect, the Trustee shall as soon as possible and in no event later than three (3) Business Days after such declaration draw under the Letter of Credit to the fullest extent permitted by the terms thereof to pay the principal of, and accrued interest on, the Bonds.

Subject to the terms of the Indenture, the Bank or the owners of a majority in aggregate principal amount of the Bonds then outstanding (upon providing satisfactory indemnification to the Trustee) shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture, or for the appointment of a receiver or any other proceedings thereunder; *provided*, that such direction shall not be otherwise than in accordance with the provisions of law and of the Indenture and shall not result in the personal liability of the Trustee; and *provided further*, that the Bank shall have no such right to direct proceedings relating to remedies against the Bank, including any drawings under the Letter of Credit. In the event of conflict between the directions of the Bank

and those of the owners of the Bonds with respect to an event of default under the Indenture, the directions of the Bank shall prevail so long as the Bank has not failed to honor a properly presented and conforming drawing under the Letter of Credit. The Trustee may take any other action under the Indenture which is not inconsistent with such direction.

No owner of any Bond shall have any right to institute any suit, action or proceeding at law or in equity for the enforcement of the Indenture, the Agreement or the Note or for the execution of any trust thereof or for the appointment of a receiver or any other remedy thereunder, unless a default has also occurred and the Trustee has been notified as provided in the Indenture, or it is deemed by the Indenture to have notice, nor unless such default shall have become an event of default under the Indenture and the owners of a majority in aggregate principal amount of Bonds then outstanding shall have made written request to the Trustee and shall have offered it reasonable opportunity either to proceed to exercise the powers granted in the Indenture or to institute such action, suit or proceeding in its own name, nor unless also they have offered to the Trustee indemnity as provided in the Indenture, nor unless the Trustee shall thereafter fail or refuse to exercise the powers granted in the Indenture, or to institute such action, suit or proceeding in its own name for sixty (60) days after such notification, request, and offer of indemnification; and such notification, request and offer of indemnity are declared in every case at the option of the Trustee to be conditions precedent to the execution of the powers and trusts of the Indenture, and to any action or cause of action for the enforcement of the Indenture, the Agreement or the Note, or for the appointment of a receiver or for any other remedy thereunder; it being understood and intended that not one or more owners of the Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice the lien of the Indenture by its, his or their action or to enforce any right thereunder except in the manner provided in the Indenture, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner provided in the Indenture and for the equal and ratable benefit of the owners of all Bonds then outstanding. Nothing contained in the Indenture, however, shall affect or impair the right of any registered owner to enforce the payment of the principal of, premium, if any, and interest on any Bond at and after the maturity thereof, or the obligation of the Issuer to pay the principal of, premium, if any, and interest on each of the Bonds issued under the Indenture to the respective owners thereof on the date, at the place, from the source and in the manner in the Bonds expressed, or the payment of the purchase price of any Bond which is due and payable, subject to the rights of the Bank as set forth in the Indenture.

The Trustee may at its discretion waive any event of default under the Indenture and its consequences, other than any event of default under subparagraph (d) or (e) above, the waiver of which shall require the prior written consent of the Bank; *provided* that the Bank shall not have failed to honor a properly presented and conforming drawing under the Letter of Credit, and rescind any declaration of acceleration of principal, and shall do so upon the written request of the owners of (a) a majority in aggregate principal amount of all Bonds then outstanding in respect of which default in the payment of principal or interest, or both, exists, or in respect of which a default in the payment of the purchase price exists, or (b) a majority in aggregate principal amount of all Bonds then outstanding in the case of any other default; *provided, however*, that there shall not be waived (i) any default in the payment of the principal of or premium, if any, on any outstanding Bonds at the date of maturity specified therein or redemption prior to maturity, (ii) any default in the payment when due of the interest on any

Bonds, or (iii) any default in the payment when due of the purchase price of any Bond tendered or deemed to be tendered for purchase, unless prior to such waiver or rescission all arrears of principal or interest, or both, with interest, to the extent permitted by law as in the Bonds provided on overdue installments or all arrears of payments of such purchase price, as the case may be, and all expenses of the Trustee in connection with such default shall have been paid or provided for; *provided*, that if the Trustee shall have made a drawing under the Letter of Credit in connection with any such event of default to be so waived, no such waiver shall be effective during the Variable Rate Period until the Trustee receives written notice from the Bank that it has rescinded its notice of an event of default under the Reimbursement Agreement and that the Letter of Credit shall have been reinstated to an amount equal to the outstanding principal amount of the Bonds plus interest thereon for the sum of (i) 35 days (or 185 days if the Bonds are then in the Fixed Rate Period), plus (ii) if the interest component of the Letter of Credit does not automatically and immediately reinstate after a drawing to pay interest on the Bonds, the sum of (A) six days, plus (B) the maximum number of calendar days the Bank is allowed pursuant to the provisions of the Letter of Credit to reinstate the Letter of Credit after a drawing thereon for interest on the Bonds, at the Cap Rate; and in case of any such waiver or rescission, or in case any proceeding taken by the Trustee on account of any such default shall have been discontinued, abandoned or determined adversely, then and in every such case the Trustee and the owners of the Bonds shall be restored to their former positions and rights under the Indenture, respectively, but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon; and *provided further*, that a waiver by the Bank of any event of default under the Reimbursement Agreement and a rescission and annulment of its consequences and, if the event of default under the Indenture is an event described in subparagraphs (d) or (e) above, a reinstatement of the Letter of Credit shall, upon written notice to the Trustee, constitute a waiver of the corresponding event of default under the Indenture and a rescission and annulment of the consequences thereof.

#### DISCHARGE

If the Issuer shall pay or cause to be paid, or there shall be otherwise paid or provision for payment made to or for the owners from time to time of the Bonds, the principal, premium, if any, and interest due or to become due thereon on the dates and in the manner stipulated therein, and shall pay or cause to be paid to the Trustee all sums of money due or to become due according to the provisions of the Indenture, and the Borrower shall pay or cause to be paid all obligations of the Borrower to reimburse the Bank for drawings under the Reimbursement Agreement and other amounts due and payable to the Bank under the Reimbursement Agreement and the Borrower shall pay or cause to be paid all obligations of the Borrower to the Issuer, then the trust estate and the rights granted under the Indenture will cease, terminate and be void, whereupon the liens of the Indenture shall be canceled, except amounts in the Bond Fund or the Bond Purchase Fund required to be paid to the Bank under the terms of the Indenture, and all amounts held thereunder shall be paid to the Borrower.

On and after the Conversion Date, any Bond shall be deemed to be paid when payment of the principal of, premium, if any and interest on such Bond, plus interest thereon to the due date thereof (whether such due date be by reason of maturity or upon redemption prior to maturity as provided in the Indenture or upon payment of the purchase price upon a purchase date, or

otherwise), either (a) shall have been made or caused to be made in accordance with the terms thereof, or (b) shall have been provided by irrevocably depositing with the Trustee, in trust and irrevocably setting aside exclusively for such payment, (i) Available Moneys sufficient to make such payment, or (ii) noncallable direct obligations of, or obligations the payment of principal of and interest on which are unconditionally guaranteed by, the United States of America ("*Governmental Obligations*") purchased with Available Moneys (provided, that in the opinion of Bond Counsel such deposit will not adversely affect the exclusion from gross income of interest on the Bonds for the purposes of federal income taxation or cause any of the Bonds to be classified as arbitrage bonds within the meaning of Section 148 of the Code and the regulations thereunder) maturing as to principal and interest in such amounts and on such dates as will provide sufficient moneys, without reinvestment, to make such payment, and all necessary and proper fees, compensation and expenses of the Trustee pertaining to the Bonds with respect to which such deposit is made and all other liabilities of the Borrower under the Agreement shall have been paid or the payment thereof provided for to the satisfaction of the Trustee. There will be no defeasance during the Variable Rate Period and no defeasance will be effective during the Fixed Rate Period until the Trustee receives prior written evidence from each rating agency then maintaining a rating on the Bonds that such deposit referred to in the prior sentence will not cause a reduction or withdrawal of the then current rating on the Bonds. At such time as a Bond shall be deemed to be paid, as aforesaid it shall no longer be secured by or entitled to the benefits of the Indenture, except for the purposes of the provisions of the Indenture relating to mutilated, lost, stolen or destroyed Bonds and with respect to the registration and transfer of Bonds and any such payment from such moneys or Governmental Obligations on the date or dates specified at the time of deposit or both or as provided for in the Indenture.

SUPPLEMENTAL INDENTURE; AMENDMENT OF THE AGREEMENT AND NOTE; AMENDMENT OF THE LETTER OF CREDIT

The Issuer and the Trustee may, without the consent of or notice to any of the owners of the Bonds, enter into an indenture or indentures supplemental to the Indenture for any of the following purposes: (a) to cure any ambiguity or formal defect or omission in the Indenture or to make any other change, provided that no such action, in the judgment of the Trustee, is to the prejudice of owners of the Bonds; (b) to grant to or confer upon the Trustee for the benefit of the owners of the Bonds any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the owners of the Bonds or the Trustee; (c) to provide for an Alternate Credit Facility (defined in the Indenture as an irrevocable letter of credit, a surety bond, an insurance policy or other credit facility delivered to the Trustee pursuant to the Agreement) and to make any other change necessary to facilitate the provision of the Alternate Credit Facility; (d) to permit fully registered Bonds to be exchanged for coupon Bonds upon receipt by the Issuer, the Borrower and the Trustee of an approving opinion of Bond Counsel; (e) to make further provisions for a book-entry system of registration for the Bonds; (f) to provide for the purchase of Bonds on the open market on behalf of the Borrower from funds derived through drawings under the Letter of Credit, provided that the Borrower provide the Trustee with an approving opinion of Bond Counsel; (g) to secure or maintain ratings on the Bonds, which changes will not restrict, limit or reduce the obligation of the Borrower to pay the principal, premium, if any, and interest on the Bonds or otherwise materially adversely affect the owners of the Bonds, but only if there is supplied to the Borrower, the Issuer, the Bank, the



Trustee and the Remarketing Agent an approving opinion of Bond Counsel; or (h) to make any other change which in the sole determination of the Trustee will not materially adversely affect the owners of the Bonds, but only if there is supplied to the Borrower, the Issuer, the Bank, the Trustee and the Remarketing Agent an approving opinion of Bond counsel.

Exclusive of supplemental indentures described above, and subject to the terms and provisions contained in the Indenture, the owners of not less than a majority in aggregate principal amount of the Bonds then outstanding will have the right, from time to time, to consent to and approve the execution by the Issuer and the Trustee of such other indenture or indentures supplemental thereto as shall be deemed necessary and desirable by the Issuer for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Indenture or in any supplemental indenture; *provided, however*, that without the written consent of the owners of 100% of the Bonds then outstanding, nothing contained in the Indenture shall permit, or be construed as permitting (a) an extension of the maturity (or mandatory redemption date) of the principal of, premium, if any, or the interest on, any Bonds, or (b) a reduction in the principal amount of, or redemption premium on, or the Variable Rate or the Fixed Rate borne by any Bond, except in accordance with the Indenture, or a change in the method of calculating the Variable Rate or the Fixed Rate, or (c) a change of any date upon which any Bond may be purchased after a tender thereof, all in accordance with the terms thereof and the provisions of the Indenture, or (d) a privilege or priority of any Bond or Bonds over any other Bond or Bonds, or (e) a reduction in the aggregate principal amount of the Bonds required for consent to such supplemental indenture or for consent to any change to the Agreement, or (f) the creation of any lien ranking prior to or on a parity with the lien of the Indenture on the trust estate or any part thereof, except as expressly permitted by the Indenture, or (g) the deprivation of any Bond then outstanding of the lien created by the Indenture on the trust estate.

No amendment or supplement of the Indenture will become effective until it has been consented to by the Borrower and the Bank in the manner provided in the Indenture.

Neither the Agreement nor the Note may be amended, changed, modified, altered or terminated without the consent of the Bank; *provided*, that the Bank shall not have failed to honor a properly presented and conforming drawing under the Letter of Credit. The Issuer and the Trustee may, without the consent of or notice to the owners of the Bonds, consent to any amendment, change or modification of the Agreement (including an assignment thereof) and the exhibits thereto and the Note as may be required or permitted (a) by the provisions of the Agreement or the Indenture; (b) for the purpose of curing any ambiguity or formal defect or omission or in connection with any other change, provided that any such action, in the judgment of the Trustee, will not materially adversely affect the owners of the Bonds; (c) to provide for an Alternate Credit Facility pursuant to the Agreement and to make any other change necessary to facilitate the provision of the Alternate Credit Facility; (d) to secure or maintain ratings on the Bonds; (e) to provide for the purchase of Bonds on the open market on behalf of the Borrower from funds derived through drawings under the Letter of Credit; and (f) to make any other change which in the sole determination of the Trustee will not materially adversely affect the owners of the Bonds, but only if there is supplied to the Borrower, the Issuer, the Bank, the Trustee and the Remarketing Agent an approving opinion of Bond Counsel; *provided that* with

respect to any such amendment the Borrower provide the Trustee with an approving opinion of Bond Counsel. Exclusive of the amendments, changes or modifications as provided in the preceding sentence, no other amendment, change or modification of the Agreement may be made without the giving of notice and written approval or consent of the owners of not less than a majority in aggregate principal amount of the Bonds at the time outstanding; *provided, however*, that without the written consent of the owners of 100% of the Bonds then outstanding, no such amendment, change or modification shall permit or shall be construed as permitting (a) an extension of time for the payment of an amount due pursuant to or under the Agreement or the Note with respect to the principal of, premium, if any or interest on, or purchase price of the Bonds, or (b) a reduction in the total amount of any installment of principal, premium, if any, or interest due under the Agreement and on the Note with respect to the principal of, premium, if any, or interest on, or purchase price, of the Bonds, or (c) a reduction in the aggregate principal amount of the Bonds required for consent to such amendment, change or modification of the Agreement or the Note.

The Trustee may without the consent of or notice to the owners of the Bonds, consent to any amendment, change or modification of the Letter of Credit as may be required (i) for the purpose of curing any ambiguity or formal defect or omission, (ii) to obtain a credit rating on the Bonds, (iii) to effect a transfer thereof to a successor Trustee; (iv) to effect an extension of the terms thereof; (v) to effect a reduction or reinstatement thereof in accordance with its terms; or (vi) in connection with any other change which, in the judgment of the Trustee, does not materially adversely affect the interests of the owners of the Bonds; *provided, however*, that the Trustee shall not consent to any other change, modification or amendment to the Letter of Credit without the written consent or approval of the owners of not less than 100% in aggregate principal amount of the Bonds then outstanding.

#### SUBSTITUTE LETTER OF CREDIT

Upon receipt by the Trustee from the Borrower of notice that the Borrower intends to deliver a substitute Letter of Credit, the Trustee will promptly notify the Bond Registrar, whereupon the Bond Registrar will give notice of the proposed substitution to the Issuer and the bondholders, in the same manner provided for in the Indenture for the giving of notices of mandatory tender, no less than ten (10) Business Days prior to the expected date of receipt of such substitute Letter of Credit. Such notice shall be prepared by the Trustee and submitted to the Bond Registrar, and will (i) identify the bank which is to issue the substitute Letter of Credit, (ii) describe the term, principal amount and expected date of receipt of the proposed substitute Letter of Credit, and (iii) state that the Issuer's and the Trustee's acceptance of the proposed Letter of Credit will be contingent upon fulfillment of the requirements of the Agreement for the delivery of such substitute Letter of Credit. See "*THE LETTER OF CREDIT AND THE REIMBURSEMENT AGREEMENT - SUBSTITUTE LETTERS OF CREDIT.*"

#### THE REGULATORY AGREEMENT

The following, in addition to information contained under the headings "*INTRODUCTORY STATEMENT*" and "*THE PROJECT AND USE OF FUNDS,*" summarizes certain provisions of the

Regulatory Agreement, to which document, in its entirety, reference is made for the complete provisions thereof.

#### GENERAL

The Regulatory Agreement restricts the operation and occupancy of the Project. The covenants contained in the Regulatory Agreement are designed to obtain, among other things, compliance by the Borrower and any subsequent owner of the Project with the requirements of Section 142(d) of the Code and Sections 1.103-8(b)(4) of the United States Treasury Regulations promulgated with respect to the Code which must be satisfied in order to maintain the exclusions of the interest on the Bonds from the gross income of the holders thereof for federal income tax purposes. See "-GENERAL TAX-RELATED COVENANTS" below.

#### RESIDENTIAL PROPERTY RESTRICTIONS

Under the terms of the Regulatory Agreement, during the Qualified Development Period, the Borrower is required to own, manage and operate the Project as a "qualified residential rental project" within the meaning, of Section 142(d) of the Code and Section 1.103-8(b)(4) of the Regulations. The Project is required to consist only of buildings which contain only residential units and functionally related and subordinate facilities.

The Qualified Development Period means the period beginning on the date when the first of the Bonds are issued (which is after the date on which ten percent of the units in the Project were first occupied) and ending on the latest of the date (i) which is 15 years after the date on which at least 50 percent of the residential unit in the Project are occupied, (ii) which is the first date on which no tax-exempt private activity bonds issued with respect to the Project are outstanding or (iii) on which any assistance provided with respect to the Project under Section 8 of the United States Housing Act of 1937, as amended, terminates.

The Regulatory Agreement specifically requires the Borrower to make the residential units in the Project available for lease to the general public without preference, other than (i) as required by the Issuer to comply with any regulations governing the City Loan, (ii) to Low and Moderate Income Tenants (as defined below) and (iii) to the elderly. The Regulatory Agreement also prohibits the Borrower from, among other things, allowing any unit in the Project ever to be used as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, hospital, nursing home sanitarium, rest home or trailer park or court. At no time is the Borrower or any affiliate of the Borrower to occupy a residential unit in the Project, except employees of the Borrower hired to assist in the management of the Project who have no ownership interests in the Borrower.

#### CONTINUOUS RENTAL

The Borrower is required, at all times during the Qualified Development Period, to rent or make available for rental each unit in the Project to members of the general public on a continuous basis except as described above, and is not to grant any commercial leases or permit commercial uses except upon receipt by the Trustee of an opinion of Bond Counsel, which

opinion is acceptable to the Trustee, that the lease or use will not adversely affect the exclusion of interest on any of the Bonds from gross income of their holders for federal income tax purposes.

#### LOW AND MODERATE INCOME TENANTS

Under the terms of the Regulatory Agreement, at all times during the Qualified Development Period, at least 40 percent of the completed residential units in the Project must be occupied by Low and Moderate Income Tenants. For purposes of satisfying that requirement, a residential unit will be treated as occupied by Low and Moderate Income Tenants if the individual or family occupying the unit are Low or Moderate Income Tenants at the commencement of occupancy. In the event that an existing tenant ceases to be a Low or Moderate Income Tenant during their tenancy, the unit will be continue to be treated as occupied by a Low and Moderate income Tenant where (i) any such resident's income as of the most recent determination exceeds 140 percent of the 60 percent income limitation amount and (ii) after such determination, but before the next determination, any residential unit of comparable or similar size in the Project is occupied by a new resident whose income exceeds that 60 percent limitation. A residential unit which is vacant will still be treated as occupied by a Low or Moderate Income Tenant if it was last occupied by a Low or Moderate Income Tenant and has not been re-occupied by another person for a temporary period (not to exceed 31 days).

*"Low and Moderate Income Tenants"* means and includes individuals or families with adjusted income, calculated in the manner prescribed in Regulations Section 1.167(k)-3(b)(3) as in effect on the date when the first of the Bonds is issued, which does not exceed 60 percent of the median gross income for the area in which the Project is located, determined in a manner consistent with determinations of median gross income made under the leased housing program established under Section 8 of the United States Housing Act of 1937, as amended, or if that program is terminated, under that program as in effect immediately before termination. That determination is to include adjustments for family size. In no event, however, will the occupants of a unit of the Project be considered to be Low and Moderate Income Tenants if all the occupants are students, no one of whom is entitled to file a joint return for federal income tax purposes.

The Regulatory Agreement requires the Borrower to determine annually the current income of each tenant treated as a Low or Moderate Income Tenant. Furthermore, under the terms of the Regulatory Agreement, the Borrower must periodically prepare and submit to the Trustee certification of continuing program compliance, in substantially the form set forth in the Regulatory Agreement.

#### TRANSFER RESTRICTIONS

During the Qualified Development Period, the Borrower is required not to do any of the following: sell, transfer, assign, convey, change title to or otherwise dispose of the Project or any interest in it (a *"Transfer"*), in whole or in part, unless (1) the purchaser or assignee executes any necessary or appropriate document reasonably requested by the Trustee with respect to assuming its obligations under the Regulatory Agreement and the Loan Agreement (the *"Assumption*

*Agreement*") which document is to be recorded in the Cook County Recorder's Office; (2) the Trustee or the Issuer has received an opinion of Bond Counsel, which opinion is acceptable to such recipient, to the effect that such transfer will not adversely affect the exclusion from federal gross income interest on any of the Bonds from gross income of their holders for purposes of federal income taxation; (3) the Borrower delivers to the Trustee and the Issuer an opinion of counsel to the transferee that the transferee has duly assumed the obligations of the Borrower under the Regulatory Agreement and that such obligations and the Regulatory Agreement are binding on the transferee; and (4) such other conditions are met as are set forth in or referred to in the Agreement or as the Trustee may reasonably impose (upon advice from Bond Counsel) as part of the Assumption Agreement to protect the exclusions from gross income of interest on the Bond for federal income tax purposes.

#### GENERAL TAX-RELATED COVENANTS

The Trustee, the Issuer and the Borrower each have agreed in the Regulatory Agreement that, to the best of its ability, (a) it will not take or permit, or omit to take or cause to be taken, any action that would adversely affect the exclusion of the interest on the Bonds from the gross income of their holders for federal income tax purposes; (b) it will take all actions as may be necessary, in the written opinion of Bond Counsel, to comply fully with all rules, rulings, policies, procedures, Regulations, and other official statements promulgated proposed, or made by the Department of Treasury or the Internal Revenue Service pertaining to obligations issued under Section 142(d) of the Code and Regulations under that Section; and (c) it will file or record such documents and take such other steps as are necessary, in the written opinion of Bond Counsel, in order to ensure that the requirements and restrictions of the Regulatory Agreement will be binding upon all owners of the Project.

Under the terms of the Regulatory Agreement, the Borrower must notify the Trustee as soon as reasonably possible, of the existence of any situation or the occurrence of any event of which the Borrower has knowledge, if the existence of such situation or event would violate any of the provisions of the Regulatory Agreement or cause the interest on the Bonds to become includable in the gross income of their holders for federal income tax purposes. The Borrower must commence corrective action within a reasonable period of time, but in no event later than 30 days after such a situation or event is first discovered or should have been discovered by the exercise of reasonable diligence.

#### TERM

Unless the Trustee or the Issuer has received a written opinion of Bond Counsel addressed to such party to the effect that early termination of the Regulatory Agreement will not adversely affect the exclusion of the interest on all of the Bond from gross income of their holders for federal income tax purposes, the Regulatory Agreement is to remain in full force and effect for a term equal to the Qualified Development Period. Notwithstanding the immediately preceding sentence, the Regulatory Agreement will terminate and be of no further force and effect in the event of (a) involuntary noncompliance with the provisions of the Regulatory Agreement caused by fire, seizure, requisition, foreclosure or delivery of a deed in lieu of foreclosure, change in a federal law or an action of a federal agency after the date of the

Regulatory Agreement which prevents the Trustee or the Issuer from enforcing the requirements of the Regulatory Agreement, condemnation or other similar event and (b) the payment in full and retirement of the Bonds within a reasonable period after that event. However, the restrictions described above are to be automatically reinstated if, at any time subsequent to the termination of the Loan or the delivery of a deed in lieu of foreclosure or similar event, the Borrower or any related person obtains an ownership interest in the Project for federal income tax purposes.

#### THE LETTER OF CREDIT AND THE REIMBURSEMENT AGREEMENT

The Letter of Credit will be issued pursuant to the Reimbursement Agreement. The following, in addition to information contained in the third paragraph under the heading "INTRODUCTORY STATEMENT," summarizes certain provisions of the Letter of Credit and the Reimbursement Agreement, to which documents, in their entirety, reference is made for the complete provisions thereof. The provisions of any Alternate Credit Facility and related Reimbursement Agreement may be different from those summarized below.

##### LETTER OF CREDIT

The Letter of Credit will be an irrevocable obligation of the Bank subject to the terms thereof. The Letter of Credit will be issued in an amount equal to the aggregate principal amount of the outstanding Bonds, plus 45 days' interest thereon at the rate of 10% per annum. The Trustee, upon compliance with the terms of the Letter of Credit, is authorized and directed to draw up to (a) an amount sufficient (i) to pay principal of the Bonds (other than Purchased Bonds and Borrower Bonds) when due, whether at maturity or upon redemption or acceleration, and (ii) to pay the portion of the purchase price of Bonds (other than Purchased Bonds and Borrower Bonds) delivered for purchase pursuant to a demand for purchase by the Registered Owner thereof or a mandatory tender for purchase and which are not remarketed (a "*Liquidity Drawing*") equal to the principal amount of such Bonds, plus (b) an amount (not to exceed 45 days') of accrued interest on such Bonds (i) to pay interest on Bonds (other than Purchased Bonds and Borrower Bonds) when due, and (ii) to pay the portion of the purchase price of Bonds (other than Purchased Bonds and Borrower Bonds) delivered for purchase pursuant to a demand for purchase by the Registered Owner thereof or a mandatory tender for purchase pursuant to a demand for purchase by the Registered Owner thereof or a mandatory tender for purchase and not remarketed, equal to the interest accrued, if any, on such Bonds.

The amount available under the Letter of Credit will be reduced to the extent of any drawing thereunder, subject to reinstatement as described below. With respect to a drawing by the Trustee solely to pay interest on the Bonds on an Interest Payment Date, the amount available under the applicable initial Letter of Credit will be automatically reinstated immediately upon payment by the Bank of such drawing. With respect to a Liquidity Drawing prior to the Conversion Date made to pay the purchase price of the Bonds (other than Purchased Bonds or Borrower Bonds), upon a remarketing of such Bonds (or portions thereof) purchased with the proceeds of such Liquidity Drawing, the amount available under the Letter of Credit will be reinstated in an amount equal to the proceeds of such remarketing received by the Bank (or the Trustee on behalf of the Bank).

The Letter of Credit will terminate on the Bank's close of business on the earliest to occur of the following dates (a) the Stated Expiration Date, October 1, 2030; (b) the earlier of (i) the date which is fifteen (15) days following the Conversion Date of all of the Bonds as such date is specified in a certificate from the Trustee to the Bank or (ii) the date on which the Bank honors a drawing under the Letter of Credit on or after such Conversion Date; (c) the date which is fifteen (15) days following the Bank's receipt of a certificate from the Trustee certifying that all drawings required to be made under the Indenture and available under the Letter of Credit have been paid or that a letter of credit has been issued in substitution for the initial Letter of Credit in accordance with terms of the Indenture, the Agreement and the Reimbursement Agreement; (d) the date on which an Acceleration Drawing (as hereinafter defined) is honored by the Bank, and (e) the date which is fifteen (15) days following receipt by the Trustee of a written notice from the Bank specifying the occurrence of an event of default under the Reimbursement Agreement and directing the Trustee to accelerate the Bonds, to pay principal of and accrued interest on, or the purchase price of, the Bonds in accordance with the terms thereof.

#### DEFAULTS/REMEDIES

Subject to the following paragraph, if an event of default under the Reimbursement Agreement occurs and is continuing, the Bank may, among other things (i) terminate the Letter of Credit, (ii) declare all amounts due thereunder immediately due and payable by the Borrower, (iii) give notice of the occurrence of such event of default to the Trustee and directing the Trustee to accelerate the Bonds, (iv) pursue any rights or remedies the Bank may have under the security documents for the Letter of Credit, or (v) pursue any other action available at law or in equity.

*"Events of Default"* under the Reimbursement Agreement include the following:

- (a) any representation or warranty made by the Borrower or the General Partner contained in the Reimbursement Agreement shall prove to have been false or incorrect in any material respect on the Closing Date (as hereinafter defined); or
- (b) the Borrower shall fail to pay any of the obligations or any other amount payable to the Bank under the Reimbursement Agreement or the Security Documents (defined below) when due and such non-payment shall continue for five (5) days; or
- (c) the failure to timely effect a Required Redemption in accordance with the Reimbursement Agreement; or
- (d) the Borrower shall fail to perform or observe any term, covenant or agreement contained in the Reimbursement Agreement, provided that, with respect to liens prohibited by the Reimbursement Agreement which are (i) not created or consented to by the Borrower or the General Partner, (ii) being diligently contested by the Borrower or General Partner, (iii) are, and at all times during their pendency, remain covered by adequate security, (iv) shall not, in Bank's reasonable judgment, be subject to immediate foreclosure and (v) shall be released within 30 days after the date imposed; or

(e) any provision materially affecting the validity of any obligation of the Borrower to make payments under the Reimbursement Agreement shall at any time for any reason cease to be valid and binding on the Borrower or shall be declared to be null and void without the necessity of election by the Borrower, or the Borrower shall deny that it has any or further liability or obligation under the Reimbursement Agreement or any of the related documents; or

(f) (1) the Borrower, the General Partner or any Guarantor shall (i) make an assignment for the benefit of creditors, or (ii) commence any case, proceeding or other action under any existing or future law of any jurisdiction relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order of relief entered with respect to it, or seeking to adjudicate it as bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, composition or other relief with respect to it or its debts; or seeking appointment of a receiver, trustee, custodian or other similar official for it or for all or any substantial part of its assets; or (2) there shall be commenced against the Borrower or the General Partner any case, proceeding or other action (i) such as described in (1) above, or (ii) seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial portion of the assets of the Borrower, the General Partner or any Guarantor, and an order granting any relief sought in such case, proceeding or action shall be entered and continue unstayed and in effect for a period of 90 consecutive days; or (3) the Borrower. The General Partner or any Guarantor shall generally not, or shall be unable to, pay its debts as they become due; or

(g) a Change of Status (as defined below) shall occur; or

(h) there shall occur in connection with any indebtedness for borrowed money any default or event of default, or any event which, with notice or the passage of time or both would result in a default or an event of default, or any similar event, or any event which requires the prepayment of borrowed money or the acceleration of the maturity thereof, under the terms of any evidence of indebtedness or other agreement or assumed or entered into by the Borrower or under the terms of any indenture, agreement or instrument under which any such evidence of indebtedness or other agreement is issued, assumed, secured or guaranteed, and such event shall continue beyond any applicable period of grace; provided that in any case the aggregate amount of such indebtedness exceeds \$100,000; or

(i) the occurrence of an event of default by or against the Borrower under the Letter of Credit, the Security Documents (as defined below), the Indenture, the Subordinate Loan Documents or any of the Related Documents (as each term is defined in the Reimbursement Agreement) executed and delivered in connection with the Bonds or the Project and such event shall continue beyond any applicable period of grace; or

(j) a failure to satisfy any of the covenants in the Reimbursement Agreement that are required to be satisfied prior to the Substantial Completion Date (as defined below); or

(k) the Borrower or any member of its Controlled Group (as defined below) shall fail to pay when due an amount or amounts aggregating in excess of \$20,000 which it shall



have become liable to pay to the PBGC (as defined below) or to a Plan under Title IV of ERISA (as defined below); or notice of intent to terminate a Plan or Plans having aggregate Unfunded Vested Liabilities (as defined below) in excess of \$20,000 (collectively, a "*Material Plan*") shall be filed under Title IV of ERISA by the Borrower or any other member of its Controlled Group, any plan administrator or any combination of the foregoing; or the PBGC shall institute proceedings under Title IV of ERISA to terminate or to cause a trustee to be appointed to administer any Material Plan or a proceeding shall be instituted by a fiduciary of any Material Plan against the Borrower or any member of its Controlled Group to enforce Section 515 or 4219(c)(5) of ERISA and such proceeding shall not have been dismissed within thirty (30) days thereafter; or a condition shall exist by reason of which the PBGC would be entitled to obtain a decree adjudicating that any Material Plan must be terminated; or

(l) the Borrower shall fail to maintain the insurance required by the Reimbursement Agreement or any such insurance policy shall expire or be canceled; or

(m) the dissolution, termination or merger of Borrower, General Partner or Guarantor unless within the ninety (90) day period immediately following such dissolution or termination of any Guarantor (i) Borrower provides Bank with a substitute guarantor whose creditworthiness and real estate experience and skills are comparable to those of the original guarantor and who is otherwise acceptable to Bank in Bank's sole discretion, and (ii) such substitute guarantor executes a guaranty in favor of Bank in form and substance substantially similar to the existing guaranty and otherwise satisfactory to Bank; or

(n) the Borrower shall fail to perform or observe any term, covenant or agreement contained in the Reimbursement Agreement other than as described in Article VIII of the Reimbursement Agreement, and any such failure shall remain unremedied for 30 days after written notice thereof shall have been given to the Borrower by the Bank; provided, however, that if the default or failure stated in any such notice is of a nature so as not to be reasonably capable of being corrected within the applicable period, it shall not constitute the basis of an Event of Default under the Reimbursement Agreement if (i) corrective action capable of remedying such failure is instituted by the Borrower within the applicable period and diligently pursued until the failure is corrected; (ii) the Borrower shall have certified to the Bank, prior to the end of the applicable period, that corrective action capable of remedying such failure has been instituted and is being diligently pursued and that such corrective action will be diligently pursued until said failure is corrected; and (iii) said failure is corrected within 60 days following the initial notice to the Borrower or within such longer period as to which the Bank agrees in writing.

Capitalized terms used under this caption have the following meanings:

"*Acceleration Drawing*" means a draw on the Letter of Credit to pay the principal of and accrued interest in respect of Bonds, the payment of which has been accelerated pursuant to the Indenture.

"*Change of Status*" means either (a) the Borrower shall cease to be an Illinois limited partnership, or (b) the General Partner shall cease to be an Illinois not-for-profit corporation, or

(c) without the prior written approval of Bank, there shall occur any transfer, hypothecation, assignment, conveyance or pledge of any (i) partnership interest in the Borrower, other than as otherwise expressly permitted by the Security Documents or (ii) equity interest in any General Partner. Notwithstanding the foregoing, (a) any removal and replacement of any General Partner by the Investor Limited Partner (as defined in the Reimbursement Agreement) in accordance with the Partnership Agreement (as defined in the Reimbursement Agreement) and (b) after making the Initial Required Redemption Deposits (as defined in the Reimbursement Agreement), any transfer by the Investor Limited Partner of its limited partnership interest in the Borrower to an Affiliate (as defined in the Reimbursement Agreement) of Investor Limited Partner shall not constitute a "Change of Status."

"*Closing Date*" means the date on which the Letter of Credit is issued.

"*Controlled Group*" means all members of a controlled group of corporations and all trades or businesses (whether or not incorporated) under common control which, together with the Borrower or the General Partner, are treated as a single employer under the Code.

"*ERISA*" means the Employee Retirement Income Security Act of 1974, as amended, and any successor statute of similar import, together with the regulations thereunder, in each case as in effect from time to time.

"*Obligations*" means the fees relating to the Letter of Credit, any and all obligations of the Borrower to reimburse the Bank for any drawing under the Letter of Credit, and all other obligations of the Borrower to the Bank arising under or in relation to the Reimbursement Agreement, the Hedge Agreement (as defined in the Reimbursement Agreement) and the Security Documents.

"*PBGC*" means the Pension Benefit Guaranty Corporation and any entity succeeding to any or all of its functions under ERISA.

"*Person*" means an individual, a corporation, a limited liability company, an association, a joint stock company, a business trust, a partnership, a joint venture, an unincorporated organization, or any other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

"*Plan*" means, with respect to the Borrower, the General Partner and each Subsidiary at any time, an employee pension benefit plan which is covered by Title IV of ERISA or subject to the minimum funding standards under the Code and either (i) is maintained by a member of the Controlled Group for employees of a member of the Controlled Group of which the Borrower, or the General Partner or such Subsidiary is a part, (ii) is maintained pursuant to a collective bargaining agreement or any other arrangement under which more than one employer makes contributions and to which a member of the Controlled Group of which the Borrower, the General Partner or such Subsidiary is a part is then making or accruing an obligation to make contributions or has within the preceding five plan years made contributions.

"*Security Documents*" means those documents set forth in the Reimbursement Agreement as describing the security for the Letter of Credit and the obligations of the Borrower under the Reimbursement Agreement.

"*Subsidiary*" of any Person means (i) a corporation of which shares of stock having ordinary voting power (other than stock having such power only by reason of the happening of a contingency) to elect a majority of the directors of such corporation are owned, directly or indirectly, by such Person or (ii) a company of which a majority of the equity interest is owned directly or indirectly by such Person or (iii) a limited liability company of which a majority of the membership or management interest is owned directly or indirectly by such Person.

"*Substantial Completion Date*" means the earlier to occur of (a) December 1, 2013 and (b) the date that the construction of the Project is Substantially Complete.

"*Unfunded Vested Liabilities*" means, with respect to any Plan at any time, the amount (if any) by which (i) the present value of all vested nonforfeitable accrued benefits under such Plan exceeds (ii) the fair market value of all Plan assets allocable to such benefits, all determined as of the then most recent valuation date for such Plan, but only to the extent that such excess represents a potential liability of a member of the Controlled Group to the PBGC or such Plan under Title IV of ERISA.

#### REPLACEMENT OF LETTER OF CREDIT

Notwithstanding any provisions of the applicable Indenture to the contrary, the Borrower agrees not to replace any Letter of Credit (or to direct the Trustee to terminate any Letter of Credit without a replacement letter of credit being substituted therefore) prior to, if the Bonds are then rated by Standard & Poor's, a Division of The McGraw-Hill Companies, Inc. ("*S&P*"), the date on which S&P shall have lowered or withdrawn either the long-term rating on the Bonds backed by the Bank's Letter of Credit below "A" or the short-term rating on the Bonds backed by the Bank's Letter of Credit below "A-1."

#### OPTIONAL REDEMPTION REQUIREMENT

The Borrower will cause the Trustee to redeem Bonds pursuant to the optional redemption provisions of the Indenture in accordance with the Reimbursement Agreement. The Borrower further agrees to timely act in accordance with the terms, conditions and requirements of the Indenture to effect the redemption of the Bonds in the amounts (each a "*Redemption Amount*") and on the dates (each a "*Redemption Date*") set forth in the Reimbursement Agreement. Such actions by the Borrower shall include directing the Trustee to make a Redemption Drawing on the Letter of Credit to pay the principal amount of, and accrued interest on, the Bonds to be redeemed on each Redemption Date. The amount of each such Redemption Drawing will be deposited by the Bank into the Bond Fund established under the Indenture to redeem Bonds in the applicable Redemption Amount on the applicable Redemption Date as set forth in the Reimbursement Agreement.

## UNDERWRITING

Blaylock Robert Van, LLC (the "*Underwriter*"), has agreed to purchase the Bonds pursuant to a Bond Purchase Agreement among the City, the Underwriter and the Borrower (the "*Purchase Agreement*"). The Underwriter agrees to purchase the Bonds at the aggregate purchase price of \$3,700,000 (which represents the aggregate principal amount of the Bonds). The Underwriter will be paid an underwriting fee for its services in the amount of \$33,300.00, from which the Underwriter will be reimbursed for certain fees and expenses. The obligation of the Underwriter to accept delivery of the Bonds is subject to various conditions set forth in the Purchase Agreement, and the Underwriter is obligated to purchase all of the Bonds if it purchases any of the Bonds.

The Underwriter reserves the right to join with dealers and other underwriters in offering the Bonds to the public, and may offer and sell the Bonds to certain dealers and others at prices lower than the public offering prices thereof. After the initial public offering, the public offering price may be changed from time to time by the Underwriter.

The Borrower has agreed, pursuant to the Purchase Agreement, to indemnify the City, the Underwriter and certain other parties against certain liabilities relating to this Official Statement.

Blaylock Robert Van, LLC will be the initial Remarketing Agent for the Bonds and will be paid a fee for its services. See "REMARKETING" below.

## REMARKETING

Blaylock Robert Van, LLC has been appointed by the Issuer and the Borrower pursuant to the Indenture and the Remarketing Agreement to act as Remarketing Agent for the purposes described in the Indenture (in such capacity, the "*Remarketing Agent*"). The principal office of the Remarketing Agent is located at 600 Lexington Avenue, 3<sup>rd</sup> Floor, New York, NY 10022. The Remarketing Agent, under certain circumstances, is to determine the interest rates on the Bonds, use its best efforts to remarket the Bonds, subject to optional or mandatory tender for purchase, and may from time to time effect purchases of the Bonds. For its services as Remarketing Agent, Blaylock Robert Van, LLC will be paid a fee per annum equal to one-tenth of 1% of the aggregate principal amount of the Bonds Outstanding, payable annually in advance on each October 1, commencing on the date of delivery of the Bonds. The Remarketing Agent may resign upon 60 days' notice to the Issuer, the Bank, the Trustee, and the Borrower. The Remarketing Agent may be removed at any time by the Issuer, at the direction of the Borrower, by an instrument filed with the Remarketing Agent and the Trustee with the prior written consent of the Bank. A successor remarketing agent is to be appointed by the Issuer at the direction of the Borrower and with the consent of the Bank. Any removal of the Remarketing Agent will not take effect until the appointment of a successor Remarketing Agent.

## FINANCIAL ADVISOR

Public Finance Advisors LLC has served as financial advisor (the "*Financial Advisor*") to the Issuer in connection with the issuance and sale of the Bonds. The Financial Advisor is not obligated to undertake and has not undertaken any independent verification of, or assume any responsibility for, the accuracy, completeness, or fairness of the information contained in this Official Statement.

## TAX MATTERS

### BOND COUNSEL OPINION

In the opinion of Schiff Hardin LLP, Chicago, Illinois ("Bond Counsel"), under present law, interest on the Bonds is excludable from the gross income of their owners under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), for federal income tax purposes, except for interest on any Bond for any period during which such Bond is owned by a person who is a "substantial user" of the Project or a "related person" as defined in Section 147(a) of the Code. Bond counsel's opinion is conditioned on continuing compliance by the Issuer and the Borrower with certain ongoing covenants, described below (the "*Tax Covenants*"), intended to assure the excludability of interest on the Bonds from gross income under Section 103 of the Code. Failure to comply with such covenants could cause interest on the Bonds to lose the exclusion from gross income for federal income tax purposes retroactive to their date of issue.

The proposed form of Bond Counsel's opinion with respect to the Bonds is attached to this Official Statement as Appendix B.

The interest on the Bonds is not a specific preference item or included in adjusted current earnings for purposes of the federal individual or corporate alternative minimum taxes.

Interest on the Bonds is not exempt from income taxation under the laws of the State of Illinois.

Bond Counsel's opinion will be based upon facts known or certified to Bond Counsel and laws in effect on its date and will speak as of that date. The opinions stated in Bond Counsel's opinion will be expressions of professional judgment based upon such facts and law and are not a guaranty of a result if the validity or tax-exempt status of the Bonds are challenged. Bond Counsel has not undertaken any obligation to revise or supplement its opinion to reflect any facts or circumstances that may come to its attention after the date of the Bond Counsel opinion or any changes in law that may occur after that date.

### CERTAIN ONGOING FEDERAL TAX REQUIREMENTS AND COVENANTS

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be and remain excludable from gross income under Section 103 of the Code. These requirements include, but are not

limited to, requirements relating to use and expenditure of gross proceeds of the Bonds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the federal government. Noncompliance with such requirements may cause interest on the Bonds to become included in gross income for federal income tax purposes retroactive to their date of issue, irrespective of the date on which such noncompliance occurs or is discovered. The Issuer and the Borrower will covenant not to take any action or fail to take any action within their respective power and control with respect to the Bonds that would result in the loss of the exclusion from gross income for federal income tax purposes of interest on the Bonds pursuant to Section 103 of the Code. The Indenture, the Loan Agreement and certain certificates and agreements to be delivered on the date of delivery of the Bonds will include such covenants and will establish procedures under which compliance with the requirements of the Code can be met. The Issuer also has required or will require the Borrower to make certain covenants in the applicable loan documents relating to compliance with the requirements of the Code. No assurance can be given, however, that in the event of a breach of any such covenant, the remedies available to the Issuer or the owners of the Bonds can be enforced judicially in a manner to assure compliance with the Code and therefore to prevent the loss of the exclusion from gross income of the interest on the Bonds for federal income tax purposes.

#### LOW INCOME SET-ASIDE REQUIREMENTS UNDER THE CODE

The Bonds are subject to the low income set-aside and other requirements for qualified residential rental projects under the Code which are described briefly in this paragraph. The Code requires that at least 95 percent of the net proceeds of exempt facility bonds under Section 142(a)(7) (after reduction for amounts applied to fund a reasonably required reserve fund) be used to provide "qualified residential rental projects." The Code defines a residential rental project as a project containing units with separate and complete facilities for living, sleeping, eating, cooking, and sanitation that are available to the general public and are to be used on other than a transient basis. Section 142(d) of the Code requires that either (i) at least 20% of the completed units in a project to be financed with the proceeds of the Bonds be continuously occupied during the "qualified project period" by individuals and families whose annual adjusted income does not exceed 50% of the area median income (with adjustments for family size), or (ii) at least 40% of the completed units in a project to be financed with the proceeds of the Bonds be continuously occupied during the qualified project period by individuals and families whose annual adjusted income does not exceed 60% of the area median income (with adjustments for family size). The Issuer will make elections on the applicable low income set-aside requirements with respect to the project expected to be financed with the proceeds of the Bonds prior to the issuance date of the Bonds (the "*Development*"). In addition, all of the units in the Development must be rented or available for rental on a continuous basis throughout the applicable qualified project period. The Code defines the "qualified project period" as the period beginning on the first day upon which 10% of the units in a project are occupied and ending on the latest of (i) the date that is 15 years after the date upon which 50% of the residential units in such project are occupied, (ii) the first day on which no tax-exempt private activity bond issued with respect to such project is outstanding, or (iii) the date upon which any assistance provided with respect to such project under Section 8 of the United States Housing Act of 1937, as amended, terminates. The Development generally will meet the continuing low income set aside requirement so long as a tenant's income does not increase to more than 140% of the applicable income limitation.

Generally, upon an increase of a tenant's income over 140% of the applicable income limitation, the next available unit of comparable or smaller size in the Development must be rented to a tenant whose income does not exceed the applicable income limitation. The Code requires annual certifications to be made to the Secretary of the Treasury regarding compliance with the applicable income limitations.

#### CERTAIN COLLATERAL FEDERAL TAX CONSEQUENCES

The following is a brief discussion of certain collateral federal income tax matters with respect to the Bonds. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of a Bond. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Bonds. Bond Counsel will express no opinion regarding any such collateral federal income tax matters.

Prospective owners of the Bonds should be aware that the ownership of such obligations may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S Corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security or railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for federal income tax purposes. The extent of these collateral tax consequences will depend upon such owner's particular tax status and other items of income or deduction, and Bond Counsel has expressed no opinion regarding any such consequences. Purchasers of the Bonds should consult their tax advisors as to the tax consequences of purchasing or owning the Bonds. Interest on the Bonds may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

#### INFORMATION REPORTING AND BACKUP WITHHOLDING

Information reporting requirements apply to interest paid on tax-exempt obligations, including the Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification", or unless the recipient is one of a limited class of exempt recipients, including corporations. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding", which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Bonds from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the

owner's federal income tax once the required information is furnished to the Internal Revenue Service.

#### RISK OF AUDIT

The Internal Revenue Service ("*IRS*") conducts a program of audits of issues of tax-exempt obligations to determine whether, in the view of the IRS, interest on such obligations is properly excluded from the gross income of the owners of such obligations for federal income tax purposes. Whether or not the IRS will decide to audit the Bonds cannot be predicted. If the IRS begins an audit of the Bonds, under current IRS procedures, the IRS will treat the Issuer as the taxpayer subject to the audit and the holders of the Bonds may not have the right to participate in the audit proceedings. The fact that an audit of the Bonds is pending could adversely affect the liquidity or market price of the Bonds until the audit is concluded even if the result of the audit is favorable.

#### LEGISLATION AND REGULATORY ACTIONS

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters described above or adversely affect the market value of the Bonds. An example is the American Jobs Act of 2011 (S. 1549), proposed by the President and introduced in the Senate on September 13, 2011. If enacted as introduced, a provision of S. 1549 would limit the amount of exclusions (including tax-exempt interest) and deductions available to certain high income taxpayers for taxable years after 2012, and as a result could affect the market price or marketability of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to obligations such as the Bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed which, if implemented or concluded in a particular manner, could adversely affect the market value or liquidity of the Bonds. It cannot be predicted whether any such regulatory action will be implemented or whether and to what extent the Bonds or their market value or liquidity would be affected. Bond Counsel will express no opinion with respect to any pending legislation or regulatory initiatives. Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation or regulatory initiatives.

#### LEGAL MATTERS

##### GENERAL

The Bonds are offered subject to prior sale, when, as and if issued by the Issuer, subject to the issuance of an approving legal opinion by Schiff Hardin LLP, Chicago, Illinois, Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the Borrower by Applegate & Thorne-Thomsen, P.C., Chicago, Illinois, for the Issuer by its Corporation Counsel, for the Bank as issuer of the Letter of Credit by Charity & Associates, P.C., Chicago, Illinois and for the Underwriter by Burke Burns & Pinelli, Ltd., Chicago, Illinois.



## EXERCISE OF REMEDIES

The various legal opinions to be delivered concurrently with the delivery of the Bonds and the execution and delivery of the Indenture, the Agreement, the Note and the Letter of Credit will be qualified to the extent that the enforceability of certain legal rights related to the Bonds and such documents is subject to limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally and by equitable remedies and proceedings generally.

## LITIGATION

### ISSUER

There is no litigation pending or, to the best of the Issuer's knowledge, threatened, seeking to restrain or enjoin the issuance or delivery of the Bonds, in any way contesting the validity or enforceability of the Bonds or the Indenture or materially adversely affecting the collection, pledge or application of any moneys or security provided for the payment of the Bonds.

### BORROWER

There is no litigation, to which the Borrower is a party, pending or, to the best of the Borrower's knowledge, threatened, which in any way questions or affects the validity of the Bonds or the documents relating thereto, or any proceedings or transactions relating to the issuance, sale and delivery of the Bonds, or which in any way contest the existence or powers of the Borrower, and there is no litigation or proceedings pending against the Borrower which is not fully covered by liability insurance, or which in the aggregate could have a material adverse effect on the financial condition or the operations of the Borrower.

## DESCRIPTION OF RATING

S&P has issued a rating of "A+/A-1" for the Bonds. No application has been made to any other rating agency in order to obtain additional ratings on the Bonds. The rating reflects the current assessment of the creditworthiness of the Bank. See "BONDHOLDERS' RISK - LETTER OF CREDIT" and APPENDIX A - "THE BANK." Any explanation of the significance of the rating may be obtained from S&P. The rating is not a recommendation to buy, sell or hold the Bonds. The rating described herein is subject to revision or withdrawal at any time by S&P, and such revisions or withdrawals may affect the market price and/or marketability of the Bonds. The Underwriter, the Issuer, the Borrower, the Remarketing Agent and the Bank have undertaken no responsibility after the issuance of the Bonds to assume the maintenance of the rating described herein or to oppose any such revision or withdrawal.

## CONTINUING DISCLOSURE

The Borrower will enter into an Undertaking for the benefit of the Bondholders under which it will be obligated to send certain information related to operations of the Project annually and to provide notice of certain events to the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access system pursuant to the requirements of Section (b)(5) of Rule 15c2-12 (the "*Rule*") adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934. A copy of the form of Undertaking is attached as APPENDIX C.

The Borrower will enter into the Undertaking with Seaway Bank and Trust Company, in Chicago, Illinois, which will act as Dissemination Agent with respect to information required to be filed thereunder. The Issuer will have no liability to the Holders of the Bonds or any other person with respect to such disclosure. The Issuer has not made and will not make any provision to provide any annual financial statements or other credit information of the Borrower to investors on a periodic basis. Failure of the Borrower to comply with the Undertaking is not considered an Event of Default under the Indenture or the Agreement; and beneficial owners of the Bonds are limited to the remedies described in the Undertaking. (See APPENDIX C). A failure by the Borrower to comply with an Undertaking must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

## MISCELLANEOUS

The references to the Indenture, the Agreement, the Regulatory Agreement and the Note are brief outlines of certain provisions thereof. Such outlines do not purport to be complete and for full and complete statements of the provisions thereof reference is made to the Indenture, the Agreement, the Regulatory Agreement and the Note. Copies of such documents are on file at the office of the Issuer and following delivery of the Bonds will be on file at the principal corporate office of the Trustee.

The Issuer has not participated in the preparation of this Official Statement and has not made an independent investigation with respect to the information contained herein, and the Issuer assumes no responsibility for the accuracy or completeness of the information contained herein other than the information contained under the captions "*THE ISSUER*" and "*LITIGATION - ISSUER.*"

The attached Appendices are integral parts of this Official Statement and must be read together with all of the foregoing statements.

The Issuer has consented to the distribution of this Official Statement by the Underwriter to prospective purchasers of the Bonds and this Official Statement has been approved by the Borrower for distribution by the Underwriter to prospective purchasers of the Bonds.

The distribution of this Official Statement has been duly authorized by the Borrower.

CHURCHVIEW MANOR PRESERVATION, L.P.,  
an Illinois limited partnership

By: Churchview Manor Preservation, NFP, an  
Illinois not for profit corporation

Its: General Partner

By: /s/ Ghian Foreman

Title: President

## APPENDIX A

### THE BANK

*The information contained in this Appendix A to this Official Statement relates to and has been supplied by the Bank. The delivery of this Official Statement does not create any implication that there has been no change in the affairs of the Bank since the date hereof, or that the information contained or referred to in this Appendix A is correct as of any time subsequent to its date. Neither the Issuer, the Underwriter, the Borrower nor the Remarketing Agent makes any representation or warranty as to the accuracy or completeness of the information contained in this Appendix A.*

### BMO HARRIS BANK N.A.

BMO Harris Bank N.A. (formerly known as Harris N.A.) (the "Bank"), with executive offices in Chicago, Illinois, is a wholly-owned subsidiary and the principal asset of BMO Bankcorp, Inc., a Delaware corporation ("BBI"). BBI is a wholly-owned indirect subsidiary of Bank of Montreal. The Bank is a commercial bank offering a wide range of banking and trust services to its customers throughout the United States and around the world. On July 5, 2011, in connection with the acquisition by Bank of Montreal of Marshall & Isley Corporation, M&I Marshall & Isley Bank merged with and into the Bank, with the Bank surviving.

Each quarter, the Bank files quarterly reports called "Consolidated Reports of Condition and Income for a Bank with Domestic and Foreign Offices" ("Call Reports"). Each Call Report may be obtained from the FDIC on its website at <http://www.fdic.gov>, or by a written request directed to: BMO Harris Bank N.A., 111 West Monroe Street, P.O. Box 755, Chicago, Illinois 60690, Attention: Public Relations Department. The financial information referenced in this paragraph is *not* incorporated by reference into this Appendix A.

The Letter of Credit will be solely an obligation of the Bank, and will not be an obligation of, or otherwise guaranteed by BBI, and no assets of BBI (other than those of the Bank) or any other affiliate of the Bank will be pledged to the payment thereof.

The above information has been supplied by the Bank. The delivery of the information in this Appendix A shall not create any implication that there has been no change in the affairs of the Bank since the date such information was provided by the Bank, or that the information contained or referred to in this Appendix A is correct as of any time subsequent to the date it was provided by the Bank.

Neither the Bank nor its affiliates make any representations as to the contents of this Official Statement (except as to this Appendix A), the suitability of the Bonds for any investor, the feasibility or performance of any project or compliance with any securities or tax laws and regulations.

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APPENDIX B

FORM OF OPINION OF BOND COUNSEL

October \_\_, 2012

City of Chicago  
Chicago, Illinois

Churchview Manor Preservation L.P.  
c/o Greater Southwest Development  
Corporation  
Chicago, Illinois

BMO Harris Bank N.A.,  
as Letter of Credit Bank  
Chicago, Illinois

Blaylock Robert Van, LLC  
Chicago, Illinois

Seaway Bank and Trust Company,  
as Trustee  
Chicago, Illinois

**Re:   City of Chicago**  
**\$3,700,000 Variable Rate Demand Multi-Family Housing Revenue Bonds**  
**(Churchview Manor Senior Apartments), Series 2012 (the "Bonds")**

We have acted as Bond Counsel to the City of Chicago (the "**City**") in connection with the issuance today of \$3,700,000 Variable Rate Demand Multi-Family Housing Revenue Bonds (Churchview Manor Senior Apartments), Series 2012 (the "**Bonds**"). The Bonds are being issued pursuant to a Trust Indenture, dated as of October 1, 2012 (the "**Indenture**"), between the City and Seaway Bank and Trust Company, as trustee (the "**Trustee**"), and an Ordinance adopted by the City Council of the City on May 9, 2012 (the "**Ordinance**"). The Bonds are dated today and mature as to principal on February 1, 2031. The Bonds bear interest at the interest rates in effect from time to time, and payable, as described in the Indenture, until the principal sum is paid; subject to redemption prior to maturity as set forth in the Indenture, subject to optional and mandatory tender for purchase as set forth in the Indenture. The Bonds are registered in the name of Cede & Co., or registered assigns.

The proceeds of the Bonds will be lent to Churchview Manor Preservation L.P. (the "**Borrower**") pursuant to a Loan Agreement, dated as of October 1, 2012 (the "**Loan Agreement**"), between the City and the Borrower. The funds lent to the Borrower pursuant to the Loan Agreement will be used by the Borrower to finance a portion of the costs of the acquisition, rehabilitation, construction, and equipping the Churchview Manor Senior Apartments (the "**Development**"), a residential facility for seniors consisting of approximately 60 units in one building located on property at 2626 West 63<sup>rd</sup> Street in Chicago, Illinois. In connection with the issuance of the Bonds, the City, the Trustee and the Borrower have entered

into a Regulatory Agreement and Declaration of Restrictive Covenants, dated as of October 1, 2012 (the "**Regulatory Agreement**").

Payment of principal and interest on the Bonds, and the purchase price of the Bonds upon their mandatory or optional tender, is secured by an irrevocable, transferable Letter of Credit issued by BMO Harris Bank N.A. (the "**Bank**") in favor of the Trustee on behalf of the owners of the Bonds (the "**Letter of Credit**"), pursuant to the Letter of Credit and Reimbursement Agreement dated as of October 1, 2012, by and between the Borrower and the Bank (the "**Letter of Credit Agreement**").

As Bond Counsel, we have examined the following:

(a) The Ordinance authorizing and approving, among other things, the following:

(i) the execution and delivery of the Loan Agreement;

(ii) the execution and delivery of the Indenture, pursuant to which the City has assigned and pledged its right, title and interest in and to the Loan Agreement and the Note (except certain rights) and the other property described in those documents;

(iii) the execution and delivery of the Tax Exemption Certificate and Agreement, dated as of October 1, 2012, by and among the City, the Trustee and the Borrower (the "**Tax Agreement**");

(iv) the execution and delivery of the Bond Purchase Agreement dated October 23, 2012, by and among the City, the Borrower and Blaylock Robert Van, LLC, as the Underwriter (the "**Purchase Agreement**");

(v) the Regulatory Agreement; and

(vi) the issuance and sale of the Bonds.

(b) Executed counterparts of the Agreement, the Indenture, the Tax Agreement, the Purchase Agreement, the Letter of Credit, the Reimbursement Agreement and the Remarketing Agreement, dated as of October 1, 2012, between the Borrower and Blaylock Robert Van, LLC, as Remarketing Agent.

(c) The form of Bonds.

(d) The opinion of Applegate & Thorne-Thomsen, Chicago, Illinois, counsel to the Borrower, dated today, a copy of which has been delivered to you.

(e) Such other matters of law and documents, instruments, opinions and showings deemed appropriate and necessary by us.

The Indenture, the Agreement, the Purchase Agreement, the Regulatory Agreement and the Tax Agreement are collectively referred to in this opinion as the "City Documents."

Based upon the foregoing, we are of the opinion that, as of today:

1. The City is a municipal corporation duly existing under the Constitution and laws of the State of Illinois, and is a home rule unit of local government within the meaning of Article VII, Section 6(a) of the Illinois Constitution of 1970. The City has all requisite, power and authority under the Constitution and laws of the State of Illinois to adopt the Ordinance to enter into the City Documents and to issue and deliver the Bonds.

2. The City Documents have been duly authorized by all necessary action on the part of the City, have been duly executed and delivered by authorized officers of the City and, assuming the due authorization, execution and delivery thereof by the other parties thereto, constitute the legal, valid and binding obligations of the City, enforceable against the City in accordance with their terms.

3. The Bonds have been duly and validly authorized by the City and issued in accordance with law and the Ordinance. The Bonds are valid and legally binding special limited obligations of the City enforceable in accordance with their terms, secured in the manner and to the extent provided in the Indenture and entitled to the benefits of the Indenture and the Act.

4. The Bonds are not general obligations of the City and the full faith and credit of the City are not pledged to their payment. No owner of any Bond has the right to compel the taxing power of the City to pay the principal of, premium, if any, or interest on the Bonds.

5. Subject to compliance by the City and the Borrower with certain covenants made to satisfy pertinent requirements of the Internal Revenue Code of 1986, as amended (the "Code"), under present law, interest on the Bonds is not includible in gross income of their owners for federal income tax purposes, except for interest on any Bond for any period during which such Bond is owned by a person who is a substantial user of the Development or any person considered to be related to such person within the meaning of Section 147(a) of the Code; however, such interest is included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations under the Code. Failure to comply with certain of such covenants could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. Ownership of the Bonds may result in other federal tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Bonds.



6. Interest on the Bonds is not exempt from Illinois income taxes.

The rights of the owners of the Bonds and the enforceability of the Bonds, and the City Documents may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights. Enforcement of provisions of the Bonds and the City Documents by an equitable or similar remedy is subject to general principles of equity or law governing such a remedy, including the exercise of judicial discretion whether to grant a particular form of relief.

Respectfully submitted,

## APPENDIX C

### FORM OF UNDERTAKING

#### CONTINUING DISCLOSURE UNDERTAKING FOR THE PURPOSE OF PROVIDING CONTINUING DISCLOSURE INFORMATION UNDER SECTION (b)(5) OF RULE 15c2-12

This Continuing Disclosure Undertaking (this "*Agreement*") is executed and delivered by Churchview Manor Preservation, L.P., an Illinois limited partnership (the "*Borrower*") and Seaway Bank and Trust Company, a banking corporation having its principal corporate trust office in Chicago, Illinois, as Dissemination Agent (the "*Dissemination Agent*"), in connection with the issuance by the City of Chicago (the "*Issuer*") of its \$3,700,000 aggregate principal amount of Variable Rate Demand Multi-Family Housing Revenue Bonds (Churchview Manor Senior Apartments), Series 2012 (the "*Bonds*"). The Bonds are being issued pursuant to a Trust Indenture dated as of October 1, 2012 (the "*Indenture*"), between the Issuer and Seaway Bank and Trust Company, as trustee, and a Loan Agreement dated as of October 1, 2012 (the "*Loan Agreement*"), between the Issuer and the Borrower.

In consideration of the issuance of the Bonds by the Borrower and the purchase of the Bonds by the beneficial owners thereof, the Borrower covenants and agrees as follows:

1. **PURPOSE OF THIS AGREEMENT.** This Agreement is executed and delivered by the Borrower and the Dissemination Agent for the benefit of the beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with the requirements of the Rule (as defined below). The Borrower represents that it will be the only obligated person with respect to the Bonds at the time the Bonds are delivered to the Participating Underwriter and that no other person is expected to become so committed at any time after issuance of the Bonds. The Borrower and the Dissemination Agent acknowledge that the Issuer has undertaken no responsibility with respect to any reports, notices or disclosures provided or required under this Agreement, and has no liability to any Person, including any Holder or Beneficial Owner of the Bonds, with respect to the Rule (defined below).

2. **DEFINITIONS.** In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Agreement unless otherwise defined in this Agreement, the terms set forth below shall have the following meanings in this Agreement, unless the context clearly otherwise requires.

*Annual Financial Information* means the financial information and operating data described in *Exhibit I*.

*Annual Financial Information Disclosure* means the dissemination of disclosure concerning Annual Financial Information as set forth in Section 4.

*Audited Financial Statements* means the audited financial statements of the Borrower prepared pursuant to the standards and as described in *Exhibit I*.

*Commission* means the Securities and Exchange Commission.

*Dissemination Agent* means Seaway Bank and Trust Company, a banking corporation having its principal corporate trust office in Chicago, Illinois, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Borrower and which has filed with the Trustee a written acceptance of such designation.

*EMMA* means the MSRB through its Electronic Municipal Market Access system for municipal securities disclosure or through any other electronic format or system prescribed by the MSRB for purposes of the Rule.

*Exchange Act* means the Securities Exchange Act of 1934, as amended.

*MSRB* means the Municipal Securities Rulemaking Board.

*Official Statement* means the Final Official Statement, dated October 15, 2012, and relating to the Bonds.

*Participating Underwriter* means each broker, dealer or municipal securities dealer acting as an underwriter in the primary offering of the Bonds.

*Reportable Event* means the occurrence of any of the Events with respect to the Bonds set forth in *Exhibit II*.

*Reportable Events Disclosure* means dissemination of a notice of a Reportable Event as set forth in Section 5.

*Rule* means Rule 15c2-12 adopted by the Commission under the Exchange Act, as the same may be amended from time to time.

*State* means the State of Illinois.

*Undertaking* means the obligations of the Borrower pursuant to Sections 4 and 5.

3. CUSIP NUMBERS. The CUSIP Numbers of the Bonds are set forth in *Exhibit III*. The Borrower will include the CUSIP Numbers in all disclosure materials described in Sections 4 and 5 of this Agreement.

4. ANNUAL FINANCIAL INFORMATION DISCLOSURE.

(a) Subject to Section 8 of this Agreement, the Borrower shall or, upon delivery to the Dissemination Agent pursuant to paragraph (b) below, the Dissemination Agent shall, disseminate the Annual Financial Information (in the form and by the dates set forth in *Exhibit I*) to EMMA in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of

delivery of such information and by such time so that such entities receive the information by the dates specified. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents to be filed with EMMA, including financial statements and other externally prepared reports.

If any part of the Annual Financial Information can no longer be generated because the operations to which it is related have been materially changed or discontinued, the Borrower will disseminate a statement to such effect as part of its Annual Financial Information for the year in which such event first occurs.

If any amendment or waiver is made to this Agreement, the Annual Financial Information for the year in which such amendment or waiver is made (or in any notice or supplement provided to EMMA) shall contain a narrative description of the reasons for such amendment or waiver and its impact on the type of information being provided.

(b) Not later than five Business Days prior to the date specified in subsection (a) for providing the Annual Financial Information to EMMA, the Borrower shall provide the Annual Financial Information to the Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Borrower pursuant to this agreement, and shall have no duty or obligation to review any notice or report. If by five Business Days prior to such date, the Dissemination Agent has not received a copy of the Annual Financial Information, the Dissemination Agent shall contact the Borrower to notify the Borrower of the requirements of subsection (a) and this subsection (b).

(c) If the Dissemination Agent is unable to verify that the Annual Financial Information has been provided to EMMA by the date required in subsection (a), the Dissemination Agent shall send a notice to EMMA pursuant to this Agreement in the same manner as a Reportable Event.

## 5. REPORTABLE EVENTS DISCLOSURE.

(a) Subject to Section 8 of this Agreement, the Borrower hereby covenants that it will or, upon delivery of the information to the Dissemination Agent, the Dissemination Agent will, disseminate in a timely manner (not in excess of ten business days after the occurrence of the Reportable Event) Reportable Events Disclosure to EMMA in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents to be filed with EMMA, including financial statements and other externally prepared reports. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Bonds or defeasance of any Bonds need not be given under this Agreement any earlier than the notice (if any) of such redemption or defeasance is given to the Bondholders pursuant to the Indenture.

(b) Whenever the Borrower obtains knowledge of the occurrence of a Reportable Event, the Borrower shall, as soon as possible, determine if such event would be reportable under applicable federal securities laws.

(c) If the Borrower has determined that knowledge of the occurrence of a Reportable Event would be reportable under applicable federal securities laws, the Borrower shall notify the Dissemination Agent in writing as soon as possible but no later than 5 business days after the occurrence of the Reportable Event. Unless a form or exhibit has been provided in the Indenture or other governing document, the Borrower shall provide the notice to be disseminated and shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (e) within 10 business days after the occurrence of the Reportable Event.

(d) If the Borrower determines that the Reportable Event would not be reportable under applicable federal securities laws, the Borrower shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (e).

(e) If the Dissemination Agent has been instructed by the Borrower to report the occurrence of a Reportable Event, the Dissemination Agent shall file a notice of such occurrence with EMMA within 10 business days after the occurrence or as soon as practicable after receiving instruction from the Borrower.

6. CONSEQUENCES OF FAILURE OF THE BORROWER TO PROVIDE INFORMATION. In the event of a failure of the Borrower to comply with any provision of this Agreement, the beneficial owner of any Bond may seek mandamus or specific performance by court order, to cause the Borrower to comply with its obligations under this Agreement. A default under this Agreement shall not be deemed a default under the Indenture, and the sole remedy under this Agreement in the event of any failure of the Borrower to comply with this Agreement shall be an action to compel performance.

7. AMENDMENTS; WAIVER. Notwithstanding any other provision of this Agreement, the Borrower and the Dissemination Agent may amend this Agreement (and the Dissemination Agent shall agree to any amendment so requested by the Borrower, provided that the Dissemination Agent shall not be obligated to enter into any amendment increasing or affecting its duties or obligations), and any provision of this Agreement may be waived, if:

(a) (i) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, including without limitation, pursuant to a "no-action" letter issued by the Commission, a change in law, or a change in the identity, nature, or status of the Borrower, or type of business conducted; or

(ii) This Agreement, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(b) The amendment or waiver does not materially impair the interests of the beneficial owners of the Bonds, as determined by parties unaffiliated with the Borrower (such as Bond Counsel).

In the event that the Commission or the MSRB or other regulatory authority shall approve or require Annual Financial Information Disclosure or Reportable Events Disclosure to be made to a central post office, governmental agency or similar entity other than EMMA or in lieu of EMMA, the Borrower shall, if required, make such dissemination to such central post office, governmental agency or similar entity without the necessity of amending this Agreement.

8. TERMINATION OF UNDERTAKING. The Undertaking of the Borrower and the obligations of the Dissemination Agent under this Agreement shall be terminated hereunder if the Borrower shall no longer have any legal liability for any obligation on or relating to repayment of the Bonds under the Indenture. The Borrower shall or, upon delivery of the information to the Dissemination Agent, the Dissemination Agent shall, give notice to EMMA in a timely manner if this Section is applicable.

9. DISSEMINATION AGENT. The Borrower may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be Seaway Bank and Trust Company, a banking corporation having its principal corporate trust office in Chicago, Illinois. The Dissemination Agent may resign at any time by providing at least thirty (30) days written notice to the Borrower and the Bond Trustee.

10. ADDITIONAL INFORMATION. Nothing in this Agreement shall be deemed to prevent the Borrower from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Financial Information Disclosure or notice of occurrence of a Reportable Event, in addition to that which is required by this Agreement. If the Borrower chooses to include any information from any document or notice of occurrence of a Reportable Event in addition to that which is specifically required by this Agreement, the Borrower shall have no obligation under this Agreement to update such information or include it in any future disclosure or notice of occurrence of a Reportable Event.

11. BENEFICIARIES. This Agreement has been executed in order to assist the Participating Underwriter in complying with the Rule; however, this Agreement shall inure solely to the benefit of the Borrower, the Dissemination Agent, if any, and the beneficial owners of the Bonds, and shall create no rights in any other person or entity.

12. DUTIES, IMMUNITIES AND LIABILITIES OF THE DISSEMINATION AGENT. The Dissemination Agent shall have only such duties as are specifically set forth in this Agreement. The Dissemination Agent shall have no implied duties or obligations and shall not be charged with knowledge or notice of any fact or circumstance not specifically set forth herein. The Borrower agrees to indemnify and save the Dissemination Agent and its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of their powers and duties hereunder, including

the costs and expenses (including reasonable attorney's fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The Dissemination Agent shall be paid compensation by the Borrower for its services provided hereunder in accordance with its schedule of fees as agreed to between the Dissemination Agent and the Borrower from time to time. The Dissemination Agent shall have no duty or obligation to review any information provided to it by the Borrower hereunder and may rely upon any document, notice, instruction, request or other instrument, not only as to its due execution, validity and effectiveness, but also as to the trust, accuracy and completeness of any information contained therein, which Dissemination Agent shall believe to be genuine and to have been signed or presented by the person or parties purporting to sign the same. In no event shall the Dissemination Agent be liable for incidental, indirect, special, consequential or punitive damages (including, but not limited to lost profits), even if the Dissemination Agent has been advised of the likelihood of such loss or damage and regardless of the form of action. The Dissemination Agent shall not be deemed to be acting in any fiduciary capacity for the Borrower, the holders of the Bonds, Beneficial Owners or any other party. The obligations of the Borrower under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

13. NOTICES. Any notices or communications to or among any of the parties to this Disclosure Agreement may be given as follows:

The Borrower: Churchview Manor Preservation L.P.  
c/o Greater Southwest Development Corporation  
2601 West 63<sup>rd</sup> Street  
Chicago, Illinois 60629-1619  
Attention: Helen Jareczek  
Phone: (773) 362-3384  
Fax: (773) 471-8206

with a copy to: Applegate & Thorne-Thomsen  
626 West Jackson  
Suite 400  
Chicago, Illinois 60661  
Attention: Caleb Jewell  
Telephone: (312) 491-3325  
Fax: (312) 491-4411

The Dissemination Agent: Seaway Bank and Trust Company  
645 East 87<sup>th</sup> Street  
Chicago, Illinois 60619  
Attention: Corporate Trust  
Telephone: (773) 602-4156  
Facsimile: (773) 487-0452

14. RECORDKEEPING. The Dissemination Agent shall maintain records of disclosure of all Annual Financial Information and Reportable Events submitted to it by the Borrower,

including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

15. ASSIGNMENT. The Borrower shall not transfer its obligations under the Loan Agreement unless the transferee agrees to assume all obligations of the Borrower under this Agreement or to execute an Undertaking under the Rule.

16. COUNTERPARTS. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

17. GOVERNING LAW. This Agreement shall be governed by the laws of the State.

**CHURCHVIEW MANOR PRESERVATION L.P.**

By: Churchview Manor Preservation, NFP,  
an Illinois not-for-profit corporation  
Its: General Partner

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

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

By: \_\_\_\_\_  
Its: Authorized Signatory

Date: October \_\_, 2012



EXHIBIT I  
ANNUAL FINANCIAL INFORMATION AND TIMING AND AUDITED  
FINANCIAL STATEMENTS

*Annual Financial Information* means the Audited Financial Statements described in this Exhibit I.

All of the Annual Financial Information may be included by reference to other documents which have been submitted to EMMA or filed with the Commission. If the information included by reference is contained in a Final Official Statement, the Final Official Statement must be available on EMMA; the Final Official Statement need not be available from the Commission. The Borrower shall clearly identify each such item of information included by reference.

Annual Financial Information will be submitted to EMMA by 210 days after the last day of the Borrower's fiscal year (currently December 31). If Audited Financial Statements are not available when the Annual Financial Information is filed, unaudited financial statements shall be included.

Audited Financial Statements will be prepared in accordance with the accounting principles described in the Official Statement.

If any change is made to the Annual Financial Information as permitted by Section 4 of the Agreement, the Borrower will disseminate a notice of such change as required by Section 4.

EXHIBIT II  
EVENTS FOR WHICH MATERIAL EVENTS DISCLOSURE IS REQUIRED

1. Principal and interest payment delinquencies
2. Non-payment related defaults, if material
3. Unscheduled draws on debt service reserves reflecting financial difficulties
4. Unscheduled draws on credit enhancements reflecting financial difficulties
5. Substitution of credit or liquidity providers, or their failure to perform
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security
7. Modifications to the rights of security holders, if material
8. Bond calls, if material, and tender offers
9. Defeasances
10. Release, substitution or sale of property securing repayment of the securities, if material
11. Rating changes
12. Bankruptcy, insolvency, receivership or similar event of the Borrower\*
13. The consummation of a merger, consolidation, or acquisition involving the Borrower or the sale of all or substantially all of the assets of the Borrower, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material

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\* This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Borrower in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Borrower, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Borrower.

EXHIBIT III  
CUSIP NUMBERS

SERIES 2012 BONDS

MATURITY FEBRUARY 1	CUSIP
2031	167570 TJ9