



# City of Chicago



**F2022-69**

Office of the City Clerk

## Document Tracking Sheet

<b>Meeting Date:</b>	10/26/2022
<b>Sponsor(s):</b>	Dept./Agency
<b>Type:</b>	Communication
<b>Title:</b>	Notification of sale of Multi-Family Housing Revenue Bonds (Covent Apartments Project), Series 2022
<b>Committee(s) Assignment:</b>	



CITY OF CHICAGO



DEPARTMENT OF FINANCE

September 26, 2022

Anna M. Valencia  
Office of the City Clerk  
121 North LaSalle Street  
Room 107  
Chicago, Illinois 60602

Chicago City Clerk-Council Div.  
2022 SEP 26 PM 1:42  
JHRC

RE: Multi-Family Housing Revenue Bonds (Covent Apartments Project), Series 2022 (the "Bonds")

Dear Ms. Valencia:

Attached is the Funding Loan Notification which is required to be filed with your office pursuant to Section 6 of the ordinance authorizing the issuance of the City of Chicago Multi-Family Housing Revenue Bonds (Covent Apartments Project), Series 2022 (the "Bonds") in a principal amount not to exceed \$12,000,000 which was passed by the City Council on February 23, 2022.

Please direct this filing to the City Council.

Very Truly Yours,

Jennie Huang Bennett  
Chief Financial Officer

**CITY OF CHICAGO**

**\$10,196,000  
MULTIFAMILY HOUSING REVENUE BONDS  
(COVENT APARTMENTS PROJECT)  
SERIES 2022**

Chicago City Clerk-Council Div.  
2022 SEP 26 PM 1:43  
*ARC*

**NOTIFICATION OF SALE**

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 February 23, 2022 (the "Bond Ordinance"), providing for the issuance of the City's Multifamily Housing Revenue Bonds (Covent Apartments Project), Series 2022, in the aggregate principal amount of \$10,196,000 (the "Bonds"), (i) the Bonds; (ii) the Loan Agreement dated as of September 1, 2022 (the "Loan Agreement"), by and among the City, The Bank of New York Mellon Trust Company, N.A., a national banking association (the "Trustee"), and Covent Apartments, LLC, an Illinois limited liability company (the "Borrower"), (iii) the Bond Indenture dated as of September 1, 2022, by and between the City and the Trustee (the "Indenture"), (iv) the Bond Purchase Agreement dated September 19, 2022, by and among the City, the Borrower and RBC Capital Markets, LLC, (v) the Tax Compliance Agreement dated as of September 1, 2022, by and between the City and the Borrower (the "Tax Compliance Agreement"), and (vi) the Land Use Restriction Agreement dated as of September 1, 2022, by and between the City and the Borrower (the "LURA"), were executed and delivered by me, as the Chief Financial Officer of the City, in order to provide for the making of a loan to the Borrower. Capitalized terms defined in the Bond Ordinance are used with the same meanings herein.

The Bond Ordinance provided that:

- (i) the Bonds may be issued in such aggregate principal amount not to exceed \$12,000,000;
- (ii) the maximum term of the Bonds shall not exceed five (5) years from the date of execution and delivery of said Bonds;
- (iii) the Bonds shall bear interest at a rate or rates as provided in the Indenture (which shall not exceed the lesser of 4.0% or the maximum rate of interest allowable under state law) and shall be as determined by the Authorized Officer and shall be payable on the payment dates as set forth in the Indenture; and
- (iv) the provisions for execution, signatures, payment and prepayment, with respect to the Bonds shall be as set forth in the Indenture.

Attached hereto as Appendix A are the Terms of the Bonds. Attached hereto as Exhibits A, B, C, D, E and F respectively, are executed copies of the Loan Agreement, the Indenture, a specimen Bond, the Bond Purchase Agreement, the Tax Compliance Agreement and the LURA.

[Signature Page Follows]

Respectfully submitted this 23<sup>rd</sup> day of September, 2022.

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

A handwritten signature in black ink, appearing to read "JH Bennett", is written over a horizontal line.

Jennie Huang Bennett  
Chief Financial Officer



## ACKNOWLEDGEMENT OF FILING COVENT APARTMENTS PROJECT

By:

[SEAL]

## **APPENDIX A**

### **TERMS OF BONDS**

Re: Multifamily Housing Revenue Bonds (Covent Apartments Project), Series 2022 (the “Bonds”)

The Bonds are dated September 23, 2022, mature on September 1, 2025, are in the principal amount of \$10,196,000, and are payable on and in such places and in such manner, are subject to prepayment, and bear interest as described in the Indenture.

**EXHIBIT A**

**LOAN AGREEMENT**

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**LOAN AGREEMENT**

By and Among

**CITY OF CHICAGO, ILLINOIS,**  
as Issuer

and

**COVENT APARTMENTS, LLC,**  
as Borrower

and

**THE BANK OF NEW YORK  
MELLON TRUST COMPANY, N.A.,**  
as Bond Trustee

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Dated as of September 1, 2022

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Relating to:

\$10,196,000  
Multifamily Housing Revenue Bonds  
(Covent Apartments Project), Series 2022

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## TABLE OF CONTENTS

ARTICLE I. DEFINITIONS .....	2
<b>Section 1.01</b> Definitions.....	2
<b>Section 1.02</b> Interpretation.....	2
ARTICLE II. REPRESENTATIONS AND WARRANTIES .....	2
<b>Section 2.01</b> Representations and Warranties of Issuer.....	2
<b>Section 2.02</b> Representations and Warranties of Borrower .....	3
<b>Section 2.03</b> Borrower’s Representations Regarding Bonds and Project.....	6
ARTICLE III. PLAN OF FINANCING .....	8
<b>Section 3.01</b> Issuance of Bonds; Application of Proceeds. ....	8
<b>Section 3.02</b> The Loan .....	8
<b>Section 3.03</b> Mortgage Loan to Borrower; GNMA Certificates.....	8
<b>Section 3.04</b> Acquisition, Rehabilitation, Installation, Equipment and Improvement. ...	9
<b>Section 3.05</b> Plans and Specifications. ....	9
<b>Section 3.06</b> Disbursements from the Project Fund.....	9
<b>Section 3.07</b> Duties and Obligations of the Borrower. ....	10
<b>Section 3.08</b> Borrower Required to Pay Costs in Event Project Fund Insufficient. ....	10
<b>Section 3.09</b> Completion Date. ....	10
<b>Section 3.10</b> Remarketing of Bonds. ....	11
<b>Section 3.11</b> Investment of Fund Money. ....	11
<b>Section 3.12</b> Rebate Calculations and Payments. ....	11
ARTICLE IV. LOAN PAYMENTS; ELIGIBLE FUNDS; AND ADDITIONAL PAYMENTS	12
<b>Section 4.01</b> Loan Repayment; Delivery of Note.....	12
<b>Section 4.02</b> Eligible Funds .....	13
<b>Section 4.03</b> Bond Fund and Collateral Fund. ....	14
<b>Section 4.04</b> Additional Payments.....	14
<b>Section 4.05</b> Obligations of the Borrower Unconditional .....	16
<b>Section 4.06</b> Limited Obligation of Issuer .....	16
<b>Section 4.07</b> Assignment of Issuer’s Rights .....	16
ARTICLE V. SPECIAL COVENANTS .....	17
<b>Section 5.01</b> Access to the Project.....	17
<b>Section 5.02</b> Further Assurances and Corrective Instruments .....	17
<b>Section 5.03</b> Issuer and Borrower Representatives.....	17
<b>Section 5.04</b> Financing Statements .....	17
<b>Section 5.05</b> Insurance .....	18
<b>Section 5.06</b> Restriction on Plans and Specifications.....	18
<b>Section 5.07</b> Requisitions.....	18
<b>Section 5.08</b> Borrower Receipt of Insurance or Condemnation Proceeds.....	19
<b>Section 5.09</b> Financial Information.....	19
<b>Section 5.10</b> Environmental Requirements; Indemnity .....	19
ARTICLE VI. RESTRICTION ON TRANSFER .....	23
<b>Section 6.01</b> Borrower to Maintain its Existence; Sale of Project.....	23
ARTICLE VII. INDEMNIFICATION .....	24

<b>Section 7.01</b>	Indemnification of Issuer and Bond Trustee.....	24
<b>ARTICLE VIII. DEFAULTS AND REMEDIES.....</b>		26
<b>Section 8.01</b>	Defaults Defined .....	26
<b>Section 8.02</b>	Remedies on Default.....	27
<b>Section 8.03</b>	No Remedy Exclusive.....	28
<b>Section 8.04</b>	Agreement to Pay Attorneys' Fees and Expenses .....	28
<b>Section 8.05</b>	No Additional Waiver Implied by One Waiver.....	28
<b>Section 8.06</b>	Right to Cure.....	29
<b>Section 8.07</b>	Default by Issuer; Limited Liability .....	29
<b>ARTICLE IX. MISCELLANEOUS .....</b>		29
<b>Section 9.01</b>	Term of Agreement.....	29
<b>Section 9.02</b>	Notices; Publication of Notice .....	29
<b>Section 9.03</b>	Nonrecourse Liability of Borrower.....	30
<b>Section 9.04</b>	No Pecuniary Liability of Issuer .....	30
<b>Section 9.05</b>	Binding Effect.....	31
<b>Section 9.06</b>	Severability .....	31
<b>Section 9.07</b>	Amounts Remaining in Funds .....	31
<b>Section 9.08</b>	Amendments, Changes and Modifications .....	32
<b>Section 9.09</b>	Execution in Counterparts.....	32
<b>Section 9.10</b>	Applicable Law; Jury Trial .....	32
<b>Section 9.11</b>	Captions .....	33
<b>Section 9.12</b>	Mortgage Loan Documents and Regulations Control. ....	33
EXHIBIT A: Form of Promissory Note		
EXHIBIT B: Form of Requisition		
EXHIBIT C: Completion Certificate		

## LOAN AGREEMENT

THIS LOAN AGREEMENT (the “**Agreement**”) dated as of September 1, 2022, by and among CITY OF CHICAGO, a municipality and home rule unit of government duly organized and validly existing under the Constitution and the laws of the State of Illinois (the “**Issuer**”), COVENT APARTMENTS, LLC, an Illinois limited liability company (the “**Borrower**”) and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association having its principal corporate trust office in Chicago, Illinois, as trustee (the “**Trustee**” or “**Bond Trustee**”) under that certain Bond Indenture dated as of September 1, 2022, from the Issuer to the Bond Trustee securing the Bonds described below (the “**Bond Indenture**”).

### WITNESSETH:

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

**WHEREAS**, the Issuer has determined to issue, sell and deliver its \$10,196,000 Multi-Family Housing Revenue Bonds (Covent Apartments Project), Series 2022 (the “**Bonds**”) pursuant to the Bond Indenture, from the Issuer to the Bond Trustee, and to lend the proceeds thereof to the Borrower for the purpose of financing a low-income housing development project consisting of the acquisition, rehabilitation and equipping of an approximately 64-unit multifamily housing rental apartment complex being deconverted to approximately 30 units and located at 2653 North Clark Street, Chicago, Illinois (the “**Project**”); and

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

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

**WHEREAS**, the Issuer will pledge and assign the Promissory Note and this Loan Agreement to the Bond Trustee for the benefit of the Holders under the Assignment (contained in the Bond Indenture);

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

## **ARTICLE I. DEFINITIONS**

**Section 1.01 Definitions.** Terms used in this Loan Agreement and defined in the Bond Indenture shall have the meanings given to such terms in the Bond Indenture.

**Section 1.02 Interpretation.** Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Words importing the singular number shall include the plural number, and vice versa, unless the context shall otherwise indicate. References to Articles, Sections and other subdivisions of this Loan Agreement are to the Articles, Sections and other subdivisions of this Loan Agreement as originally executed. The headings of this Loan Agreement are for convenience and shall not define or limit the provisions hereof.

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

**Section 2.01 Representations and Warranties of Issuer.** The Issuer represents and warrants that:

(a) The Issuer is a municipal corporation and home rule unit of local government duly organized and validly existing under the Constitution and laws of the State of Illinois. Under the Constitution and laws of the State of Illinois, the Issuer has the power to enter into the transaction contemplated by this Loan Agreement, the Bond Indenture, the Bonds, the Land Use Restriction Agreement and the Assignment (collectively, the "Issuer Documents"), and to carry out its obligations hereunder and thereunder, including the full right, power and authority to pledge and assign this Loan Agreement and the Promissory Note to the Bond Trustee as provided herein. By proper action of the City Council of the Issuer, the Issuer has been duly authorized to execute and deliver the Issuer Documents.

(b) The Issuer is issuing the Bonds for the purpose of financing a portion of the Project Costs.

(c) The Bonds are to be issued under home rule powers of the Issuer under the Constitution of the State of Illinois and secured by the Bond Indenture, pursuant to which the right, title and interest of the Issuer in, to and with respect to this Loan Agreement, the Promissory Note and all documents to be executed by the Borrower in connection with the Bonds (other than with respect to the Issuer Reserved Rights) will be assigned and pledged to the Bond Trustee as security for payment of the principal of and interest on the Bonds as provided in the Bond Indenture.

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

(e) To the knowledge of the undersigned representatives of the Issuer, neither the execution and delivery of the Bonds, this Loan Agreement, the Land Use Restriction



Agreement or the Bond Indenture, the consummation of the transactions contemplated hereby and thereby, nor the fulfillment of or compliance with the terms, conditions or provisions of the Bonds, this Loan Agreement, the Land Use Restriction Agreement or the Bond Indenture conflict with or result in a material breach of any of the terms, conditions or provisions of any agreement, instrument, judgment, order, or decree to which the Issuer is now a party or by which it is bound, or constitute a material default under any of the foregoing.

(f) The Project is located entirely within the corporate boundaries of the City of Chicago, Illinois.

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

THE ISSUER MAKES NO REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE CREDITWORTHINESS OR THE ABILITY OF THE BORROWER TO MAKE THE PAYMENTS DUE UNDER THIS LOAN AGREEMENT OR THE PROMISSORY NOTE AND DOES NOT REPRESENT OR WARRANT AS TO ANY OF THE STATEMENTS, MATERIALS (FINANCIAL OR OTHERWISE), REPRESENTATIONS OR CERTIFICATIONS FURNISHED OR TO BE MADE AND FURNISHED BY THE BORROWER IN CONNECTION WITH THE ISSUANCE, SALE, EXECUTION AND DELIVERY OF THE BONDS, OR AS TO THE CORRECTNESS, COMPLETENESS OR ACCURACY OF SUCH STATEMENTS.

**Section 2.02 Representations and Warranties of Borrower.** The Borrower represents and warrants that:

(a) The Borrower is a limited liability company, duly organized, validly existing and in good standing under the laws of the State of Illinois. Covent NHP Manager, LLC is the managing member of the Borrower (the “**Managing Member**”). The Managing Member is a limited liability company duly organized and validly existing and in good standing under the laws of the State of Illinois.

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

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

(d) The Borrower will use and operate the Project in a manner consistent with the Act and in accordance with the applicable Land Use Restriction Agreement for as long as required by the Act and the Code and knows of no reason why the Project will not be so operated. If, in the future, there is a cessation of that operation, it will use its best efforts to resume that operation or accomplish an alternate use by the Borrower or others approved by the Issuer which will be consistent with the Act, the Code and the applicable Land Use Restriction Agreement.

(e) The Project will be completed in substantial accordance with the Plans and Specifications and the portion of the Project funded with the proceeds of the Bonds will constitute a qualified residential rental project within the meaning of Section 142(d) of the Code and will be operated and maintained in such manner as to conform in all material respects with all applicable zoning, planning, building, environmental and other applicable Governmental regulations and as to be consistent with the Act.

(f) The Project will be located entirely within the jurisdiction of the Issuer.

(g) The Borrower has obtained or will obtain all consents, approvals, permits, authorizations and orders of any governmental or regulatory agency that are required to be obtained by the Borrower as a condition precedent to the issuance of the Bonds, the execution and delivery of the Borrower Documents or the performance by the Borrower of its obligations thereunder, or that were or are required for the acquisition, rehabilitation, equipping and/or operation of the Project.

(h) No litigation at law or in equity or proceeding before any governmental agency involving the Borrower is pending or, to the best of its knowledge, threatened in which any liability of the Borrower is not adequately covered by insurance or in which any judgment or order would have a material adverse effect upon the business or assets of the Borrower or that would affect its existence or authority to do business, the acquisition, rehabilitation, equipping or operation of the Project, the validity of any Borrower Documents or the performance of its obligations thereunder.

(i) The Borrower is not in default in the payment of the principal of or interest on any of its indebtedness for borrowed money and is not in material default under any instrument under and subject to which any indebtedness has been incurred, and no event has occurred and is continuing that, under the provisions of any such agreement, with the lapse of time or the giving of notice, or both, would constitute an event of default by the Borrower thereunder.

(j) The Borrower is not in default under or in violation of, and the execution, delivery and compliance by the Borrower with the terms and conditions of the Borrower Documents do not and will not conflict with or constitute or result in a default by the Borrower in any material respect under or violate, (i) the Borrower's Organizational Documents, (ii) any agreement or other instrument to which the Borrower is a party or by which it or its assets are bound, or (iii) to the best of its knowledge, any constitutional or statutory provision or order, rule, regulation, decree or ordinance of any court, government or governmental authority having jurisdiction over the Borrower or its property, and to the best of the Borrower's knowledge, no event has occurred and is continuing which, with the lapse of time or the giving of notice, or both, would constitute or result in such a default or violation.

(k) The Borrower has received and reviewed a copy of the Indenture and approves the terms and conditions thereof and agrees to the terms thereof.

(l) The Borrower has filed or caused to be filed all of its federal, state and local tax returns that are required to be filed or has obtained appropriate extensions therefor, and has paid or caused to be paid all taxes as shown on said returns or on any assessment received by it, to the extent that such taxes have become due.

(m) Neither the Borrower nor any related Person thereto shall acquire any Bonds in any amount.

(n) The Borrower acknowledges, represents and warrants that it understands the nature and structure of the transactions relating to the financing of the Project; that it is familiar with the provisions of all of the documents and instruments relating to such financing to which it or the Issuer is a party or of which it is a beneficiary; that it understands the risks inherent in such transactions, including, without limitation, the risk of loss of the Project; and that it has not relied on the Issuer or its counsel for any guidance or expertise in analyzing the financial or other consequences of the transactions contemplated by this Agreement and the Indenture or otherwise relied on the Issuer or its counsel in any manner.

(o) The Project is, as of the Closing Date, in compliance with all applicable requirements of the Land Use Restriction Agreement, including all applicable requirements of the Code. The Borrower intends to cause the residential units in the Project to be rented or available for rental on a basis which satisfies the requirements of the Land Use Restriction Agreement, including all applicable requirements of the Code. All future leases will comply with all applicable laws and the Land Use Restriction Agreement. The Project currently meets the requirements of this Agreement, the Land Use Restriction Agreement, and the Code with respect to multifamily rental housing.

(p) The proceeds of the Bonds shall be used or deemed used exclusively to pay costs that (i) are (A) capital expenditures (as defined in Section 1.150-1(a) of the Code's regulations) and (B) not made for the acquisition of existing property, to the extent prohibited in Section 147(d) of the Code; (ii) are made exclusively with respect to a "qualified residential rental project" within the meaning of Section 142(d) of the Code and that for the greatest number of buildings the proceeds of the Bonds shall be deemed allocated on a pro rata basis to each building in the Project and the land on which it is located so that each building and the land on

which it is located will have been financed fifty percent (50%) or more by the proceeds of the Bonds for the purpose of complying with Section 42(h)(4)(B) of the Code, and the Borrower further covenants that it will not exercise any option to redeem the Bonds under the Indenture except upon the express written consent of the Investor Member; provided, however, the foregoing representation, covenant and warranty is made for the benefit of the Borrower and its members and neither the Trustee nor the Issuer shall have any obligation to enforce this covenant nor shall they incur any liability to any Person, including without limitation, the Borrower, the members of the Borrower, any other affiliate of the Borrower or the holders of the Bonds for any failure to meet the intent expressed in the foregoing representation, covenant and warranty; and provided further, failure to comply with this representation, covenant and warranty shall not constitute a default or “Event of Default” under this Agreement or the Indenture; and (iii) are costs related to the issuance of the Bonds.

(q) All building, zoning, safety, health, fire, water district, sewerage and environmental protection agency permits and other licenses and permits that are required by any governmental body for the acquisition, rehabilitation, equipping, use, occupancy and operation of the Project have been obtained and are in full force and effect (except for those which are not yet required to have been obtained in connection with the acquisition, rehabilitation and equipping of the Project, and which will be obtained at or prior to the time required by law in connection with the acquisition, rehabilitation and equipping of the Project).

The Borrower acknowledges that the representations and covenants herein made by the Borrower have been expressly and specifically relied upon by the Issuer in determining to make the Loan to the Borrower and the Loan would not have been made but for such representations and covenants. All material information provided by the Borrower to the Issuer concerning the Project and the Borrower was and is on the date of execution of this Agreement true and correct in all material respects.

**Section 2.03 Borrower’s Representations Regarding Bonds and Project.** With respect to the use of proceeds of the Bonds and the operation of the Project, the Borrower represents as follows:

(a) The estimated cost of rehabilitating the Project, inclusive of financing costs, is in excess of \$10,196,000.

(b) At least 95% of the net proceeds of the Bonds will be used to finance Qualified Project Costs which constitute a “qualified residential rental project” within the meaning of Section 142(d) of the Code and such costs either (1) will have been paid with respect to work performed or materials purchased after August 16, 2021 (which date is sixty days prior to the adoption of the Inducement Ordinance) or (2) will constitute “Preliminary Expenditures” (as such term is defined in Section 1.150-2(f)(2) of the Treasury Regulations) not in excess of twenty (20%) percent of the sale proceeds of the Bonds.

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

(d) Neither the Borrower nor any “related person” (within the meaning of the Code) will acquire, pursuant to any arrangement, formal or informal, any of the Bonds in an amount related to the principal amount of the Bonds.

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

(f) 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.

(g) Until payment in full of all of the Bonds, unless the Investor Member and the Bond Trustee shall otherwise consent in writing, it will not incur, create, assume or suffer to exist any mortgage, pledge, security interest, lien, charge or other encumbrance of any nature on the Project or the Trust Estate (as defined in the Bond Indenture) other than (i) any liens, taxes or other governmental charges which are not yet due and payable, (ii) any pledge relating to syndication of ownership interests in the Project, (iii) any lien, including, but without limiting the generality of the foregoing, mechanics’ liens, or other liens resulting from a good-faith dispute on the part of the Borrower, which dispute the Borrower agrees to resolve diligently, (iv) the Borrower Documents, (v) other liens or encumbrances contemplated by the approving ordinance adopted by the Issuer in connection with the issuance of the Bonds, (vi) such other pledges as may be approved in writing by the Investor Member and the Bond Trustee, and (vii) the Subordinate Debt.

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

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

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

## **ARTICLE III. PLAN OF FINANCING**

### **Section 3.01 Issuance of Bonds; Application of Proceeds.**

To provide funds to finance the Loan for purposes of assisting the Borrower in paying Project Costs, the Issuer shall simultaneously with the execution and delivery hereof proceed with the issuance and delivery of the Bonds upon receipt by the Trustee of the items listed in Section 2.13 of the Indenture. The Issuer agrees to deposit the proceeds of sale of the Bonds in accordance with the Indenture.

The Bonds will be issued pursuant to the Indenture in the aggregate principal amount, will bear interest, will mature and will be subject to redemption, mandatory tender and remarketing as set forth therein. The Borrower hereby approves the terms and conditions of the Indenture and the Bonds, and the terms and conditions under which the Bonds will be issued, sold and delivered and will comply with those provisions of the Indenture that contemplate action by the Borrower, all as if the Borrower were a party to the Indenture.

Pending disbursement pursuant to Section 3.06 hereof, the proceeds of the Bonds deposited in the Project Fund, together with any investment earnings thereon, shall constitute a part of the Revenues assigned by the Issuer to the Trustee as security for the payment of Bond Service Charges as provided in the Indenture.

**Section 3.02 The Loan.** The Issuer agrees, upon the terms and conditions herein, to make the Loan to the Borrower with the proceeds received by the Issuer from the sale of the Bonds by causing such proceeds to be deposited with the Trustee for disposition as provided in the Indenture. The obligation of the Issuer to finance the Loan shall be deemed fully discharged upon the deposit of the proceeds of the Bonds with the Trustee. The Loan shall be evidenced by the Note payable to the Trustee.

### **Section 3.03 Mortgage Loan to Borrower; GNMA Certificates.**

To provide and secure funds for the repayment of the Loan, and to provide for the delivery of the Eligible Funds, the Borrower shall simultaneously with the execution and delivery hereof, proceed with obtaining the Mortgage Loan from the Lender and entering into the Disbursement Agreement. In particular, the Borrower will promptly take all necessary actions on its part to close the Mortgage Loan and satisfy all other terms and conditions of the FHA Commitment and the requirements of the Lender.

The Borrower represents that the Mortgage Loan is to be insured by FHA pursuant to and in accordance with the provisions of Section 220 of the National Housing Act and applicable regulations thereunder, and that the Mortgage Loan will be in the maximum original principal amount of \$4,908,000. The Mortgage Loan will be secured on a non-recourse basis pursuant to the Mortgage Loan Documents.

In connection with the Mortgage Loan, the Borrower shall execute and deliver such documents as may be customarily utilized for insured mortgage loans under the provisions of

Section 220 of the National Housing Act and applicable regulations thereunder, with such omissions, insertions and variations as may be permitted by such regulations and as may be consistent with the terms and provisions of this Agreement.

#### **Section 3.04 Acquisition, Rehabilitation, Installation, Equipment and Improvement.**

The Borrower (a) has acquired, or is in the process of acquiring, the Project site and shall rehabilitate, improve and equip the Project with all reasonable dispatch and in accordance with the Plans and Specifications, (b) shall pay when due all fees, costs and expenses incurred in connection with that acquisition, rehabilitation, installation, equipment and improvement from funds made available therefor in accordance with this Agreement or otherwise, except to the extent being contested in good faith, and (c) shall ask for, demand, sue for, levy, recover and receive all those sums of money, debts and other demands whatsoever which may be due, owing and payable under the terms of any contract, order, receipt, writing and instruction in connection with the acquisition, rehabilitation, improvement and equipping of the Project, and shall enforce the provisions of any contract, agreement, obligation, bond or other performance security with respect thereto. It is understood that the Project is that of the Borrower and any contracts made by the Borrower with respect thereto, whether acquisition contracts, rehabilitation contracts or otherwise, or any work to be done by the Borrower on the Project are made or done by the Borrower in its own behalf and not as agent or contractor for the Issuer. The Borrower agrees that it will compensate all workers employed in the rehabilitation, improvement and equipping of the Project as required by law.

#### **Section 3.05 Plans and Specifications.**

The written Plans and Specifications will be delivered to the Trustee upon request; provided that the Trustee shall have no duty to review such Plans and Specifications. The Borrower may revise the Plans and Specifications from time to time, provided that no revision shall be made which would change the purpose of the Project to other than purposes permitted by the Act and the Land Use Restriction Agreement.

#### **Section 3.06 Disbursements from the Project Fund.**

Subject to the provisions below and so long as no Event of Default hereunder has occurred and is continuing for which the principal amount of the Bonds has been declared to be immediately due and payable pursuant to Section 8.02 hereof and Section 6.03 of the Indenture, and no Determination of Taxability has occurred, disbursements from the Project Fund shall be made only to pay Costs of the Project.

Any disbursements from the Project Fund for the payment of Costs of the Project shall be made by the Trustee only upon the receipt by the Trustee of: (a) a requisition in the form attached hereto as Exhibit B, signed by an Authorized Borrower Representative; and (b) Eligible Funds in an amount at least equal to the amount of any such requisition for deposit in the Collateral Fund as provided in Section 4.02 hereof and in accordance with Section 4.06 of the Indenture. The Borrower hereby acknowledges and agrees that it shall submit requisitions to the Trustee no more frequently than once each calendar month. Each such requisition shall be

consecutively numbered and, if such requisition requests amounts corresponding to an advance of Lender Funds, accompanied by a copy of the approval of FHA or the Lender for FHA Insurance of the payments or reimbursements requested, for the portion of such requisition requiring such approval. The Trustee shall not be responsible for verifying such approval has been obtained, and the Trustee shall rely fully on any such request and certificate delivered pursuant to this Section 3.06 and shall not be required to make any investigation in connection therewith.

Any money in the Project Fund remaining after the Completion Date and payment, or provision for payment, in full of the Costs of the Project, at the written direction of the Authorized Borrower Representative, promptly shall be paid into the Bond Fund for payment of Bond Service Charges provided the Borrower obtains an opinion of Bond Counsel addressed to the Trustee that such deposit will not adversely affect the Federal Tax Status of the Bonds. Any amounts remaining after the payment of all Bond Service Charges, if any, shall be remitted to the Borrower. Provided however that if the Mortgage Loan shall have been assigned to FHA in connection with a mortgage insurance claim, then such funds shall not be remitted to the Borrower, but shall be remitted to the Lender.

Notwithstanding any provision of this Agreement or any provision of the Indenture to the contrary, the Trustee shall not disburse funds from the Project Fund unless and until the Trustee confirms that Eligible Funds in the Collateral Fund plus Eligible Funds in the Project Fund, less the amount of the requested disbursement from the Project Fund, is at least equal to the then-outstanding principal amount of the Bonds; provided, however, the Trustee shall be permitted to transfer funds from the Project Fund to the Collateral Fund upon the written direction of the Borrower in the form set forth on Exhibit B hereto, provided that the result of such transfer is that the amount of Eligible Funds remaining on deposit in the Project Fund plus Eligible Funds on deposit in the Collateral Fund is at least equal to then outstanding principal amount of the Bonds.

### **Section 3.07 Duties and Obligations of the Borrower.**

Borrower accepts the duties and obligations under the Indenture.

### **Section 3.08 Borrower Required to Pay Costs in Event Project Fund Insufficient.**

If money in the Project Fund is not sufficient to pay all Costs of the Project, the Borrower, nonetheless, will complete the Project in accordance with the Plans and Specifications and shall pay all such additional Costs of the Project from its own funds and other available funds. The Borrower shall pay all Costs of Issuance of the Bonds in excess of the amounts deposited in the Costs of Issuance Fund. The Borrower shall not be entitled to any reimbursement for any such additional Costs of the Project or payment of Costs of Issuance from the Issuer, the Trustee or any Holder; nor shall it be entitled to any abatement, diminution or postponement of any Loan Payments or other amounts to be paid under this Agreement.

### **Section 3.09 Completion Date.**



The Borrower shall notify the Issuer and the Trustee of the Completion Date by the delivery of a Completion Certificate signed by the Authorized Borrower Representative substantially in the form of Exhibit C attached hereto. The Completion Certificate shall be delivered as promptly as practicable after the occurrence of the events and conditions referred to in paragraphs (a) and (b) of the Completion Certificate.

### **Section 3.10 Remarketing of Bonds.**

The Borrower is hereby granted the right to (a) give written notice of a remarketing of the Bonds in the manner and to the extent set forth in Section 3.07 of the Indenture and (ii) designate, in writing, the length of the Remarketing Period and the related Mandatory Tender Date in the manner and to the extent set forth in Sections 3.05 and 3.07 of the Indenture.

### **Section 3.11 Investment of Fund Money.**

At the written request of the Authorized Borrower Representative, any money held as part of the Bond Fund, the Project Fund, the Collateral Fund and the Rebate Fund shall be invested or reinvested by the Trustee in Eligible Investments as provided in the Indenture. The Issuer (to the extent within its control) and the Borrower each hereby covenants that it will restrict that investment and reinvestment and the use of the proceeds of the Bonds, and moneys on deposit in or credited to the Collateral Fund and the Negative Arbitrage Account of the Bond Fund, in such manner and to such extent, if any, as may be necessary, after taking into account reasonable expectations at the time of delivery of and payment for the Bonds or subsequent intentional acts, so that the Bonds will not constitute arbitrage bonds under Section 148 of the Code. No provision of this Agreement shall be construed to impose upon the Trustee any obligation or responsibility for compliance with arbitrage regulations.

The Borrower shall provide the Issuer with, and the Issuer may base its certifications as authorized by the Tax Agreement on, a certificate of an Authorized Borrower Representative for inclusion in the transcript of proceedings for the Bonds, setting forth the reasonable expectations of the Borrower on the date of delivery of and payment for the Bonds regarding the amount and use of the proceeds of the Bonds and the facts, estimates and circumstances on which those expectations are based.

### **Section 3.12 Rebate Calculations and Payments.**

The Borrower shall appoint a Rebate Analyst, the expense of which shall be borne by the Borrower.

The Issuer has covenanted in the Indenture to take any and all actions necessary to assure compliance with Section 148(f) of the Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such section is applicable to the Bonds. In furtherance of this covenant, the Borrower, on behalf of the Issuer, hereby covenants (i) within sixty (60) days of the payment in full of the Bonds, to calculate, or cause to be calculated, and provide to the Trustee and the Issuer such calculations in writing, with such written directions as are necessary to fully comply with the arbitrage and rebate requirements set forth in the Indenture and comply fully with Section 148 of the Code, including the timely payment of any

Rebatable Arbitrage owed; and (ii) to deposit into the Rebate Fund to pay to the federal government any “Rebatable Arbitrage,” to the extent required by Section 148(f) of the Code. The Borrower further agrees to comply with the provisions and requirements of Section 4.09 of the Indenture relating to the obligation to pay to the Trustee, for deposit into the Rebate Fund established under the Indenture, the “Rebatable Arbitrage” as required thereunder and under Section 148 of the Code.

If the amount then on deposit in the Rebate Fund created under the Indenture is less than the Rebatable Arbitrage (taking into account the amount or amounts, if any, previously paid to the United States), the Borrower shall, within 30 days after the date of the aforesaid calculation, deposit or cause to be deposited to the credit of the Rebate Fund an amount sufficient to cause the Rebate Fund to contain an amount equal to the Rebatable Arbitrage. The obligation of the Borrower to make or cause to be made such payments shall remain in effect and be binding upon the Borrower, notwithstanding the release and discharge of the Indenture or the termination of this Agreement, for so long as may be required to maintain the Federal Tax Status of the Bonds in accordance with applicable law. The Borrower shall obtain such records of the computations made pursuant to this Section as are required under Section 148(f) of the Code and shall retain such records for at least six (6) years after the maturity or retirement of the Bonds.

The Borrower further covenants that, during the term of the Bonds, in the event the Borrower sells or otherwise disposes of the Project, it will require that the transferee execute a covenant similar to that in this Section in the sale or other documents concerning the disposition and will require such transferee to include such a covenant in future transfer documents. The special covenants of the Borrower in this Section shall survive the defeasance or payment in full of the Bonds and the termination of this Agreement and the Indenture, notwithstanding any other provision of this Agreement, until the requirement for payment of any Rebatable Arbitrage has been fully satisfied.

The obligations of the Borrower under this Section shall survive the termination of this Agreement and the Indenture and the payment and performance of all of the other obligations of the Borrower hereunder and under the other Borrower Documents for so long as may be required to maintain the Federal Tax Status of the Bonds in accordance with applicable law, or until the Borrower has transferred the Project to an unrelated entity with the prior written consent of the Issuer, which transferee assumes the obligations of the Borrower pursuant to this Section.

#### **ARTICLE IV.**

#### **LOAN PAYMENTS; ELIGIBLE FUNDS; AND ADDITIONAL PAYMENTS**

**Section 4.01 Loan Repayment; Delivery of Note.** In consideration of and in repayment of the Loan, the Borrower shall deliver or cause to be delivered to the Trustee on or before each Bond Payment Date, a Loan Payment in an amount equal to the amount necessary to pay Bond Service Charges due on such Bond Payment Date. All such Loan Payments shall be paid to the Trustee in accordance with the terms of the Note for the account of the Issuer and shall be held and disbursed in accordance with the provisions of the Indenture and this Agreement.

The Borrower shall be entitled to a credit against the Loan Payments required to be made with respect to the Bonds on any date equal to the available money in the Bond Fund or money transferred thereto from the Collateral Fund or the Project Fund for the payment of Bond Service Charges on that date.

To secure the Borrower's performance of its obligations under this Agreement, the Borrower shall execute and deliver, concurrently with the issuance and delivery of the Bonds, the Note and the Land Use Restriction Agreement.

The Note shall secure equally and ratably all Outstanding Bonds, except that, so long as no Event of Default has occurred and is continuing hereunder, payments by the Borrower on the Note shall be used by the Trustee to make a like payment of Bond Service Charges and shall constitute Loan Payments.

Upon payment in full, in accordance with the Indenture, of the Bond Service Charges on any or all Bonds, whether at maturity or otherwise, or upon provision for the payment thereof having been made in accordance with the provisions of the Indenture, (a) the Note shall be deemed fully paid, the obligations of the Borrower thereunder shall be terminated, and the Note shall be surrendered by the Trustee to the Borrower, and shall be canceled by the Borrower, or (b) an appropriate notation shall be endorsed thereon evidencing the date and amount of the principal payment (or prepayment) equal to the Bonds so paid, or with respect to which provision for payment has been made, and that Note shall be surrendered by the Trustee to the Borrower for cancellation if all Bonds shall have been paid (or provision made therefor) and canceled as aforesaid. Unless the Borrower is entitled to a credit under express terms of this Agreement or the Note, all payments on the Note shall be in the full amount required thereunder.

#### **Section 4.02 Eligible Funds.**

In consideration of and as a condition to the disbursement of Bond proceeds in the Project Fund to pay Project Costs, and to secure the Borrower's obligation to make Loan Payments, the Borrower shall provide written direction to the Lender to deliver or cause to be delivered to the Trustee, or shall otherwise cause to be delivered to the Trustee, Eligible Funds equal to the amount of the proposed disbursement. The Trustee shall not deposit such funds into the Collateral Fund unless it is prepared to disburse, on the same business day if such Eligible Funds are received prior to 10 AM, and otherwise within one Business Day, an equal amount of funds from the Project Fund. All such Eligible Funds shall be paid to the Trustee for the account of the Issuer and shall be held in the Collateral Fund and disbursed in accordance with the provisions of the Indenture. Upon deposit of such Eligible Funds into the Collateral Fund, the Trustee shall be unconditionally and irrevocably obligated to disburse an equal amount from the Project Fund to the party depositing the related Eligible Funds.

The Borrower hereby covenants and agrees to repay the Loan on or before any date that any payment of interest or principal is required to be made in respect of the Bonds pursuant to the Bond Indenture, until the principal of and interest on the Bonds shall have been fully paid or provision for the payment thereof shall have been made in accordance with the Bond Indenture, in cash or cash equivalents, a sum which, together with any other moneys available for such payment in any account of the Bond Payment Fund, will enable the Bond Trustee to pay the

amount payable on such date as principal of (whether at maturity or acceleration or otherwise) and interest on the Bonds as provided in the Bond Indenture. Payments by the Bond Trustee of principal and interest on the Bonds from amounts in the Bond Payment Fund and funds deposited in the Collateral Fund under the Indenture shall be credited against the Borrower's obligation to pay principal and interest on the Loan. The Borrower also covenants and agrees to pay any additional interest, taxes or penalties that may be due as a result of a Determination of Taxability.

The Borrower shall make or cause to be made all Loan Payments directly to the Trustee at its Designated Office. The Borrower shall direct the Lender to provide all Eligible Funds directly to the Trustee at its Designated Office. Additional Payments shall be made by the Borrower directly to the person or entity to whom or to which they are due.

It is understood and agreed that all payments of principal and interest payable by the Borrower under this Section 4.02 are assigned by the Issuer to the Bond Trustee for the benefit of the Holders of the Bonds (excluding amounts on deposit in the Rebate Fund). The Borrower consents to such assignment.

In the event the Borrower should fail to make any of the payments required in this Section 4.02, the item or installment so in default shall continue as an obligation of the Borrower until the amount in default shall have been fully paid, and the Borrower agrees to pay the same with interest thereon, to the extent permitted by law, from the date when such payment was due, at the rate of interest borne by the Bonds.

#### **Section 4.03 Bond Fund and Collateral Fund.**

The Borrower and the Issuer each acknowledge that neither the Borrower nor the Issuer has any interest in the Bond Fund or the Collateral Fund and any money deposited therein shall be in the custody of and held by the Trustee in trust for the benefit of the Holders.

#### **Section 4.04 Additional Payments.**

The Borrower shall pay as Additional Payments hereunder the following:

(a) Whether out of the proceeds of the Mortgage Loan or other funds, all Costs of Issuance of the Bonds, the costs of obtaining the FHA Insurance and all expenses incurred in closing the Mortgage Loan.

(b) All Extension Payments and other sums required under Section 3.07 of the Indenture in order to revise or extend the Mandatory Tender Date or remarket the Bonds, and the Borrower further agrees to execute any and all certificates required by the Issuer, the Trustee or the Remarketing Agent in order to effectuate such revision, extension or remarketing.

(c) To the Trustee, (i) the Ordinary Trustee Fees and Expenses to the extent that the funds available in the Expense Fund under the Indenture for the payment thereof are not sufficient and available therefor and (ii) all other fees, costs and expenses incurred by the Trustee in the performance of its duties under the governing documents.

(d) To the Issuer (i) the Ordinary Issuer Fees to the extent that the funds available under the Indenture for the payment thereof are not sufficient and available therefor and (ii) the Extraordinary Issuer's Fees and Expenses.

(e) All costs of printing any replacement Bonds required to be issued under the Indenture to the extent such costs are not paid by the Holders.

(f) To the extent not paid by the Trustee from the Expense Fund, all of the fees and expenses of the Rebate Analyst (including, but not limited to, the Rebate Analyst Fee) and any other necessary consultant employed by the Borrower, the Trustee or the Issuer in connection with any of the requirements imposed by Section 4.09 of the Indenture and the Tax Agreement to the extent funds available under the Indenture are not sufficient and applied therefor. The Borrower shall provide or cause to be provided all information and money (including money necessary to make deposits to the Rebate Fund required by the Indenture and the Tax Agreement and the fees and expenses of the Rebate Analyst to the extent available money in the Bond Fund under the Indenture are inadequate to pay such amounts) to the Trustee and the Rebate Analyst to enable the Trustee and the Rebate Analyst to comply with the Indenture and the Tax Agreement.

(g) To the Dissemination Agent, the Dissemination Agent Fee, to the extent funds available in the Expense Fund under the Indenture are not sufficient and applied therefor, as well as any other costs and expenses in order to provide for compliance with the terms of the Continuing Disclosure Agreement.

(h) To the Remarketing Agent, the Remarketing Agent Fee and any Remarketing Expenses.

In the event the Borrower is in default under any provision of any of the Borrower Documents and such default is not cured after expiration of all applicable notice and cure provisions, the Borrower shall be liable to, and upon demand shall pay to, the Issuer, the Trustee and the Lender all reasonable fees and disbursements of such persons and their agents (including reasonable attorneys' fees and expenses) which are reasonably connected therewith or incidental thereto except to the extent such fees and disbursements are paid from money available therefor under the Indenture.

To provide for certain of the anticipated Additional Payments, the Borrower agrees to cause to be deposited a portion of the Initial Borrower Deposit into the Expense Fund and the Costs of Issuance Fund as required under the Indenture, and authorizes the Trustee to pay, from money on deposit in the Costs of Issuance Fund and the Expense Fund, the amounts provided to be paid from the Costs of Issuance Fund or the Expense Fund in accordance with Sections 4.05 and 4.08, respectively, of the Indenture. All such amounts shall be paid directly to the parties entitled thereto for their own account as and when such amounts become due and payable.

Upon the payment, prepayment, or incurrence of any such cost, expense, or liability described in this Section by any such party, the Additional Payments in respect thereof shall be payable upon written demand to the Borrower, which demand shall be accompanied by invoices or other appropriate documentation concerning the nature, amount and incurrence of such cost, expense or liability. If the Additional Payments payable under this Section are not paid upon

such demand, such Additional Payments shall bear interest from the date of such payment or the incurrence thereof at the Interest Rate for Advances until the amount due shall have been fully paid.

Except as otherwise provided herein, the obligations of the Borrower under this Section shall survive the termination of this Agreement and the Indenture and the payment and performance of all of the other obligations of the Borrower hereunder and under the other Borrower Documents, unless and until the Borrower has transferred the Project to an unaffiliated entity with the prior written consent of the Issuer, which transferee assumes the obligations of the Borrower pursuant to this Section.

**Section 4.05 Obligations of the Borrower Unconditional.** The obligations of the Borrower to make the payments required under this Loan Agreement, and to perform and observe the other agreements on its part contained herein shall be absolute and unconditional, irrespective of any defense or any right of notice, setoff, recoupment or counterclaim it might otherwise have against the Issuer, the Bond Trustee or any other person. Subject to termination as provided herein, the Borrower (a) will not suspend or discontinue, or permit the suspension or discontinuance of, any payments provided for under this Loan Agreement, (b) will perform and observe all of its other agreements contained in this Loan Agreement and (c) will not terminate this Loan Agreement for any cause including, without limiting the generality of the foregoing, any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, destruction of or damage to the Project, commercial frustration of purpose, or change in the tax or other laws or administrative rulings of or administrative actions by the United States of America or the State or any political subdivision of either, any failure of the Issuer to perform and observe any agreement, whether express or implied, or any duty, liability, or obligation arising out of or connected with this Loan Agreement, whether express or implied, or any failure of the Bond Trustee to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with the Bond Indenture, whether express or implied.

**Section 4.06 Limited Obligation of Issuer.** The obligations of the Issuer under this Loan Agreement are special, limited obligations of the Issuer, payable solely out of the Revenues. The obligations of the Issuer hereunder shall not be deemed to constitute an indebtedness or an obligation of the Issuer, the State of Illinois or any political subdivision thereof within the meaning of any constitutional limitation or statutory provision, or a charge against the credit or general taxing powers, if any, of any of them.

**Section 4.07 Assignment of Issuer's Rights.** As security for the payment of the Bonds, the Issuer will, pursuant to the Bond Indenture and the Assignment, assign and pledge to the Bond Trustee all of the Issuer's right, title and interest in and to this Loan Agreement and the Promissory Note, except that it will retain the Issuer Reserved Rights, but such retention by the Issuer will not limit in any way the exercise by the Bond Trustee of its rights hereunder, under the Assignment or under the Bond Indenture, the Promissory Note and the Bonds. Notwithstanding anything herein to the contrary, the Issuer hereby directs the Borrower to make all payments under this Loan Agreement (except with respect to the Issuer Reserved Rights) and the Promissory Note directly to the Bond Trustee. The Borrower hereby acknowledges and consents to such pledge and assignment, and agrees to make payments directly to the Bond

Trustee (except with respect to the Issuer Reserved Rights), without defense or set-off, recoupment or counterclaim by reason of any dispute between the Borrower on the one hand, and the Bond Trustee or the Issuer on the other hand, or otherwise. After any such assignment and pledge referenced in this Loan Agreement, the Bond Indenture, the Bonds or the Promissory Note, all rights, interest and benefits accruing to the Issuer under this Loan Agreement or the Promissory Note, except for the Issuer Reserved Rights, shall be assigned to and become the rights and benefits of the Trustee. Any obligations of the Issuer as provided in the Bond Indenture, this Loan Agreement, the Bonds or the Promissory Note shall remain the obligations of the Issuer to the extent provided herein and therein after such assignment. The Issuer agrees that the Bond Trustee, in its name or in the name of the Issuer, may enforce all rights of the Issuer (other than the Issuer Reserved Rights) and all obligations of the Borrower under and pursuant to the assigned documents as aforesaid, and the Issuer will not enforce such rights and obligations itself except at the written direction of the Bond Trustee, in each case whether or not the Issuer is in Default hereunder.

The Trustee will have all rights and remedies herein accorded to the Issuer (except for Issuer Reserved Rights).

## **ARTICLE V. SPECIAL COVENANTS**

**Section 5.01 Access to the Project.** The Borrower agrees that the Issuer, the Bond Trustee and their duly authorized agents, attorneys, experts, engineers, accountants and representatives shall have the right, subject to the rights of tenants under leases, to inspect the Project and the acquisition, rehabilitation and equipping thereof at all reasonable times. The Borrower acknowledges that the Issuer shall monitor the acquisition, rehabilitation and equipping of the Project. The Issuer, the Bond Trustee and their duly authorized agents shall also be permitted, at all reasonable times, to examine the books, accounts, contracts, documents, and other papers of the Borrower with respect to the Project which shall all be maintained by the Borrower in reasonable condition and for audit.

**Section 5.02 Further Assurances and Corrective Instruments.** The Issuer and the Borrower agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for carrying out the expressed intention of this Loan Agreement.

**Section 5.03 Issuer and Borrower Representatives.** Whenever under the provisions of this Loan Agreement the approval of the Issuer or the Borrower is required or the Issuer or the Borrower is required to take some action at the request of the other, such approval or such request shall be given in writing both for the Issuer by an Authorized Issuer Representative and for the Borrower by an Authorized Borrower Representative. The Bond Trustee shall be authorized to act on any such approval or request pursuant to the Bond Indenture.

**Section 5.04 Financing Statements.** The Borrower shall, or shall cause to be executed and filed any and all financing statements, or any amendments thereof or continuation statements thereto, to perfect the security interests granted in the Bond Indenture, in the manner prescribed

in the Bond Indenture. The Borrower shall pay all costs of filing such instruments and any fees and expenses (including reasonable attorney's fees) associated therewith.

**Section 5.05 Insurance.** The Borrower shall obtain and keep in force such insurance coverage as may be required by the Issuer in its reasonable discretion from time to time. All insurance policies and renewals thereof relating to the Project shall be in a form acceptable to the Issuer in its reasonable discretion and shall designate the Issuer and the Bond Trustee as additional insured for liability insurance on the Project. The Issuer shall be furnished with full copies of all policies within fifteen (15) calendar days of receipt thereof and shall have the right to receive duplicate copies of policies and renewals, and the Borrower shall promptly furnish the Issuer with copies of all renewal notices and all receipts for paid premiums within fifteen (15) calendar days of receipt thereof. The Borrower shall notify the Issuer at least 30 calendar days in advance of an endorsement or of any change in the terms of coverage adverse to the Issuer. In the event of loss, the Borrower shall give prompt notice to the insurance carrier and the Issuer.

With respect to any casualty insurance, it shall (a) be in an amount equal to the greater of the actual cash value or the replacement cost of the insurable then existing improvements and equipment in the Project and (b) be provided by an insurance company with a claims paying ability rating of not less than "B+V" by A.M. Best.

**Section 5.06 Restriction on Plans and Specifications.** The Borrower will not cause, permit or suffer to exist, any material deviations from the Plans and Specifications and will not approve or consent to any construction change directive which results in a material deviation from the Plans and Specifications without the prior approval of the Issuer, which approval shall not be unreasonably withheld, conditioned or delayed.

**Section 5.07 Requisitions.**

(a) At such time as the Borrower shall desire to obtain an advance from the Project Fund, the Borrower shall complete, execute and deliver to the Bond Trustee a Requisition. Each Requisition shall be signed on behalf of the Borrower, shall be in the form set forth on Exhibit B to the Bond Indenture, and shall state with respect to each disbursement to be made: (i) the number of the Requisition, (ii) the amount to be disbursed and the sources of such disbursement, (iii) that each obligation described therein is a Project Cost, has been properly incurred and has not been the basis for any previous disbursement and (iv) that the expenditure of such disbursement when added to all previous disbursements will result in not less than 95% of all disbursements from proceeds of the Bonds having been used to pay or reimburse the Borrower for Qualified Project Costs. The Borrower shall submit the Requisition to the Bond Trustee for payment. Approved Requisitions may be submitted to the Bond Trustee by facsimile and shall not include accompanying supporting materials.

(b) The amounts deposited into the Project Fund may be disbursed by the Bond Trustee only in accordance with Section 5.02 of the Bond Indenture, including delivery of a written Requisition of the Borrower satisfying the requirements of this Section 5.07 and Section 5.02 of the Bond Indenture. "Requisition" includes the closing memorandum.



**Section 5.08 Borrower Receipt of Insurance or Condemnation Proceeds.** In the event the Borrower receives any proceeds of insurance or any condemnation awards with respect to the Project, the Borrower shall promptly upon receipt remit all such insurance proceeds or condemnation awards to the Lender to be used in accordance with the FHA Loan Documents.

**Section 5.09 Financial Information.** The Borrower agrees that it will have the books and records of the Borrower audited annually by an independent certified public accountant as soon as practicable after the close of each fiscal year of the Borrower, and will furnish within 120 days after the end of each fiscal year to the Issuer and the Bond Trustee a copy of the audit report certified by such certified public accountant and prepared in accordance with generally accepted accounting principles, which report shall include calculations of the availability of funds for distributions and disclose the amount of member distributions for the preceding year. The Borrower and the Issuer acknowledge that the Bond Trustee shall have no obligations under this Section 5.09 other than to receive such statements and, if requested, to furnish such statements to Holders.

**Section 5.10 Environmental Requirements; Indemnity.**

(a) As between the Issuer and the Borrower, the Issuer and the Borrower agree and understand that the terms and provisions of an environmental indemnification agreement between the parties, if any, shall govern all indemnifications from the Borrower to the Issuer with respect to environmental matters affecting the Project. The terms and provisions of such environmental indemnification agreement are incorporated herein by this reference, mutatis mutandis, as if fully set forth herein with respect to such relationship. As such, the balance of the provisions of this Section govern only the relationship between the Borrower and the Issuer with respect to indemnifications from the Borrower to the Issuer with regard to environmental matters affecting the Project.

(b) For purposes of this Section 5.10, the term "Hazardous Substance" means and includes any substance, material or waste, including asbestos, petroleum and petroleum products (including crude oil), that is or becomes designated, classified or regulated as "toxic," "hazardous" or a "pollutant," or that is or becomes similarly designated, classified or regulated, under any applicable federal, state or local law, regulation or ordinance, but does not include any such substance that is a customary and ordinary household, cleaning or office product used on the Premises (as defined below) by Borrower or any tenant or agent of Borrower, or customary construction materials used during the course of rehabilitation of the Project by the Borrower and its general contractor, provided such use is in accordance with applicable hazardous materials laws.

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

around, the Premises, and (ii) no aboveground or underground storage tanks are now or have ever been located on or under the Premises.

(d) The Borrower has complied, and will comply and cause all tenants and any other persons who may come upon the Premises to comply in all material respects with all federal, state and local laws, regulations and ordinances governing or applicable to Hazardous Substances, including those requiring disclosures to prospective and actual buyers or tenants of all or any portion of the Premises. The Borrower will not install or allow to be installed any aboveground or underground storage tanks on the Premises. The Borrower must comply with the recommendations of any qualified environmental engineer or other expert engaged by the Borrower with respect to the Premises. The Borrower must promptly notify the Issuer in writing (1) if it knows, suspects or believes there may be any Hazardous Substance in or around any part of the Premises, any improvements constructed on the Premises, or the soil, groundwater or soil vapor on or under the Premises, or that the Borrower or the Premises may be subject to any threatened or pending investigation by any governmental agency under any law, regulation or ordinance pertaining to any Hazardous Substance, and (ii) of any claim made or threatened by any person, other than a governmental agency, against the Borrower arising out of or resulting from any Hazardous Substance being present or released in, on or around any part of the Premises, any Improvements constructed on the Premises or the soil, groundwater or soil vapor on or under the Premises (any of the matters described in clauses (i) and (ii) above a “Hazardous Substances Claim”).

(e) The Issuer, the Trustee and their respective officers, employees, directors, agents, assignees, and any purchasers of the Premises at any foreclosure sale (each individually, an “Indemnified Party,” and all collectively, the “Indemnified Parties”), have the right at any reasonable time and upon notice to the Borrower to enter and visit the Premises for the purposes of observing the Premises, taking and removing soil or groundwater samples and conducting tests on any part of the Premises. The Indemnified Parties have no duty, however, to visit or observe the Premises or to conduct tests, and no site visit, observation or testing by any Indemnified Party imposes any liability on any Indemnified Party. In no event will any site visit, observation or testing by any Indemnified Party be a representation that Hazardous Substances are or are not present in, on or under the Premises, or that there has been or will be compliance with any law, regulation or ordinance pertaining to Hazardous Substances or any other applicable governmental law. Neither the Borrower nor any other party is entitled to rely on any site visit, observation or testing by any Indemnified Party. The Borrower waives to the fullest extent permitted by law any such duty of care on the part of the Indemnified Parties or any other party to protect the Borrower or inform the Borrower or any other party of any Hazardous Substances or any other adverse condition affecting the Premises. Any Indemnified Party will give the Borrower reasonable notice before entering the Premises. The Indemnified Party will make reasonable efforts to avoid interfering with the Borrower’s and its tenants’ use of the Premises in exercising any rights provided in this Section. The Borrower must pay all costs and expenses incurred by an Indemnified Party in connection with any inspection or testing conducted in accordance with this subsection. The results of all investigations conducted and/or reports prepared by or for any Indemnified Party must at all times remain the property of the Indemnified Party, and under no circumstances will any Indemnified Party have any obligation whatsoever to disclose or otherwise make available to the Borrower or any other party the results

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

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

(g) The obligations and rights of the parties under this Section 5.10 continue in full force and effect until the first to occur of full, final and indefeasible repayment of the Liabilities or the transfer of title to all or any part of the Premises at a foreclosure sale or by deed in lieu of such foreclosure (any such foregoing transfer being referred to as a "Foreclosure Transfer"). The parties' obligations and rights under this Section 5.10 continue in full force and effect after the full and final payment of the Liabilities or a Foreclosure Transfer, as the case may be, but (i) in the case of a full and final payment of the Liabilities, the Borrower's obligations under this Section 5.10 are thereafter limited to the indemnification obligations of subsections (i) and (j) below as to Indemnified Costs (as defined below) arising out of or as a result of events

prior to the full and final payment of the Liabilities, and (ii) in the case of a Foreclosure Transfer, the obligations do not include the obligation to reimburse any Indemnified Party for diminution in value of the Premises resulting from the presence of Hazardous Substances on the Premises before the date of the Foreclosure Transfer if, and to the extent that, the Indemnified Party recovers on a deficiency judgment including compensation for such diminution in value; provided, however, that nothing in this sentence impairs or limits an Indemnified Party's right to obtain a judgment in accordance with applicable law for any deficiency in recovery of all obligations, subject to the provisions of Section 9.03 hereof. As used in this Section 5.10, the term "Indemnified Costs" means all actual or threatened liabilities, claims, actions, causes of action, judgments, orders, damages (including foreseeable and unforeseeable consequential damages), costs, expenses, fines, penalties and losses incurred in connection with Hazardous Substances on the Property (including sums paid in settlement of claims and all consultant, expert and reasonable legal fees and expenses of the Issuer's counsel), including those incurred in connection with any investigation of site conditions or any clean-up, remedial, removal or restoration work (whether of the Premises or any other property), or any resulting damages, harm or injuries to the person or property of any third parties or to any natural resources.

(h) Except for those arising from the gross negligence or willful misconduct of the Indemnified Parties, the Borrower shall indemnify, defend and hold the Indemnified Parties harmless for, from and against any and all Indemnified Costs directly or indirectly arising out of or resulting from any Hazardous Substance being present or released in, on or around any part of the Premises, or in the soil, groundwater or soil vapor on or under the Premises, including: (i) any claim for such Indemnified Costs asserted against any Indemnified Party by any federal, state or local governmental agency, including the United States Environmental Protection Agency and the Illinois Environmental Protection Agency, and including any claim that any Indemnified Party is liable for any such Indemnified Costs as an "owner" or "operator" of the Premises under any law relating to Hazardous Substances; (ii) any claim for such Indemnified Costs asserted against any Indemnified Party by any person other than a governmental agency, including (1) any person who may purchase or lease all or any portion of the Premises from the Borrower, from any Indemnified Party or from any other purchaser or lessee, (2) any person who may at any time have any interest in all or any portion of the Premises, (3) any person who may at any time be responsible for any clean-up costs or other Indemnified Costs relating to the Premises, and (4) any person claiming to have been injured in any way as a result of exposure to any Hazardous Substance; (iii) any Indemnified Costs incurred by any Indemnified Party in the exercise by the Indemnified Party of its rights and remedies under this Section 5.10; and (iv) any Indemnified Costs incurred by any Indemnified Party as a result of currently existing conditions in, on or around the Premises, whether known or unknown by the Borrower or the Indemnified Parties at the time this Loan Agreement is executed, or attributable to the acts or omissions of the Borrower, any of the Borrower's tenants, or any other person in, on or around the Premises with the consent or under the direction of the Borrower.

(i) Upon demand by any Indemnified Party, the Borrower must defend any investigation, action or proceeding involving any Indemnified Costs that is brought or commenced against any Indemnified Party, whether alone or together with the Borrower or any other person, all at the Borrower's own cost and by counsel reasonably approved by the

Indemnified Party. In the alternative, any Indemnified Party may elect to conduct its own defense at the Borrower's expense.

(j) In addition to any other rights or remedies the Issuer may have under this Loan Agreement, at law or in equity, upon the occurrence of an Event of Default under this Loan Agreement not cured within the applicable cure period, the Issuer may do or cause to be done whatever is necessary to cause the Premises to comply with any and all laws, regulations and ordinances governing or applicable to Hazardous Substances, and any other applicable law, rule, regulation, order or agreement, and the cost thereof will become immediately due and payable upon demand by the Issuer, and if not paid when due will accrue interest at the default rate set forth in the Bonds, until paid. The Borrower hereby acknowledges and agrees that any amounts realized by the Issuer by reason of the following may be applied to pay the Liabilities prior to being applied to pay the Borrower's obligations to reimburse the Issuer for costs and expenses, including those incurred by the Issuer in enforcing its rights and remedies under the provisions of this Section 5.10: (i) any payments made pursuant to the Bonds or any of the Borrower Documents (other than payments made to the Issuer for reimbursement of costs and expenses or for enforcement of its rights and remedies, under the provisions of this Section 5.10); (ii) any foreclosure of documents evidencing or securing the Liabilities (including any amounts realized by reason of any credit bid in connection with any such foreclosure); (iii) any conveyance in lieu of foreclosure; (iv) any other realization upon any security for the Liabilities; (v) any recoveries against the Borrower personally (except for recoveries against the Borrower for reimbursement of costs and expenses or enforcement of the Issuer's rights and remedies under this Section 5.10); and (vi) any recoveries against any person or entity other than the Borrower (including any guarantor) to the maximum extent permitted by applicable law.

## **ARTICLE VI. RESTRICTION ON TRANSFER**

### **Section 6.01 Borrower to Maintain its Existence; Sale of Project.**

(a) The Borrower shall maintain its existence, not dissolve or sell, transfer or otherwise dispose of all or substantially all of its assets and not consolidate with or merge into another entity or permit one or more other entities to consolidate with or merge into it; provided, that it may do so if the surviving, resulting or transferee entity assumes in writing all of the obligations of the Borrower under the Borrower Documents. The Borrower shall not permit one or more other entities to consolidate with or merge into it, or take any action or allow any action to be taken to terminate the existence of the Borrower except as provided herein.

(b) No sale, assignment or transfer of the Project, except as may be otherwise required by FHA or the Lender, shall be made unless (a) FHA, and if necessary, the Lender, and the Issuer consent to such assignment or transfer, (b) the transferee or assignee, as the case may be, assumes all the duties of the Borrower under the Borrower Documents, provided that such assumption may contain an exculpation of the assignee from personal liability with respect to any obligation hereunder arising prior to such sale, assignment or transfer, and (c) no Event of Default as certified in writing to the Trustee by the Borrower shall have occurred and be continuing under the Indenture or this Agreement. The Trustee shall consent to any such assignment or transfer if (i) the Borrower provides a written certification to the Trustee that the

aforesaid conditions have been satisfied, (ii) the Trustee receives an Opinion of Bond Counsel addressed to the Trustee to the effect that such transfer or assignment would not adversely affect the Federal Tax Status of the Bonds, and (iii) the Trustee receives written confirmation from the Rating Agency that such transfer or assignment will not result in a withdrawal or reduction in any rating on the Outstanding Bonds by the Rating Agency (if the Bonds are then rated by the Rating Agency). Upon the assumption of the duties of the Borrower by a purchaser, assignee or transferee as provided herein, the outgoing Borrower shall be released from all executory obligations so assumed; provided, however, the Borrower shall not be released from its obligation (x) to pay or reimburse the fees and expenses of the Issuer and the Trustee incurred prior to such sale, assignment or transfer and (y) to indemnify the Trustee and the Issuer with respect to any obligation, event or action incurred or arising prior to such sale, assignment or transfer. Nothing contained in this Section shall be construed to supersede any provisions regarding assignment and transfer of the Project contained in the Mortgage Loan Documents.

(c) Notwithstanding anything to the contrary contained herein or in any other Borrower Document, and subject to the consent of FHA and the Lender as required by the Controlling HUD and GNMA Requirements or the Mortgage Loan Documents, the following shall be permitted and shall not require the prior written approval of the Issuer, the Lender or the Trustee: (a) the transfer by the Investor Member of its respective interests in the Borrower in accordance with the terms of the Borrower's Organizational Documents, (b) the removal of the Managing Member of the Borrower in accordance with the Organizational Documents and the replacement thereof with the Investor Member or any of its respective affiliates, (c) the transfer of ownership interests in the Investor Member, (d) upon the expiration of the tax credit compliance period, the transfer of the interests of the Investor Member in the Borrower to the Borrower's Managing Member or any of its respective affiliates, and (e) any amendment to the Organizational Documents to memorialize the transfers or removal described above. The parties agree that this section shall control to the extent of any conflict in any Borrower Documents. In the event the Borrower intends to sell, lease (except to the tenants who will occupy units in the Project), sublease or otherwise materially encumber the whole of or any part of the Project or sell, assign or otherwise, except as otherwise provided herein, transfer any interest in the Borrower (a "transfer"), it shall (i) apply to the Issuer for consent to transfer, and (ii) comply with the provisions of the Land Use Restriction Agreement restricting any such transfer.

## **ARTICLE VII. INDEMNIFICATION**

**Section 7.01 Indemnification of Issuer and Bond Trustee.** (a) Except as otherwise provided below and subject to Sections 8.07 and 9.04 hereof, the Issuer and the Bond Trustee, and each of their officers, agents, independent contractors, employees, successors and assigns, and, in the case of the Issuer, its elected and appointed officials, past, present or future (hereinafter the "Indemnified Persons"), shall not be liable to the Borrower for any reason. The Borrower shall defend, indemnify and hold the Indemnified Persons harmless from any loss, claim, damage, tax, penalty or expense (including, but not limited to, reasonable counsel fees, costs, expenses and disbursements), or liability (other than with respect to payment of the principal of or interest on the Promissory Note) of any nature due to any and all suits, actions, legal or administrative proceedings, or claims arising or resulting from, or in any way connected

with: (i) the financing, installation, operation, use or maintenance of the Project; (ii) any act, failure to act, or misrepresentation by the Borrower or any member of the Borrower, or any Person acting on behalf of, or at the direction of, the Borrower or any member of the Borrower, in connection with the issuance, sale or delivery of the Bonds; (iii) any false or misleading representation made by the Borrower in the Borrower Documents and Financing Documents; (iv) the breach by the Borrower of any covenant contained in the Borrower Documents and Financing Documents, or the failure of the Borrower to fulfill any such covenant which are not cured within all applicable notice and cure periods; (v) enforcing any obligation or liability of the Borrower under this Loan Agreement, the Promissory Note, or the other Borrower Documents and Financing Documents, or any related agreement; (vi) taking any action requested by the Borrower; (vii) taking any action reasonably required by the Borrower Documents and Financing Documents; or (viii) taking any action considered necessary by the Issuer or the Bond Trustee, and which is authorized by the Borrower Documents and Financing Documents, in each case for items (i) through (viii), with the acceptance or administration of the trusts established pursuant to the Indenture. If any suit, action or proceeding is brought against any Indemnified Person, the interests of the Indemnified Person in that suit, action or proceeding shall be defended by counsel to the Indemnified Person or the Borrower, as the Indemnified Person shall determine. If such defense is by counsel to the Indemnified Person, the Borrower shall indemnify and hold harmless the Indemnified Person for the cost of that defense, including reasonable counsel fees, disbursements, costs and expenses. If the Indemnified Persons affected by such suit determine that the Borrower shall defend the Indemnified Persons, the Borrower shall immediately assume the defense at its own cost. Neither the Indemnified Persons nor the Borrower shall be liable for any settlement of any proceeding made without each of their consent. In no event shall the Borrower be liable to an Indemnified Person for the Indemnified Person's own willful misconduct or gross negligence.

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

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

(d) The obligations of the Borrower under this Section 7.01 shall survive any assignment or termination of this Loan Agreement and, as to the Bond Trustee, any resignation or removal of the Bond Trustee.

(e) Indemnification of the Issuer by the Borrower with respect to environmental matters shall be governed exclusively by the terms and provisions of any environmental indemnification agreement.

## **ARTICLE VIII. DEFAULTS AND REMEDIES**

**Section 8.01 Defaults Defined.** The following shall be “Defaults” under this Loan Agreement and the term “Default” shall mean, whenever it is used in this Loan Agreement, any one or more of the following events:

(a) The Borrower shall fail to pay any Loan Payment on or prior to the date on which that Loan Payment is due and payable to the extent amounts on deposit in the Bond Fund, including amounts transferred from the Collateral Fund and the Project Fund are insufficient to pay the Bond Service Charges due on the next Bond Payment Date;

(b) The Borrower shall fail to observe and perform any other agreement, term or condition contained in this Agreement and the continuation of such failure for a period of 30 days after written notice thereof shall have been given to the Borrower and Investor Member by the Issuer or the Trustee, or for such longer period as the Issuer and the Trustee may agree to in writing; provided, that if the failure is other than the payment of money and is of such nature that it can be corrected but not within the applicable period, that failure shall not constitute an Event of Default so long as the Borrower institutes curative action within the applicable period and diligently pursues that action to completion, which must be resolved within 180 days after the aforementioned notice;

(c) The Borrower shall: (i) admit in writing its inability to pay its debts generally as they become due; (ii) have an order for relief entered in any case commenced by or against it under the federal bankruptcy laws, as now or hereafter in effect, which is not dismissed within 90 days; (iii) commence a proceeding under any other federal or state bankruptcy, insolvency, reorganization or similar law, or have such a proceeding commenced against it and either have an order of insolvency or reorganization entered against it or have the proceeding remain undismissed and unstayed for ninety days; (iv) make an assignment for the benefit of creditors; or (v) have a receiver or trustee appointed for it or for the whole or any substantial part of its property which appointment is not vacated within a period of 90 days;

(d) Any representation or warranty made by the Borrower herein or any statement in any report, certificate, financial statement or other instrument furnished in connection with this Agreement or with the purchase of the Bonds shall at any time prove to have been false or misleading in any adverse material respect when made or given;

(e) There shall occur an “Event of Default” as defined in the Indenture; and

(f) There shall occur an “Event of Default” as defined in the Land Use Restriction Agreement by the Borrower under the Land Use Restriction Agreement that is continuing after any applicable notice and cure period.



Notwithstanding the foregoing, if, by reason of Force Majeure, the Borrower is unable to perform or observe any agreement, term or condition hereof which would give rise to an Event of Default under subsection (b) hereof, the Borrower shall not be deemed in default during the continuance of such inability. However, the Borrower shall promptly give written notice to the Trustee and the Issuer of the existence of an event of Force Majeure and shall use commercially reasonable efforts to remove the effects thereof; provided that the settlement of strikes or other industrial disturbances shall be entirely within its discretion.

The term “**Force Majeure**” shall mean, without limitation, the following:

(i) acts of God; strikes, lockouts or other industrial disturbances; acts of terrorism or of public enemies; orders or restraints of any kind of the government of the United States of America or of the State or any of their departments, agencies, or officials, or any civil or military authority; insurrections; civil disturbances; riots; landslides; earthquakes; fires; hurricanes; tornados; storms; droughts; floods; arrests; restraint of government and people; explosions; breakage, malfunction or accident to facilities, machinery, transmission pipes or canals; partial or entire failure of utilities; shortages of labor, materials, supplies or transportation; or

(i) any cause, circumstance or event not reasonably within the control of the Borrower. The Borrower agrees, however, to use its best efforts to remedy with all reasonable dispatch the cause or causes preventing the Borrower from carrying out its agreement.

The declaration of an Event of Default under subsection (c) above, and the exercise of remedies upon any such declaration, shall be subject to any applicable limitations of federal bankruptcy law affecting or precluding that declaration or exercise during the pendency of or immediately following any bankruptcy, liquidation or reorganization proceedings.

**Section 8.02 Remedies on Default.** Whenever any Default referred to in Section 8.01 hereof shall have happened and be continuing beyond the expiration of any applicable cure period, the Bond Trustee, or the Issuer (in the event the Bond Trustee does not act), may take one or any combination of the following remedial steps:

(a) If the Bond Trustee has declared the Bonds immediately due and payable pursuant to Section 9.01 of the Indenture, by written notice to the Borrower, declare an amount equal to all amounts then due and payable on the Bonds, whether by acceleration of maturity (as provided in the Bond Indenture) or otherwise, to be immediately due and payable, whereupon the same shall become immediately due and payable; and

(b) Take whatever action at law or in equity may appear necessary or desirable to collect the amounts then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the Borrower under this Loan Agreement, the Promissory Note, the Land Use Restriction Agreement or any other Borrower Document in the event of default thereunder.

Notwithstanding the foregoing, neither the Issuer nor the Trustee shall be obligated to take any step which in its opinion will or might cause it to expend time or money or otherwise incur liability unless and until indemnity satisfactory to it has been furnished to the Issuer or the Trustee, as applicable, at no cost or expense to the Issuer or the Trustee. Any amounts collected as Loan Payments or applicable to Loan Payments and any other amounts which would be applicable to payment of Bond Service Charges collected pursuant to action taken under this Section shall be paid into the Bond Fund and applied in accordance with the provisions of the Indenture or, if the Outstanding Bonds have been paid and discharged in accordance with the provisions of the Indenture, shall be paid as provided in Section 4.14 of the Indenture for transfers of remaining amounts in the Bond Fund.

The provisions of this Section are subject to the further limitation that the rescission by the Trustee of its declaration that all of the Bonds are immediately due and payable also shall constitute an annulment of any corresponding declaration made pursuant to paragraph (a) of this Section and a waiver and rescission of the consequences of that declaration and of the Event of Default with respect to which that declaration has been made, provided that no such waiver or rescission shall extend to or affect any subsequent or other default or impair any right consequent thereon.

**Section 8.03 No Remedy Exclusive.** Subject to Section 9.01 of the Bond Indenture, no remedy herein conferred upon or reserved to the Issuer or the Bond Trustee is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Loan Agreement or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any Default shall impair any such right or power nor shall it be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Issuer or the Bond Trustee to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be required in this Article. Such rights and remedies as are given the Issuer hereunder shall also extend to the Bond Trustee, and the Bond Trustee and the Holders, subject to the provisions of the Bond Indenture, including, but not limited to the Reserved Rights of the Issuer, shall be entitled to the benefit of all covenants and agreements herein contained.

**Section 8.04 Agreement to Pay Attorneys' Fees and Expenses.** In the event the Borrower should Default under any of the provisions of this Loan Agreement or under the Promissory Note and the Issuer and/or Bond Trustee should employ attorneys or incur other expenses for the collection of payments required hereunder or under the Promissory Note, or the enforcement of performance or observance of any obligation or agreement on the part of the Borrower contained herein or in the Promissory Note, the Borrower agrees that it will on demand therefor pay to the Issuer and the Bond Trustee, as the case may be, the reasonable fees and expenses of such attorneys (including, without limitation, those incurred to enforce this provision) and such other expenses so incurred by the Issuer and/or the Bond Trustee. This Section 8.04 will continue in full force and effect notwithstanding the full payment of the obligations under the Loan Agreement or the termination of this Loan Agreement for any reason.

**Section 8.05 No Additional Waiver Implied by One Waiver.** In the event any agreement contained in this Loan Agreement should be breached by either party and thereafter

waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

**Section 8.06 Right to Cure.** Notwithstanding anything to the contrary herein or Otherwise in the Borrower Documents, if the Borrower shall, for whatever reason, at any time fail to pay any amount or perform any act which it is obligated to pay or perform under any of the Borrower Documents and, as a result, a default or event of default occurs or may occur thereunder, the Investor Member shall have the right to perform such act or pay such amount on behalf of the Borrower and thereby cure or prevent such default or event of default, provided such default or event of default is cured within any applicable cure period or grace period provided to the Borrower herein or otherwise in the Borrower Documents.

**Section 8.07 Default by Issuer; Limited Liability.** Notwithstanding any provision or obligation to the contrary herein set forth, no provision of this Loan Agreement shall be construed so as to give rise to a pecuniary liability of the Issuer or a charge upon the general credit of the Issuer. The liability of the Issuer hereunder shall be limited to its interest in this Loan Agreement, the Promissory Note, and any other Borrower Documents, and the lien of any judgment shall be restricted thereto. In the performance of the agreements of the Issuer herein contained, any obligation it may incur for the payment of money shall not be a debt of the Issuer, and the Issuer shall not be liable on any obligation so incurred. The Issuer does not assume general liability for the repayment of the Bonds or for the costs, fees, penalties, taxes, interest, commissions, charges, insurance or any other payments recited herein, and the Issuer shall be obligated to pay the same only out of Revenues. The Issuer shall not be required to do any act whatsoever, or exercise any diligence whatsoever, to mitigate the damages to the Owner if an Event of Default shall occur hereunder.

## **ARTICLE IX. MISCELLANEOUS**

**Section 9.01 Term of Agreement.** This Loan Agreement shall remain in full force and effect from the date hereof until such time as all of the Bonds and all amounts payable hereunder and under the Bond Indenture shall have been fully paid or provision made for such payments, whichever is later, provided, that the provisions of Sections 5.10, 7.01 and Article VIII hereof shall survive termination of this Loan Agreement.

### **Section 9.02 Notices; Publication of Notice.**

(a) All notices, advice, certifications or other communications hereunder between the Issuer and the Borrower shall be sufficiently given and shall be deemed given when delivered by hand or overnight courier, or mailed by certified or registered mail, postage prepaid, return receipt requested, or transmitted by electronic means (including, without limitation, facsimile transmission) addressed to the appropriate Notice Address. The Issuer or the Borrower may, by notice given hereunder, designate any further or different addresses to which subsequent notices, advice, certifications or other communications shall be sent. Notices to persons other than the Issuer or the Borrower (such as, for example, notices to owners of Bonds) shall be governed by the other applicable provisions of the Bond Indenture.

(b) Whenever the Issuer or the Borrower is required or permitted to give or publish notice of any event or occurrence under this Loan Agreement, such notice shall be given or published in such manner and by such means as the Issuer or the Borrower, as the case may be, shall determine to be appropriate. Such publication may be by (but is not limited to) any of the following means: (i) publication in one or more newspapers or trade journals selected by the Issuer or the Borrower, as the case may be; (ii) publication by or through one or more financial information reporting services; (iii) delivery to one or more “nationally recognized municipal securities information repositories” (as such terms is defined in Securities and Exchange Commission Rule 15c2-12) or any successor repository or entity fulfilling a substantially similar or like role; or (iv) by mailing a copy of such notice by first class mail, postage prepaid, to the person entitled to receive the notice at such person’s address as shown on the records of the Issuer or the Borrower.

**Section 9.03 Nonrecourse Liability of Borrower.** Except as provided herein, the monetary obligations of the Borrower contained in this Agreement (except for fees, payments and indemnification under Sections 3.12, 4.04, 7.01 and 8.04 hereof) shall be limited obligations payable solely from the income and assets of the Project and neither the Borrower nor any partner, manager, member, director, official or officer of the Borrower shall have any personal liability for the satisfaction of any obligation of the Borrower or claim against the Borrower, arising out of this Agreement. Notwithstanding anything contained in this Agreement to the contrary, neither the Issuer nor the Trustee may assert any claim arising hereunder against the Borrower’s interest in the Project, any reserve or deposit made with the Lender or with any other entity that is required by HUD in connection with the Mortgage Loan, or in the rents or other income of the Project for the payment of any charge or obligation due hereunder except to the extent available from then currently available “Surplus Cash” as that term is defined in the HUD Regulatory Agreement approved for distribution by HUD.

The limit on the Borrower’s liability set forth in this Section shall not, however, be construed, and is not intended to in any way, to constitute a release, in whole or in part, of the indebtedness evidenced by this Loan Agreement or a release, in whole or in part, or an impairment of the security interest, or in case of any default or enforcing any other right of the Issuer under this Loan Agreement or to alter, limit or affect the liability of any person or party who may now or hereafter or prior hereto guarantee, or pledge, grant or assign its assets or collateral as security for, the obligations of the Borrower under this Loan Agreement.

The provisions of this Section shall survive the termination of this Loan Agreement.

**Section 9.04 No Pecuniary Liability of Issuer.** No agreements or provisions contained in this Loan Agreement or any agreement, covenant or undertaking by the Issuer contained in any document executed by the Issuer in connection with the Project or any property of the Borrower financed, directly or indirectly, out of proceeds of the Bonds or the issuance, sale and delivery of the Bonds will give rise to any pecuniary liability of the Issuer (including tax and rebate liability) or its past, present or future officers, directors, employees, commissioners, agents or members of its governing body and their successors and assigns or constitute a charge against the Issuer’s general credit, or obligate the Issuer financially in any way, except with respect to the Trust Estate. No failure of the Issuer to comply with any terms, covenants or agreements in this Loan Agreement or in any document executed by the Issuer in connection

with the Bonds will subject the Issuer or its past, present or future officers, directors, employees, commissioners, agents and members of its governing body and their successors and assigns to any pecuniary charge or liability except to the extent that the same can be paid or recovered from the Trust Estate. Without limiting the requirement to perform its duties or exercise its rights and powers under this Loan Agreement upon receipt of appropriate indemnity or payment, none of the provisions of this Loan Agreement or the Indenture will require the Issuer to expend or risk its own funds or otherwise to incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers under this Loan Agreement. Nothing in this Loan Agreement will preclude a proper party in interest from seeking and obtaining, to the extent permitted by law, specific performance against the Issuer for any failure to comply with any term, condition, covenant or agreement in this Loan Agreement or in the Bond Indenture; provided that no costs, expenses or other monetary relief will be recoverable from the Issuer except as may be payable from the funds available under this Loan Agreement or made available under the Indenture by the Borrower and pledged to the payment of the Bonds.

No covenant, agreement or obligation contained herein or in any other financing instrument executed in connection with the Project or the making of the Loan shall be deemed to be a covenant, agreement or obligation of any past, present or future director, officer, employee, commissioner, or agent of the Issuer in his or her individual capacity so long as he or she does not act in bad faith, and no such director, officer, employee, commissioner or agent of the Issuer in his or her individual capacity shall be subject to any liability under any agreement to which the Issuer is a party or with respect to any other action taken by him or her so long as he or she does not act in bad faith.

**Section 9.05 Binding Effect.** This Loan Agreement shall inure to the benefit of and shall be binding upon the Issuer, the Borrower, the Trustee, the Holders and their respective successors and assigns.

**Section 9.06 Severability.** In the event any provision of this Loan Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

**Section 9.07 Amounts Remaining in Funds.** Subject to the provisions of Section 4.07 of the Bond Indenture, any amounts in the Bond Fund remaining unclaimed by the Holders of Bonds for two years after the due date thereof (whether at stated maturity or otherwise), shall be deemed to belong to and shall be paid, at the written request of the Borrower, to the Borrower by the Trustee as overpayment of Loan Payments. With respect to that principal of and interest on the Bonds to be paid from money paid to the Borrower pursuant to the preceding sentence, the Holders of the Bonds entitled to such money shall look solely to the Borrower for the payment of such money. Further, any amounts remaining in the Bond Fund, the Project Fund and Collateral Fund after all of the Outstanding Bonds shall be deemed to have been paid and discharged under the provisions of the Indenture and all other amounts required to be paid under this Agreement, the Note and the Indenture have been paid, shall, subject to Section 4.14 of the Indenture and at the written request of the Borrower, be paid to the Borrower to the extent that such money are in excess of the amounts necessary to effect the payment and discharge of the Outstanding Bonds. Provided, however, that in the event of a default under the FHA Loan, and assignment of the

FHA Loan to FHA, of which the Trustee has received prior written notification, such excess funds shall be paid to the Lender.

**Section 9.08 Amendments, Changes and Modifications.** Subsequent to the issuance of the Bonds and prior to their payment in full (or provision for the payment thereof having been made in accordance with the provisions of the Bond Indenture), and except as otherwise herein expressly provided, this Loan Agreement may not be effectively amended, changed, modified, altered or terminated without the written consent of the Bond Trustee, in accordance with the provisions of the Bond Indenture.

**Section 9.09 Execution in Counterparts.** This Loan Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

**Section 9.10 Applicable Law; Jury Trial.** This Loan Agreement and the Promissory Note, and the rights and obligations of the parties hereunder and thereunder, shall be construed in accordance with, and shall be governed by, the laws of the State of Illinois, without regard to its conflict of laws principles.

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

**THE BORROWER IRREVOCABLY AGREES THAT, SUBJECT TO THE ISSUER'S SOLE AND ABSOLUTE ELECTION, ANY ACTION OR PROCEEDING IN ANY WAY, MANNER OR RESPECT ARISING OUT OF THIS LOAN AGREEMENT, THE PROMISSORY NOTE AND THE OTHER BORROWER DOCUMENTS, OR ANY AMENDMENT, INSTRUMENT, DOCUMENT OR AGREEMENT DELIVERED OR WHICH MAY IN THE FUTURE BE DELIVERED IN CONNECTION HERewith OR THEREWITH, OR ARISING FROM ANY DISPUTE OR CONTROVERSY ARISING IN CONNECTION WITH OR RELATED TO THIS LOAN AGREEMENT, THE PROMISSORY NOTE AND THE OTHER BORROWER DOCUMENTS, OR ANY SUCH AMENDMENT, INSTRUMENT, DOCUMENT OR AGREEMENT, SHALL BE LITIGATED ONLY IN THE COURTS HAVING SITUS WITHIN THE CITY OF CHICAGO, STATE OF ILLINOIS, AND THE BORROWER HEREBY CONSENTS AND SUBMITS TO THE JURISDICTION OF ANY LOCAL, STATE OR FEDERAL COURT LOCATED WITHIN SUCH CITY AND STATE. THE BORROWER HEREBY WAIVES ANY RIGHT IT MAY HAVE TO TRANSFER OR CHANGE THE VENUE OF ANY LITIGATION BROUGHT AGAINST IT IN ACCORDANCE WITH THIS SECTION.**

**Section 9.11 Captions.** The captions and headings in this Loan Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Sections of this Loan Agreement.

**Section 9.12 Mortgage Loan Documents and Regulations Control.**

(a) In the event of any conflict and to the extent that there is any inconsistency or ambiguity between the provisions of this Agreement and the provisions of the Controlling HUD and GNMA Requirements or the Mortgage Loan Documents, the Controlling HUD and GNMA Requirements and Mortgage Loan Documents will be deemed to be controlling, and any such ambiguity or inconsistency will be resolved in favor of, and pursuant to the terms of the Controlling HUD and GNMA Requirements and Mortgage Loan Documents, as applicable. Notwithstanding any provision of this Agreement to the contrary, the parties hereto acknowledge and agree that all of their respective rights and powers to any assets or properties of the Borrower are subordinate and subject to the liens created by the Mortgage, together with any and all amounts from time to time secured thereby, and interest thereon, and to all of the terms and provisions of the Mortgage, and any and all other documents executed by the Borrower as required by HUD or GNMA in connection therewith.

(b) Enforcement of the covenants in this Agreement will not result in, and neither the Issuer, the Trustee nor the Indemnified Persons has or shall be entitled to assert, any claim against the Project, the Mortgage Loan proceeds (other than the amounts deposited with the Trustee as provided in the Indenture), any reserves or deposits required by HUD in connection with the Mortgage Loan transaction, or the rents or deposits or other income of the Project other than available "Surplus Cash" as defined in the HUD Regulatory Agreement.

(c) Failure of the Issuer or the Borrower to comply with any of the covenants set forth in this Agreement will not serve as a basis for default on the Mortgage Loan, the underlying mortgage, or any of the other Mortgage Loan Documents.

(d) The Bonds are not a debt of the United States of America, HUD, FHA, GNMA or any other agency or instrumentality of the federal government, and are not guaranteed by the full faith and credit of the United States or any agency or instrumentality thereof.

(e) There is no pledge hereunder of the gross revenues or any of the assets of the Project.

(f) Nothing contained herein shall inhibit or impair the right of FHA to require or agree to any amendment, change or modification of any Mortgage Loan Documents.

(g) Proceeds from any condemnation award or from the payment of a claim under any hazard insurance policy relating to the Project will not be payable to the Trustee, but will be payable in accordance with the Mortgage Loan Documents.

(h) Notwithstanding anything to the contrary in the event of an assignment or conveyance of the Mortgage Loan to the Federal Housing Commissioner, subsequent to the issuance of the Bonds, all money remaining in all funds and accounts other than the Rebate Fund

and any other funds remaining under the Indenture after payment or provision for payment of debt service on the Bonds and the fees and expenses of the Issuer, Trustee and other such parties unrelated to the Borrower (other than funds originally deposited by the Borrower or related parties on or before the date of issuance of the Bonds) shall be returned to the Lender.

(i) HUD shall not have any obligation under the Disbursement Agreement (or otherwise) to continue to provide Lender Funds if there is a Borrower default under and assignment of the Mortgage Loan to HUD.

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**COVENT APARTMENTS, LLC,**  
an Illinois limited liability company

By: Covent NHPF Manager, LLC,  
an Illinois limited liability company, its managing  
member

By: The NHP Foundation, a District  
of Columbia non-profit corporation, its managing  
member

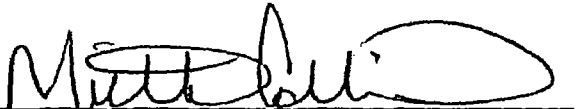
By: 

Name: Mecky Adnani

Title: Senior Vice President

[SIGNATURE PAGE TO LOAN AGREEMENT CONTINUED]

**THE BANK OF NEW YORK MELLON  
TRUST COMPANY, N.A.,**  
as Bond Trustee

By:   
Name: **Mietka Collins**  
Title: **VICE PRESIDENT**

[SIGNATURE PAGE TO LOAN AGREEMENT CONTINUED]

## Exhibit A

### FORM OF NOTE

*This Note has not been registered under the Securities Act of 1933. Its transferability is restricted by the Trust Indenture and the Loan Agreement referred to herein.*

**\$10,196,000**

September 23, 2022

COVENT APARTMENTS, LLC, an Illinois limited liability company (the “**Borrower**”), for value received, promises to pay in installments to The Bank of New York Mellon Trust Company, N.A., a national banking association, as trustee (the “**Trustee**”) under the Indenture hereinafter referred to, the principal amount of

TEN MILLION ONE HUNDRED NINETY-SIX THOUSAND AND 00/100 DOLLARS

and to pay interest on the unpaid balance of such principal sum from and after the date hereof at the rate of 4.00% per annum through and including September 1, 2024, and thereafter at the applicable Remarketing Rate (as defined in the Indenture described below), until the payment of such principal sum has been made or provided for. The principal amount stated above shall be paid on or before September 1, 2025 (the “**Maturity Date**”). Interest shall be calculated on the basis of a 360-day year of 12 equal months. Interest on this Note shall be paid at least one Business Day prior to (a) each March 1 and September 1, commencing March 1, 2023, (b) each Redemption Date, (c) each Mandatory Tender Date, (d) the Maturity Date and (e) the date of acceleration of the Bonds (the “**Interest Payment Dates**”). Terms used but not defined herein shall have the meanings ascribed to such terms in the Indenture, as defined below.

This Note has been executed and delivered by the Borrower to the Trustee pursuant to a certain Loan Agreement dated as of September 1, 2022 (the “**Loan Agreement**”), by and among the City of Chicago, a municipality and home rule unit of government duly organized and validly existing under the Constitution and the laws of the State of Illinois (the “**Issuer**”), the Borrower and the Trustee.

Under the Loan Agreement, the Issuer has loaned the Borrower the principal proceeds received from the sale of its \$10,196,000 Multi-Family Housing Revenue Bonds (Covent Apartments Project), Series 2022 (the “**Bonds**”), to assist in the financing of the Project, and the Borrower has agreed to repay such loan by making payments (“**Loan Payments**”) at the times and in the amounts set forth in this Note for application to the payment of principal of and interest on the Bonds as and when due. The Bonds have been issued, concurrently with the execution and delivery of this Note, pursuant to, and are secured by, the Bond Indenture dated as of September 1, 2022 (the “**Indenture**”), between the Issuer and the Trustee.

To provide funds to pay the principal of and interest on the Bonds as and when due as specified herein, the Borrower hereby agrees to and shall make Loan Payments in Federal Reserve funds on each Interest Payment Date in an amount equal to the Bond Service Charges on the Bonds payable on such Interest Payment Date. In addition, to provide funds to pay the Bond

Service Charges on the Bonds as and when due at any other time, the Borrower hereby agrees to and shall make Loan Payments at least one Business Day prior to the date on which any Bond Service Charges on the Bonds shall be due and payable, whether at maturity, upon acceleration or otherwise, in an amount equal to those Bond Service Charges.

If payment or provision for payment in accordance with the Indenture is made in respect of the Bond Service Charges on the Bonds from money other than Loan Payments, this Note shall be deemed paid to the extent such payments or provision for payment of Bonds has been made. Consistent with the provisions of the immediately preceding sentence, the Borrower shall have credited against its obligation to make Loan Payments any amounts transferred from the Project Fund or the Collateral Fund to the Bond Fund. Subject to the foregoing, all Loan Payments shall be in the full amount required hereunder.

All Loan Payments shall be made to the Trustee at its Designated Office for the account of the Issuer and deposited in the Bond Fund created by the Indenture. Except as otherwise provided in the Indenture, the Loan Payments shall be used by the Trustee to pay the Bond Service Charges on the Bonds as and when due.

The obligation of the Borrower to make the payments required hereunder shall be absolute and unconditional and the Borrower shall make such payments without abatement, diminution or deduction regardless of any cause or circumstances whatsoever including, without limitation, any defense, set-off, recoupment or counterclaim which the Borrower may have or assert against the Issuer, the Trustee or any other Person.

This Note is subject to prepayment, in whole or in part, upon the terms and conditions set forth in Article 3 of the Indenture. Any prepayment is subject to satisfaction of any applicable notice, deposit or other requirements set forth in the Agreement or the Indenture.

Whenever an event of default under Section 6.01 of the Indenture shall have occurred and, as a result thereof, the principal of and any premium on all Bonds then Outstanding, and interest accrued thereon, shall have been declared to be immediately due and payable pursuant to Section 6.02 of the Indenture, the unpaid principal amount of and any premium and accrued interest on this Note shall also be due and payable in Federal Reserve funds on the date on which the principal of and premium and interest on the Bonds shall have been declared due and payable; provided that the annulment of a declaration of acceleration with respect to the Bonds shall also constitute an annulment of any corresponding declaration with respect to this Note.

The payment obligations of this Note are non-recourse to the Borrower to the extent set forth in Section 9.03 of the Loan Agreement.

In the event of any conflict and to the extent that there is any inconsistency or ambiguity between the provisions of this Note and the provisions of the Controlling HUD and GNMA Requirements or the Mortgage Loan Documents, the Controlling HUD and GNMA Requirements and Mortgage Loan Documents will be deemed to be controlling, and any such ambiguity or inconsistency will be resolved in favor of, and pursuant to the terms of the Controlling HUD and GNMA Requirements and Mortgage Loan Documents, as applicable.

Enforcement of the covenants in this Note will not result in, and neither the Issuer nor the Trustee has or shall be entitled to assert, any claim against the Project, the Mortgage Loan proceeds, any reserves or deposits required by HUD in connection with the Mortgage Loan transaction, or the rents or deposits or other income of the Project other than available "Surplus Cash" as defined in the HUD Regulatory Agreement.

Failure of the Issuer or the Borrower to comply with any of the covenants set forth in this Note will not serve as a basis for default on the Mortgage Loan, the underlying mortgage, or any of the other Mortgage Loan Documents.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Borrower has caused this Note to be executed in its name as of the date first above written.

**COVENT APARTMENTS, LLC,**  
an Illinois limited liability company

By: Covent NHPF Manager, LLC,  
an Illinois limited liability company, its managing  
member

By: The NHP Foundation, a District  
of Columbia non-profit corporation, its managing  
member

By: \_\_\_\_\_  
Name: Mecky Adnani  
Title: Senior Vice President

**ENDORSEMENT**

Pay to the order of The Bank of New York Mellon Trust Company, N.A, without recourse, as Trustee under the Indenture referred to in the within mentioned Note, as security for the Bonds issued under the Indenture. This endorsement is given without any warranty as to the authority or genuineness of the signature of the maker of the Note.

This \_\_\_\_ day of \_\_\_\_\_, 2022.

**CITY OF CHICAGO**, as Issuer

By: \_\_\_\_\_  
Chief Financial Officer



**EXHIBIT B**  
**FORM OF REQUISITION**  
**(Project Fund)**

The Bank of New York Mellon Trust Company, N.A.  
Corporate Trust Department  
2 N. LaSalle Street, Suite 700  
Chicago, IL 60602  
Attn: Eduardo Rodriguez

**\$10,196,000 Multi-Family Housing Revenue Bonds**  
**(Covent Apartments Project)**  
**Series 2022**

Ladies and Gentlemen:

Pursuant to Section 3.06 of the Loan Agreement dated as of September 1, 2022 (the “**Loan Agreement**”) among the **CITY OF CHICAGO** (the “**Issuer**”), **COVENT APARTMENTS, LLC**, an Illinois limited liability company (the “**Borrower**”), and **THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.**, as Trustee (the “**Trustee**”), the undersigned Authorized Borrower Representative hereby requests and authorizes the Trustee, as depositary of the Project Fund created by the Bond Indenture dated as of September 1, 2022 (the “**Indenture**”), between the Issuer and the Trustee, to pay to the Borrower, to Merchants Capital Corp., an Indiana corporation, as Lender, or to the person(s) listed on the Schedule I hereto out of the money deposited in the Project Fund to pay the costs of the items listed in Schedule I.

1. REQUISITION NO.: \_\_\_\_\_
2. PAYMENT DUE TO: [SEE ATTACHED SCHEDULE I]
3. AMOUNT TO BE DISBURSED AND CORRESPONDING TO AN ADVANCE OF LENDER FUNDS: \$\_\_\_\_\_ [SEE ATTACHED SCHEDULE I]
4. The amount requested to be disbursed pursuant to this Requisition will be used to pay Costs of the Project (as such term is defined in the Indenture) detailed in Schedule I attached to this Requisition.
5. With respect to a disbursement from the Project Fund, the undersigned certifies that:
  - (a) the amounts included in 3 above were made or incurred or financed and were necessary for the Project and were made or incurred in accordance with the construction contracts, plans and specifications heretofore in effect;

(b) the amount paid or to be paid, as set forth in this Requisition, represents a part of the funds due and payable for Costs of the Project, such funds were not paid in advance of the time, if any, fixed for payment and such funds are due in accordance with the terms of any contracts applicable to the Project and in accordance with usual and customary practice under existing conditions;

(c) the expenditures for which amounts are requisitioned represent proper charges against the Project Fund, have not been included in any previous requisition, have been properly recorded on the Borrower's books and are set forth in Schedule I, with paid invoices attached for any sums for which reimbursement is requested;

(d) the moneys requisitioned are not greater than those necessary to meet obligations due and payable or to reimburse the Borrower for its funds actually advanced for Costs of the Project and do not represent a reimbursement to the Borrower for working capital;

(e) the amount remaining in the Project Fund, together with expected investment income on the Project Fund will, after payment of the amount requested by this Requisition, be sufficient to pay the Costs of completing the Project substantially in accordance with the construction contracts, plans and specifications and building permits therefor, if any, currently in effect;

(f) all of the funds being requisitioned are being used in compliance with all tax covenants set forth in the Indenture, the Loan Agreement and the Land Use Restriction Agreement;

(g) the full amount of each disbursement will be applied to pay or to reimburse the Borrower for the payment of Costs and that, after taking into account the proposed disbursement,

(A) at least 95% of the proceeds of the Bonds pursuant to all written requisitions will be used for Qualified Project Costs to provide a qualified residential rental project (as defined in Section 142(d) of the Code); and

(B) less than 25% of the Net Proceeds of the Bonds will be disbursed to pay or to reimburse the Borrower for the cost of acquiring land;

(h) the Borrower is not in default under the Loan Agreement or the Land Use Restriction Agreement and nothing has occurred to the knowledge of the Borrower that would prevent the performance of its obligations under the Loan Agreement or the Land Use Restriction Agreement; and

(i) **[no amounts being requisitioned by this Requisition will be used to pay, or reimburse, any Costs of Issuance incurred in connection with the issuance of the Bonds.]**

6. The Borrower has on file, copies of invoices or bills of sale covering all items for which payment is being requested.

This \_\_\_\_\_ day of \_\_\_\_\_, 202\_\_.

**COVENT APARTMENTS, LLC,**  
an Illinois limited liability company

By: Covent NHPF Manager, LLC,  
an Illinois limited liability company, its managing  
member

By: The NHP Foundation, a District  
of Columbia non-profit corporation, its managing  
member

By: \_\_\_\_\_  
Name: Mecky Adnani  
Title: Senior Vice President

SCHEDULE I  
to Project Fund Requisition

## EXHIBIT C

### **\$10,196,000 Multi-Family Housing Revenue Bonds (Covent Apartments Project) Series 2022**

#### **COMPLETION CERTIFICATE**

Pursuant to Section 3.09 of the Loan Agreement dated as of September 1, 2022 (the "**Loan Agreement**") among the **CITY OF CHICAGO** (the "**Issuer**"), **COVENT APARTMENTS, LLC**, an Illinois limited liability company (the "**Borrower**"), and **THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.**, as Trustee (the "**Trustee**") and relating to the above-captioned Bonds, the undersigned Authorized Borrower Representative hereby certifies that (with capitalized words and terms used and not defined in this Certificate having the meanings assigned or referenced in the Loan Agreement):

(a) The Project was substantially completed and available and suitable for use as multifamily housing on \_\_\_\_\_.

(b) The acquisition, construction, equipping and improvement of the Project and those other facilities have been accomplished in such a manner as to conform in all material respects with all applicable zoning, planning, building, environmental and other similar governmental regulations.

(c) The costs of the Project financed with the Loan were \$ \_\_\_\_\_.

(d) Except [as provided in subsection (e) of this Certificate][for amounts retained by the Lender in the \_\_\_\_\_ for the payment of costs of the Project not yet due or for liabilities which the Borrower is contesting or which otherwise should be retained], all costs of that acquisition and installation due on or after the date of this Certificate and now payable have been paid.

[(e) The Trustee shall retain \$ \_\_\_\_\_ in the Project Fund for the payment of costs of the Project not yet due or for liabilities which the Borrower is contesting or which otherwise should be retained, for the following reasons:]

(f) At least 95% of the proceeds of the Bonds were expended for Qualified Project Costs as defined in the Indenture.

(g) This Certificate is given without prejudice to any rights against third parties that now exist or subsequently may come into being.

(h) Final endorsement of the Mortgage Loan by FHA occurred on \_\_\_\_\_, 202\_\_ [is expected to occur on or about \_\_\_\_\_, 202\_\_].

IN WITNESS WHEREOF, the Authorized Borrower Representative has set his or her hand as of the \_\_\_\_ day of \_\_\_\_\_, 202\_\_.

**COVENT APARTMENTS, LLC,**  
an Illinois limited liability company

By: Covent NHPF Manager, LLC,  
an Illinois limited liability company, its managing  
member

By: The NHP Foundation, a District  
of Columbia non-profit corporation, its managing  
member

By: \_\_\_\_\_  
Name: Mecky Adnani  
Title: Senior Vice President

**EXHIBIT B**

**BOND INDENTURE**

1. The following is a copy of the Bond Indenture, dated and captioned as above, and is hereby certified to be a true and correct copy of the original.



---

**BOND INDENTURE**

---

**Between**

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

**and**

**THE BANK OF NEW YORK  
MELLON TRUST COMPANY, N.A.,  
as Bond Trustee**

**With Respect to**

**\$10,196,000 Multi-Family Housing Revenue Bonds  
(Covent Apartments Project)  
Series 2022**

**Dated as of September 1, 2022**

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## TABLE OF CONTENTS

ARTICLE 1 DEFINITIONS.....	3
<b>Section 1.01 Definitions</b> .....	3
<b>Section 1.02 Interpretation</b> .....	20
ARTICLE 2 THE BONDS .....	20
<b>Section 2.01 Issuance of Bonds</b> .....	20
<b>Section 2.02 Maturity and Interest</b> .....	21
<b>Section 2.03 Payment and Ownership of Bonds</b> .....	22
<b>Section 2.04 Restriction on Issuance of Bonds</b> .....	23
<b>Section 2.05 Limited Obligations</b> .....	23
<b>Section 2.06 Bond Indenture Constitutes Contract</b> .....	23
<b>Section 2.07 Execution</b> .....	23
<b>Section 2.08 Authentication</b> .....	23
<b>Section 2.09 Mutilated, Lost, Stolen or Destroyed Bonds</b> .....	24
<b>Section 2.10 Transfer and Exchange of Bonds; Persons Treated as Holders</b> .....	24
<b>Section 2.11 Cancellation and Disposition of Bonds</b> .....	25
<b>Section 2.12 Book-Entry Provisions</b> .....	25
<b>Section 2.13 Delivery of the Bonds</b> .....	27
<b>Section 2.14 Special Agreement with Holders</b> .....	28
<b>Section 2.15 CUSIP Numbers</b> .....	28
ARTICLE 3 REDEMPTION OF BONDS .....	29
<b>Section 3.01 Redemption of Bonds</b> .....	29
<b>Section 3.02 Partial Redemption</b> .....	30
<b>Section 3.03 Notice of Redemption</b> .....	30
<b>Section 3.04 Payment of Redeemed Bonds</b> .....	32
<b>Section 3.05 Mandato</b> .....	32
<b>Section 3.06 Mandatory Tender Notice</b> .....	33
<b>Section 3.07 Remarketing of Bonds</b> .....	34
<b>Section 3.08 Cancellation of Bonds</b> .....	37
ARTICLE 4 FUNDS; INVESTMENTS.....	37
<b>Section 4.01 Establishment of Funds</b> .....	37
<b>Section 4.02 Application of Bond Proceeds</b> .....	38

<b>Section 4.03</b>	<b>Bond Fund.</b>	38
<b>Section 4.04</b>	<b>Project Fund</b>	39
<b>Section 4.05</b>	<b>Costs of Issuance Fund.</b>	40
<b>Section 4.06</b>	<b>Collateral Fund.</b>	40
<b>Section 4.07</b>	<b>Completion of the Project.</b>	40
<b>Section 4.08</b>	<b>Expense Fund.</b>	41
<b>Section 4.09</b>	<b>Rebate Fund.</b>	41
<b>Section 4.10</b>	<b>Investment of Special Funds and Rebate Fund.</b>	42
<b>Section 4.11</b>	<b>Money to be Held in Trust.</b>	44
<b>Section 4.12</b>	<b>Valuation.</b>	44
<b>Section 4.13</b>	<b>Nonpresentment of Bonds.</b>	44
<b>Section 4.14</b>	<b>Repayment to the Borrower or the Issuer from the Bond Fund.</b>	44
<b>Section 4.15</b>	<b>Payment of Fees.</b>	45
<b>ARTICLE 5 GENERAL COVENANTS AND REPRESENTATIONS</b>		45
<b>Section 5.01</b>	<b>Payment of Principal or Redemption Price of and Interest on Bonds</b>	45
<b>Section 5.02</b>	<b>Instruments of Further Assurance</b>	45
<b>Section 5.03</b>	<b>Recordation and Filing</b>	46
<b>Section 5.04</b>	<b>No Modification of Security</b>	46
<b>Section 5.05</b>	<b>Reports</b>	46
<b>Section 5.06</b>	<b>Tax Covenants</b>	46
<b>ARTICLE 6 DEFAULT PROVISIONS AND REMEDIES OF BOND TRUSTEE AND HOLDERS</b>		47
<b>Section 6.01</b>	<b>Events of Default</b>	47
<b>Section 6.02</b>	<b>Acceleration</b>	47
<b>Section 6.03</b>	<b>Rights of Holders</b>	48
<b>Section 6.04</b>	<b>Rights of Holders to Direct Proceedings</b>	49
<b>Section 6.05</b>	<b>Waiver by Issuer</b>	49
<b>Section 6.06</b>	<b>Application of Moneys</b>	49
<b>Section 6.07</b>	<b>Remedies Vested in Trustee</b>	50
<b>Section 6.08</b>	<b>Remedies of Holders</b>	51
<b>Section 6.09</b>	<b>Termination of Proceedings</b>	51
<b>Section 6.10</b>	<b>Waivers of Events of Default</b>	51

Section 6.11	Notice of Defaults; Opportunity to Cure Defaults .....	52
ARTICLE 7	THE BOND TRUSTEE AND REMARKETING AGENT .....	52
Section 7.01	Certain Duties and Responsibilities .....	52
Section 7.02	Notice of Default.....	53
Section 7.03	Reserved.....	53
Section 7.04	Certain Rights of Bond Trustee.....	53
Section 7.05	Not Responsible for Recitals or Issuance of Bonds.....	55
Section 7.06	Bond Trustee May Hold Bonds .....	56
Section 7.07	Reserved.....	56
Section 7.08	Successor Bond Trustee.....	56
Section 7.09	Resignation by the Bond Trustee.....	56
Section 7.10	Removal of the Bond Trustee.....	56
Section 7.11	Appointment of Successor Bond Trustee by the Holders; Temporary Bond Trustee.....	56
Section 7.12	Concerning Any Successor Bond Trustee.....	57
Section 7.13	Bond Trustee as Paying Agent and Bond Registrar; Additional Paying Agents .....	57
Section 7.14	Successor Bond Trustee as Trustee, Paying Agent and Bond Registrar .....	58
Section 7.15	R.....	58
	representations by Bond Trustee .....	58
Section 7.16	Concerning the Remarketing Agent.....	58
Section 7.17	Qualification of Remarketing Agent .....	59
Section 7.18	Information for Rating Agency and Notice of Certain Events .....	59
ARTICLE 8	SUPPLEMENTAL BOND INDENTURE .....	59
Section 8.01	Supplemental Bond Indentures Not Requiring Consent of Bondholders.....	59
Section 8.02	Supplemental Bond Indentures Requiring Consent of Bondholders.....	60
Section 8.03	Amendments to Loan Agreement Not Requiring Consent of the Bondholders.....	62
Section 8.04	Amendments to Loan Agreement Requiring Consent of Bondholders.....	62
Section 8.05	Consent of Borrower and Investor Member .....	63
Section 8.06	Responsibilities of Trustee .....	63

<b>Section 8.07 Authorization to Trustee; Effect of Supplement.....</b>	<b>63</b>
<b>ARTICLE 9 SATISFACTION AND DISCHARGE OF BOND INDENTURE .....</b>	<b>64</b>
<b>Section 9.01 Discharge of Lien .....</b>	<b>64</b>
<b>Section 9.02 Payment and Discharge of Bonds.....</b>	<b>65</b>
<b>Section 9.03 Survival of Certain Provisions.....</b>	<b>66</b>
<b>ARTICLE 10 MISCELLANEOUS .....</b>	<b>66</b>
<b>Section 10.01 Consents and Other Instruments of Bondholders .....</b>	<b>66</b>
<b>Section 10.02 Limitation of Rights.....</b>	<b>67</b>
<b>Section 10.03 Severability .....</b>	<b>67</b>
<b>Section 10.04 Notices .....</b>	<b>67</b>
<b>Section 10.05 Payments Due on Saturdays, Sundays and Holidays .....</b>	<b>67</b>
<b>Section 10.06 Priority of this Indenture. ....</b>	<b>68</b>
<b>Section 10.07 Counterparts .....</b>	<b>68</b>
<b>Section 10.08 Governing Law.....</b>	<b>68</b>
<b>Section 10.09 No Recourse.....</b>	<b>68</b>
<b>Section 10.10 Successors and Assigns.....</b>	<b>68</b>
<b>Section 10.11 Books, Records and Accounts.....</b>	<b>68</b>
<b>Section 10.12 Mortgage Loan Documents and Regulations Control.....</b>	<b>68</b>
<b>Section 10.13 Force Majeure.....</b>	<b>68</b>
<b>Section 10.14 U.S.A. Patriot Act .....</b>	<b>68</b>
<b>Section 10.15 Waiver of Jury Trial .....</b>	<b>68</b>

EXHIBIT A Form of Bond

EXHIBIT B Legal Description of Project Site

## BOND INDENTURE

THIS BOND INDENTURE (“**Bond Indenture**” or “**Indenture**”), dated as of September 1, 2022, 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 **THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.**, as Trustee (such trustee or any of its successors in trust being the “**Trustee**” or “**Bond Trustee**”).

### RECITALS

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

**WHEREAS**, the Issuer has determined to issue, sell and deliver not to exceed \$10,196,000 aggregate principal amount of its Multi-Family Housing Revenue Bonds (Covent Apartments Project), Series 2022 (the “**Bonds**”), as provided herein for the purpose of making a loan to Covent Apartments, LLC, a limited liability company organized under the laws of the State of Illinois, and its successors and assigns (the “**Borrower**”) to finance all or a portion of the costs of the acquisition, construction and equipping of an approximately 64-unit multifamily housing rental apartment complex being deconverted to approximately 30 units and located at 2653 North Clark Street, Chicago, Illinois (the “**Project**”), as more fully described in Exhibit B attached hereto; and

**WHEREAS**, the Issuer will loan the proceeds of the Bonds to the Borrower by entering into a Loan Agreement dated as of September 1, 2022 (the “**Loan Agreement**” or “**Agreement**”), between the Issuer and the Borrower, and the Bonds shall be payable solely from the revenues received by the Issuer from the repayment of the loan of the proceeds of the Bonds to the Borrower (the “**Loan**”) and from other revenues derived from the Loan and the Bonds; and

**WHEREAS**, the Bonds will be secured by this Indenture, and the Issuer is authorized to execute and deliver this Indenture and to do or cause to be done all acts provided or required herein to be performed on its part;

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

**NOW, THEREFORE**, that to secure the payment of Bond Service Charges on the Bonds according to their true intent and meaning, to secure the performance and observance of

all of the covenants, agreements, obligations and conditions contained therein and herein, and to declare the terms and conditions upon and subject to which the Bonds are and are intended to be issued, held, secured and enforced, and in consideration of the premises and the acceptance by the Trustee of the trusts created herein and of the purchase and acceptance of the Bonds by the Holders, and for other good and valuable consideration, the receipt of which is acknowledged, the Issuer has executed and delivered this Indenture and absolutely assigns hereby to the Trustee (except Reserved Rights), and to its successors in trust, and its and their assigns, all right, title and interest of the Issuer in and to:

### **GRANTING CLAUSES**

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

(i) the Revenues, including, without limitation, all Loan Payments, Eligible Funds and other amounts receivable by or on behalf of the Issuer under the Loan Agreement in respect of repayment of the Loan,

(ii) the Special Funds, including all accounts in those Funds and all money deposited therein and the investment earnings on such money,

(iii) subject to the provisions of the Ordinance, all right, title and interest of the Issuer in the proceeds derived from the sale of the Bonds, and any securities in which money in the Special Funds are invested, and (except for money required to be rebated to the United States of America under the Code) the proceeds derived therefrom, and any and all other real or personal property of every name and nature from time to time hereafter by delivery or by writing of any kind pledged, assigned or transferred, as and for additional security hereunder by the Issuer or by anyone on its behalf, or with its written consent, to the Trustee, which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms of this Indenture,

(iv) the Note, and

(v) the Loan Agreement, except for the Reserved Rights (the foregoing collectively referred to as the “**Trust Estate**”).

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

**TO HAVE AND TO HOLD** unto the Trustee and its successors in that trust and its and their assigns forever;

**BUT IN TRUST, NEVERTHELESS,** and subject to the provisions hereof,

(a) except as provided otherwise herein, for the equal and proportionate benefit, security and protection of all present and future Holders of the Bonds issued or to be issued under and secured by this Indenture,

(b) for the enforcement of the payment of the principal of and interest on the Bonds, when payable, according to the true intent and meaning thereof and of this Indenture, and

(c) to secure the performance and observance of and compliance with the covenants, agreements, obligations, terms and conditions of this Indenture,

in each case, without preference, priority or distinction, as to lien or otherwise, of any one Bond over any other by reason of designation, number, date of the Bonds or of authorization, issuance, sale, execution, authentication, delivery or maturity thereof, or otherwise, so that each Bond and all Bonds shall have the same right, lien and privilege under this Indenture and shall be secured equally and ratably hereby, it being intended that the lien and security of this Indenture shall take effect from the date hereof, without regard to the date of the actual issue, sale or disposition of the Bonds, as though upon that date all of the Bonds were actually issued, sold and delivered to purchasers for value; provided, however, that

- (i) if the principal of the Bonds and the interest due or to become due thereon shall be well and truly paid, at the times and in the manner to which reference is made in the Bonds, according to the true intent and meaning thereof, or the Outstanding Bonds shall have been paid and discharged in accordance with Article IX hereof,
- (ii) if all of the covenants, agreements, obligations, terms and conditions of the Issuer under this Indenture shall have been kept, performed and observed and there shall have been paid to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions hereof, and
- (iii) this Indenture and the rights assigned hereby shall cease, determine and be void, except as provided in Section 9.02 hereof with respect to the survival of certain provisions hereof; otherwise, this Indenture shall be and remain in full force and effect.

It is declared that all Bonds issued hereunder and secured hereby are to be issued, authenticated and delivered, and that the Trust Estate assigned hereby is to be dealt with and disposed of under, upon and subject to, the terms, conditions, stipulations, covenants, agreements, obligations, trusts, uses and purposes provided in this Indenture. The Issuer has agreed and covenanted, and agrees and covenants with the Trustee and with each and all Holders, as follows:

## **ARTICLE 1 DEFINITIONS**

**Section 1.01 Definitions.** The terms defined in this Section 1.01 or in the Recitals hereto (except as herein otherwise expressly provided or unless the context otherwise requires)



for all purposes of this Bond Indenture and of any indenture supplemental hereto shall have the respective meanings specified in this Section 1.01 or in the Recitals hereto.

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

*“Additional Payments”* means the amounts required to be paid by the Borrower pursuant to the provisions of Section 4.04 of the Loan Agreement.

*“Administrative Expenses”* means the Issuer Fee, the City Administrative Fee, the Ordinary Trustee Fees and Expenses and the Dissemination Agent Fee.

*“Affiliated Party”* of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, “control” when used with respect to any specified Person means the power to direct the policies of such Person, directly or indirectly, whether through the power to appoint and remove its directors, the ownership of voting securities, by contract, or otherwise; and the terms “controlling” and “controlled” have meanings correlative to the foregoing.

*“Authorized Borrower Representative”* means any person who, at any time and from time to time, is designated as the Borrower’s authorized representative by written certificate furnished to the Issuer and the Trustee containing the specimen signature of such person and signed on behalf of the Borrower by any authorized general partner of the Borrower if the Borrower is a general or limited partnership, by any authorized managing member of the Borrower if the Borrower is a limited liability company, or by any authorized officer of the Borrower if the Borrower is a corporation, which certificate may designate an alternate or alternates. The Trustee may conclusively presume that a person designated in a written certificate filed with it as an Authorized Borrower Representative is an Authorized Borrower Representative until such time as the Borrower files with it (with a copy to the Issuer) a written certificate revoking such person’s authority to act in such capacity.

*“Authorized Denomination”* means \$5,000, or any integral multiple of \$1,000 in excess thereof.

*“Authorized Issuer Representative”* means any person or persons specifically authorized by the Ordinance to take the action intended.

*“Bankruptcy Code”* means Title 11 of the United States Code entitled “Bankruptcy,” as in effect now and in the future, or any successor statute.

*“Beneficial Owner”* means with respect to the Bonds, the Person owning the Beneficial Ownership Interest therein.

*“Beneficial Ownership Interest”* means the right to receive payments and notices with respect to the Bonds held in a Book-Entry System.

*“Bond Counsel”* means Ice Miller LLP and Charity & Associates, P.C, or any attorney at law or firm of attorneys, of nationally recognized standing in matters pertaining to the federal tax exemption of interest on bonds issued by states and political subdivisions, and duly admitted to practice law before the highest court of any state of the United States of America or the District of Columbia.

*“Bond Fund”* means the Bond Fund created in Section 4.01 hereof.

*“Bond Indenture”* or *“Indenture”* means this Bond Indenture and all indentures supplemental hereto.

*“Bond Payment Date”* means each Interest Payment Date and any other date Bond Service Charges on the Bonds are due, whether at maturity, upon redemption, Mandatory Tender or acceleration or otherwise.

*“Bond Purchase Agreement”* means the Bond Purchase Agreement, dated September 19, 2022, among the Underwriter, the Issuer and the Borrower.

*“Bond Trustee”* means The Bank of New York Mellon Trust Company, N.A., until a successor Bond Trustee shall have become such pursuant to the applicable provisions of this Indenture, and thereafter, *“Bond Trustee”* shall mean the successor Bond Trustee.

*“Bond Service Charges”* means, for any period or payable at any time, the principal of and interest on the Bonds for that period or payable at that time whether due at maturity or upon redemption, Mandatory Tender or acceleration.

*“Bond Year”* means each annual period of twelve months ending on June 30 as applicable; provided, however, that the first annual period commences on the date of the original issuance and delivery of the Bonds and ends on June 30, 2023 and the last of which ends on the maturity of the Bonds.

*“Bonds”* means the Issuer’s Multi-Family Housing Revenue Bonds (Covent Apartments Project), Series 2022 in the aggregate principal amount of not to exceed \$10,196,000 issued under and secured by this Bond Indenture.

*“Book-Entry Form”* or *“Book-Entry System”* means, with respect to the Bonds, a form or system, as applicable, under which (a) physical Bond certificates in fully registered form are issued only to a Securities Depository or its nominee, with the physical Bond certificates “immobilized” in the custody of the Securities Depository and (b) the ownership of book-entry interests in Bonds and Bond Service Charges thereon may be transferred only through a book-entry made by others than the Issuer or the Trustee. The records maintained by others than the Issuer or the Trustee constitute the written record that identifies the owners, and records the transfer, of book-entry interests in those Bonds and Bond Service Charges thereon.

*“Borrower”* means Covent Apartments, LLC, a limited liability company organized under the laws of the State of Illinois, and its successors and assigns.

*“Borrower Documents”* when used with respect to the Borrower, means all documents and agreements executed and delivered by the Borrower as security for or in connection with the issuance of the Bonds, including but not limited to, the Financing Documents and the Mortgage Loan Documents. The Borrower Documents do not include any documents or agreements to which the Borrower is not a direct party, including the Bonds or this Indenture.

*“Borrower’s Tax Certificate”* means the Borrower’s Tax Certificate, dated the Closing Date, executed and delivered by the Borrower in connection with the issuance of the Bonds.

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

*“Cash Flow Projection”* means a written cash flow projection prepared by an Independent firm of certified public accountants, a financial advisory firm, a law firm or other Independent third party qualified and experienced in the preparation of cash flow projections for structured finance transactions similar to the Bonds, designated by the Borrower and acceptable to the Rating Agency, establishing, to the satisfaction of the Rating Agency, the sufficiency of (a) the amount on deposit in the Special Funds, (b) projected investment income to accrue on amounts on deposit in the Special Funds during the applicable period and (c) any additional Eligible Funds delivered to the Trustee by or on behalf of the Borrower to pay Bond Service Charges and the Administrative Expenses, in each instance, when due and payable, including, but not limited to, any cash flow projection prepared in connection with (i) the initial issuance and delivery of the Bonds, (ii) a proposed remarketing of the Bonds, as provided in Section 3.07 hereof, (iii) the release of Eligible Funds from the Negative Arbitrage Account, as provided in Section 4.03 hereof, and (iv) the purchase, sale or exchange of Eligible Investments as provided in Section 4.10 hereof.

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

*“City Administrative Fee”* means the City Administrative Fee to be paid by the Trustee on behalf of the Borrower to the Issuer, described in Section 4.15 of this Bond Indenture.

*“City AHO Funds Loan”* means a loan in the original principal amount of \$1,500,000 from the City AHO Funds Loan Lender to the Borrower.

*“City AHO Funds Loan Lender”* means The City of Chicago, in its capacity as maker of the City AHO Funds Loan.

*“City HOME Funds Loan”* means the loan in the original principal amount of \$3,500,000 from the City HOME Funds Lender to the Borrower.

*“City HOME Funds Loan Lender”* means The City of Chicago, in its capacity as maker of the City HOME Funds Loan.

*“Closing Date”* means the initial date of delivery of the Bonds in exchange for the purchase price of the Bonds sized as set forth in Section 2.13(b).

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

*“Collateral Fund”* means the Collateral Fund created in Section 4.01 hereof.

*“ComEd GP Loan”* means the loan in the original principal amount of \$44,964 from the ComED GP Loan Lender to the Borrower.

*“ComED GP Loan Lender”* means The NHP Foundation, in its capacity as maker of the ComED GP Loan.

*“Completion Certificate”* means the certificate attached as Exhibit C to the Loan Agreement.

*“Completion Date”* means the date of the completion of the rehabilitation of the Project, as that date shall be certified as provided in Section 3.09 of the Loan Agreement.

*“Confirmation of Rating”* means a written confirmation, obtained prior to the event or action under scrutiny, from the Rating Agency to the effect that, following the proposed action or event under scrutiny at the time such confirmation is sought, the rating of the Rating Agency with respect to all Bonds then Outstanding and then rated by the Rating Agency will not be downgraded, suspended, qualified or withdrawn as a result of such action or event.

*“Continuing Disclosure Agreement”* means the Continuing Disclosure Agreement, dated the date of issuance of the Bonds, between the Borrower and the Dissemination Agent, as the same may amended, restated or supplemented from time to time.

*“Controlling Holders”* means, in the case of consent or direction to be given hereunder, the Holders of the majority in aggregate principal amount of the Outstanding Bonds.

*“Controlling HUD and GNMA Requirements”* means the National Housing Act and any applicable HUD or GNMA regulations, and related HUD or GNMA administrative requirements and prohibitions.

*“Costs of Issuance”* means the “issuance costs” with respect to the Bonds within the meaning of Section 147(g) of the Code.

*“Costs of Issuance Fund”* means the Costs of Issuance Fund created in Section 4.01 hereof.

*“Designated Office of the Trustee”* means the office of the Bond Trustee at the Notice Address set forth in this Section 1.01 or, solely for purposes of presentation for transfer, payment

or exchange of the Bonds, the designated corporate trust operations or agency office of the Trustee in Grand Rapids, Michigan, or at such other address as may be specified in writing by the Trustee.

*“Disbursement Agreement”* means the Disbursement Agreement dated as of September 1, 2022, by and among HUD, the Lender, the Issuer, Greater Illinois Title Company and the Borrower, relating to the funding of the Mortgage Loan by the Lender.

*“Dissemination Agent”* means Digital Assurance Certification, LLC, or any successor, as Dissemination Agent under the Continuing Disclosure Agreement.

*“Dissemination Agent Fee”* means the fee payable to the Dissemination Agent as compensation for its services and expenses in performing its obligations under the Continuing Disclosure Agreement; provided, however, the amount of the Dissemination Agent Fee payable under this Indenture is limited to money withdrawn from the Expense Fund and the Borrower will be responsible to pay the remaining amount of the Dissemination Agent Fee pursuant to Section 4.04 of the Loan Agreement.

*“DTC”* means The Depository Trust Company (a limited purpose trust company), New York, New York, and its successors or assigns.

*“DTC Participant”* means any participant contracting with DTC under its book-entry system and includes securities brokers and dealers, banks and trust companies and clearing corporations.

*“Electronic Means”* means the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder.

*“Eligible Funds”* means, as of any date of determination, any of:

- (a) the proceeds of the Bonds (including any additional amount paid to the Trustee as the purchase price thereof by the Underwriter);
- (b) money received by the Trustee representing Lender Funds; proceeds of the City AHO Funds Loan, the City HOME Funds Loan and proceeds of the IHTF Loan;
- (c) amounts drawn by the Trustee on a letter of credit;
- (d) remarketing proceeds of the Bonds (including any additional amount paid to the Trustee as the remarketing price thereof by the Remarketing Agent) received from the Remarketing Agent or any purchaser of Bonds (other than funds provided by the Borrower, the Issuer or any Affiliated Party of either the Borrower or the Issuer);

- (e) any other amounts, including the proceeds of refunding bonds, for which the Trustee has received an Opinion of Counsel (which opinion may assume that no Holder or Beneficial Owner of Bonds is an “insider” within the meaning of the Bankruptcy Code) to the effect that (A) the use of such amounts to make payments on the Bonds would not violate Section 362(a) of the Bankruptcy Code or that relief from the automatic stay provisions of such Section 362(a) would be available from the bankruptcy court and (B) payments of such amounts to Holders would not be avoidable as preferential payments under Section 547 or 550 of the Bankruptcy Code should the Issuer or the Borrower become a debtor in proceedings commenced under the Bankruptcy Code;
- (f) any payments made by the Borrower and held by the Trustee for a continuous period of 123 days, provided that no Act of Bankruptcy has occurred during such period; and
- (g) investment income derived from the investment of the money described in (a) through (f) above.

“*Eligible Investments*” means to the extent authorized under State law any of the following investments which mature (or are redeemable at the option of the Trustee) at such time or times as to enable disbursements to be made from the fund in which such investment is held or allocated in accordance with the terms of this Indenture:

(a) Government Obligations; and

(b) Shares or units in any money market mutual fund rated “Aaa-mf” by Moody’s (or the equivalent Highest Rating Category given by the Rating Agency for that general category of security) including mutual funds of the Trustee or its affiliates or for which the Trustee or an affiliate thereof serves as investment advisor or provides other services to such mutual fund and receives reasonable compensation therefor that are registered under the Investment Company Act of 1940, as amended, whose investment portfolio consists solely of direct obligations of the government of the United States of America.

“*Event of Default*” means (a) with respect to this Indenture, any of the events described as an Event of Default in Section 6.01 hereof and (b) with respect to the Loan Agreement, any of the events described as an Event of Default in Section 8.01 of the Loan Agreement.

“*Expense Fund*” means the Expense Fund created in Section 4.01 hereof.

“*Extension Payment*” means the amount due, if any, to provide adequate additional funds for the payment of Bond Service Charges and Administrative Expenses during a Remarketing Period in connection with the change or extension of the Mandatory Tender Date pursuant to Section 3.07 hereof, and (a) which shall be determined by a Cash Flow Projection approved in writing by the Rating Agency and (b) must consist of Eligible Funds other than the proceeds of the Bonds.

“*Federal Tax Status*” means, as to the Bonds, the status of the interest on the Bonds as excludable from gross income for federal income tax purposes of the Holders of the Bonds (except on Bonds while held by a substantial user or related person, each as defined in the Code).

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

“*FHA Commitment*” means the Commitment for Insurance of Advances issued by FHA with respect to FHA Insurance on the Mortgage Loan, as the same may be amended.

“*FHA Insurance*” means the mortgage insurance for the Mortgage Loan by FHA under the provisions of Section 220 of the National Housing Act and the regulations promulgated thereunder.

“*Financing Documents*” means this Indenture, the Bonds, the Loan Agreement, the Note, the Disbursement Agreement, the Borrower’s Tax Certificate, the Issuer’s Tax Certificate, the Tax Regulatory Agreement, the Bond Purchase Agreement, the Continuing Disclosure Agreement, the Remarketing Agreement and any other instrument or document executed in connection with the Bonds, together with all modifications, extensions, renewals and replacements thereof, but excluding the GNMA Documents and the Mortgage Loan Documents.

“*Force Majeure*” means any of the causes, circumstances or events described as constituting Force Majeure in Section 8.01 of the Loan Agreement.

“*GNMA*” means the Government National Mortgage Association, and its successors and assigns.

“*GNMA Certificate*” means a mortgage backed security issued by the Lender, guaranteed as to timely payment of principal and interest by GNMA pursuant to the National Housing Act and the regulations thereunder, and issued with respect to and backed by the Mortgage Loan.

“*GNMA Documents*” means any GNMA Certificate, the commitment issued by GNMA to the Lender to guarantee the GNMA Certificate or GNMA Certificates and all other documents, certifications and assurances executed and delivered by the Lender, GNMA or the Borrower in connection with the GNMA Certificate or GNMA Certificates.

“*Government Obligations*” means (i) noncallable, non-redeemable direct obligations of the United States of America for the full and timely payment of which the full faith and credit of the United States of America is pledged, and (ii) obligations issued by a Person controlled or supervised by and acting as an instrumentality of the United States of America, the full and timely payment of the principal of, premium, if any, and interest on which is fully guaranteed as a full faith and credit obligation of the United States of America (including any securities described in (i) or (ii) issued or held in book-entry form on the books of the Department of the Treasury of the United States of America), which obligations, in either case, are not subject to redemption prior to maturity at less than par at the option of anyone other than the holder thereof.

*“Highest Rating Category”* means, with respect to an Eligible Investment, that the Eligible Investment is rated by a Rating Agency in the highest rating given by that Rating Agency for that Rating Category, provided that such rating shall include but not be below “Aaa” or “Aaa/VMIG 1” if rated by Moody’s or “A-1+” or “AA+” if rated by S&P.

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

*“HUD”* means the United States Department of Housing and Urban Development, and its successors.

*“HUD Regulatory Agreement”* means the Regulatory Agreement for Insured Multifamily Housing Projects between the Borrower and HUD with respect to the Project, as the same may be supplemented, amended or modified from time to time.

*“IHTF Loan”* means the loan in the original principal amount of \$3,097,846\* from the IHTF Loan Lender to the Borrower.

*“IHTF Loan Lender”* means the Illinois Housing Development Authority in its capacity as maker of the IHTF Loan.

*“Indenture”* means this Bond Indenture, dated as of September 1, 2022, between the Issuer and the Bond Trustee, as amended or supplemented from time to time.

*“Independent”* when used with respect to a specified Person means such Person has no specific financial interest direct or indirect in the Borrower or any Affiliate of the Borrower and in the case of an individual is not a director, trustee, officer, partner, member or employee of the Borrower or any Affiliate of the Borrower and in the case of an entity, does not have a partner, director, trustee, officer, member or employee who is a director, trustee, partner, member, officer or employee of any partner or member of the Borrower or any Affiliate of the Borrower.

*“Inducement Ordinance”* means the inducement ordinance adopted by the City Council of the Issuer on October 14, 2021 with respect to the Project.

*“Initial Borrower Deposit”* means funds in the amount of \$0 provided by or on behalf of the Borrower, which is to be deposited as provided in Section 4.02(b) hereof.

*“Initial Interest Rate”* means 4.00% per annum.

*“Initial Mandatory Tender Date”* means September 1, 2024.

*“Initial Remarketing Date”* means the Initial Mandatory Tender Date, but only if the conditions for remarketing the Bonds on such date as provided in Section 3.07 hereof are satisfied.

*“Interest Payment Date”* means (a) March 1 and September 1 of each year beginning March 1, 2023, (b) each Redemption Date and (c) each Mandatory Tender Date. In the case of insufficient funds to pay the purchase price on the Bonds following Mandatory Tender on the



Initial Mandatory Tender Date, “Interest Payment Date” also means the first Business Day of each month as provided in the second paragraph of Section 2.02 hereof. In the case of a payment of defaulted interest, “Interest Payment Date” also means the date of such payment established pursuant to Section 2.03 hereof.

“*Interest Period*” means, initially, the period from the Closing Date to and including September 1, 2024, and thereafter, the period commencing on each succeeding Interest Payment Date and ending on the last day of the month preceding the next Interest Payment Date.

“*Interest Rate*” means the Initial Interest Rate to but not including the Initial Mandatory Tender Date, and thereafter the applicable Remarketing Rate.

“*Interest Rate for Advances*” means the rate per annum which is two percent plus that interest rate announced by the Trustee in its lending capacity as a bank as its “Prime Rate” or its “Base Rate.”

“*Investor Member*” means R4 TCIL Acquisition LLC, a Delaware limited liability company, and its permitted successors and assigns.

“*Issuer Documents*” means the Financing Documents to which the Issuer is a party.

“*Issuer Fee*” means the amount of \$152,940, which represents 1.50% of the par amount of the Bonds, paid by the Trustee on behalf of the Borrower to the Issuer on the Closing Date in connection with, and as consideration for, the issuance of the Bonds.

“*Issuer’s Tax Certificate*” means the Issuer’s Tax Certificate, dated the Closing Date, from the Issuer.

“*Land Use Restriction Agreement*” means the Land Use Restriction Agreement dated as of September 1, 2022, between the Issuer and the Borrower with respect to the Project and the Bonds.

“*Lender*” means Merchants Capital Corp., an Indiana corporation.

“*Lender Funds*” means warehouse funds or other funds of the Lender to be advanced by the Lender to the Trustee and/or proceeds, if any, received from the sale by the Lender of GNMA Securities, which, in the aggregate, do not exceed \$4,908,000, and which do not represent an advance of Mortgage Loan funds.

“*Loan*” means the loan by the Issuer to the Borrower of the proceeds received from the sale of the Bonds.

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

“*Loan Payments*” means the amounts required to be paid by the Borrower in repayment of the Loan pursuant to the provisions of the Note and Section 4.01 of the Loan Agreement.

*“Local Time”* means Eastern time (daylight or standard, as applicable) in Indianapolis, Indiana.

*“Mandatory Tender”* means a tender of Bonds required by Section 3.05 hereof.

*“Mandatory Tender Date”* means (a) the Initial Mandatory Tender Date and (b) if the Bonds Outstanding on the Initial Mandatory Tender Date or on any subsequent Mandatory Tender Date are remarketed pursuant to Section 3.07 hereof for a Remarketing Period that does not extend to the final maturity of the Bonds, the day after the last day of the Remarketing Period.

*“Maturity Date”* means September 1, 2025.

*“Maximum Interest Rate”* means the interest rate equal to the lesser of: (a) 12% per annum, or (b) the maximum interest rate per annum permitted by applicable State law.

*“Mortgage Loan”* means the mortgage loan to be made from the Lender to the Borrower in the principal amount of \$4,908,000 with respect to the Project, as described and provided for in the FHA Commitment.

*“Mortgage Loan Documents”* means the mortgage, the mortgage note, the HUD Regulatory Agreement and all other documents required by the Lender and/or FHA in connection with the Mortgage Loan.

*“National Housing Act”* means the National Housing Act of 1934, as amended.

*“Negative Arbitrage Account”* means the Negative Arbitrage Account of the Bond Fund created in Section 4.01 hereof.

*“Note”* means the promissory note of the Borrower, dated as of even date with the Bonds initially issued, in the form attached as Exhibit A to the Loan Agreement and in the principal amount of \$10,196,000, evidencing the obligation of the Borrower to make Loan Payments.

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

If to the Issuer:

City of Chicago  
Department of Housing  
City Hall  
121 N. LaSalle Street, Room 1006  
Chicago, IL 60602

With copies to:

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

and to:

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

If to the Borrower:

Covent Apartments, LLC  
c/o The NHP Foundation  
122 East 42<sup>nd</sup> Street, Suite 4900  
New York, NY 10168  
Attention: Mecky Adnani

with a copy to:

Applegate & Thorne-Thomsen  
425 South Financial Place, Suite 1900  
Chicago, IL 60605  
Attention: Kim Lawson

If to the Lender:

Merchants Capital Corp.  
410 Monon Blvd., 5th Floor  
Carmel, Indiana 46032  
Attention: FHA Asset Management

If to the Bond Trustee:

The Bank of New York Mellon Trust Company, N.A.  
Corporate Trust Department  
2 N. LaSalle Street, Suite 700  
Chicago, IL 60602  
Telephone: (312) 827-8612  
Facsimile: (312) 827-8522  
Attn: Eduardo Rodriguez

If to the Remarketing Agent: RBC Capital Markets, LLC  
200 Vesey Street, 9th Floor  
New York, NY 10281  
Attention: Mitchell Gallo  
Telephone: (212) 618-2218  
Email: [mitchell.gallo@rbccm.com](mailto:mitchell.gallo@rbccm.com)

If to the Investor Member: R4 TCIL Acquisition LLC  
780 Third Avenue, 16<sup>th</sup> Floor  
New York, NY 10017  
Attention: Marc D. Schnitzer  
Telephone: (646) 933-0300  
Email: [MSchnitzer@r4cap.com](mailto:MSchnitzer@r4cap.com)

with a copy to:

Holland & Knight LLP  
31 West 52<sup>nd</sup> Street  
New York, NY 10019  
Attn: Alan S. Cohen  
Email: [Alan.Cohen@hklaw.com](mailto:Alan.Cohen@hklaw.com)

If to the Rating Agency: Moody's Investors Services, Inc.  
7 World Trade Center  
250 Greenwich Street, 16<sup>th</sup> Floor  
New York, NY 10007  
Attn: Public Finance Group – Housing Team  
Electronic notices shall be delivered to:  
[Housing@moody's.com](mailto:Housing@moody's.com)

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

*“Optional Redemption Date”* means September 1, 2024.

*“Ordinance”* means the ordinance adopted by the City Council of the Issuer on February 23, 2022, authorizing the issuance, sale and delivery of the Bonds.

*“Ordinary Trustee Fees and Expenses”* means a \$1,000 acceptance fee and \$2,000 annual fee payable on the Closing Date, payable from funds of the Borrower.

*“Organizational Documents”* means the Borrower's Amended and Restated Operating Agreement dated as of September 1, 2022.

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

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

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

(c) Bonds paid pursuant to Section 2.03 hereof; and

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

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

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

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

*"Plans and Specifications"* means the plans and specifications describing the Project as now prepared and as they may be changed, revised and updated from time to time as provided in the Loan Agreement.

*"Predecessor Bond"* of any particular Bond means every previous Bond evidencing all or a portion of the same debt as that evidenced by the particular Bond. For the purposes of this definition, any Bond authenticated and delivered under Section 2.09 hereof in lieu of a lost, stolen or destroyed Bond shall, except as otherwise provided in Section 2.09, be deemed to evidence the same debt as the lost, stolen or destroyed Bond.

*"Project"* means the acquisition, rehabilitation and equipping of an approximately 64-unit multifamily housing rental apartment complex being deconverted to approximately 30 units and located at 2653 North Clark Street, Chicago, Illinois.

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

*“Project Fund”* means the Project Fund created in Section 4.01 hereof

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

*“Rating Agency”* means Moody’s, S&P or any other nationally recognized securities rating agency rating the Bonds, or such rating agency’s successors or assigns, and initially means Moody’s so long as Moody’s is rating the Bonds.

*“Rating Category”* means one of the rating categories of the Rating Agency for the specific type and duration of the applicable Eligible Investment.

*“Rebate Amount”* means the amount required to be rebated to the United States pursuant to Section 148 of the Code.

*“Rebate Analyst”* means a certified public accountant, financial analyst or attorney, or any firm of the foregoing, or a financial institution (which may include the Bond Trustee) experienced in making the arbitrage and rebate calculations required pursuant to Section 148 of the Code and selected by the Issuer at the expense of the Borrower to calculate the Rebate Amount or, in the event that the Issuer fails to so select a Rebate Analyst and the Borrower fails to pay such fee one month prior to any date on which calculations are required to be made, any qualified person retained by the Bond Trustee to calculate the Rebate Amount. The initial Rebate Analyst shall be Tiber Hudson LLC.

*“Rebate Analyst Fee”* means the fee of the Rebate Analyst in an amount to be paid from moneys in the Rebate Fund and other funds provided by the Borrower for such purpose.

*“Rebate Fund”* means the Rebate Fund created in Section 4.01 hereof

*“Redemption Date”* means any date on which Bonds are redeemed in accordance with this Bond Indenture, including (a) the Maturity Date, (b) the date of acceleration of the Bonds and (c) pursuant to Sections 3.01 and 3.05 hereof.

*“Register”* means the books kept and maintained by the Trustee for registration and transfer of Bonds pursuant to Section 2.10 hereof.

*“Regular Record Date”* means, with respect to any Bond, the fifteenth day of the calendar month next preceding an Interest Payment Date.

*“Rehabilitation Expenditures”* shall mean, unless otherwise provided in Section 147(d)(3) of the Code and the Regulations, any amount, whether or not financed with the net proceeds of the Bonds, that is:

- (a) properly chargeable to the capital account of the Project;
- (b) incurred by the Borrower, or by the seller of such building pursuant to applicable contract of sale, after the inducement date and prior to the date that is 2 years after the later of the issue date or the acquisition of such building by the Borrower;
- (c) incurred for property (or additions or improvements to property) in connection with the rehabilitation of a building comprising a part of the Project and, in the case of an integrated operation contained in such a building before its acquisition by the Borrower, the rehabilitation of existing equipment in such building or the replacement of such equipment with equipment having substantially the same function; and
- (d) not an expenditure described in Section 47(c)(2)(B) of the Code.

*“Remarketing Agent”* means RBC Capital Markets, LLC or any successor as Remarketing Agent designated in accordance with Section 7.17 hereof.

*“Remarketing Agent’s Fee”* means the fee of the Remarketing Agent for its remarketing services.

*“Remarketing Agreement”* means the Remarketing Agreement, dated as of September 1, 2022, by and between the Borrower and the Remarketing Agent, as amended, supplemented or restated from time to time, or any agreement entered into in substitution therefor.

*“Remarketing Date”* means the Initial Remarketing Date and, if the Bonds Outstanding on such date or on any subsequent Remarketing Date are remarketed pursuant to Section 3.07 for a Remarketing Period that does not extend to the final maturity of the Bonds, the day after the last day of the Remarketing Period.

*“Remarketing Expenses”* means the costs and expenses, other than Administrative Expenses, incurred by the Trustee and its counsel, the Remarketing Agent and its counsel, the Issuer and its counsel, and Bond Counsel in connection with the remarketing of the Bonds, including bond printing and registration costs, costs of funds advanced by the Remarketing Agent, registration and filing fees, rating agency fees, the costs of any cash flow verification

reports, and other costs and expenses incurred in connection with or properly attributable to the remarketing of Bonds as certified to the Trustee by the Remarketing Agent in writing.

*“Remarketing Notice Parties”* means the Borrower, the Issuer, the Trustee, the Remarketing Agent and the Lender.

*“Remarketing Period”* means the period beginning on a Remarketing Date and ending on the last day of the term for which Bonds are remarketed pursuant to Section 3.07 or the final Maturity Date of the Bonds, as applicable.

*“Remarketing Proceeds Account”* means the Remarketing Proceeds Account of the Bond Fund created in Section 4.01 hereof.

*“Remarketing Rate”* means the interest rate or rates established pursuant to the third paragraph of Section 2.02 and borne by the Bonds then Outstanding from and including each Remarketing Date to, but not including, the next succeeding Remarketing Date or the final Maturity Date of the Bonds, as applicable.

*“Reserved Rights”* of the Issuer means (a) the right of the Issuer to amounts payable to it pursuant to Section 4.04 of the Loan Agreement, (b) all rights which the Issuer or its members, directors, officers, officials, agents or employees may have under this Indenture and the Financing Documents to indemnification by the Borrower and by any other persons and to payments for expenses incurred by the Issuer itself, or its members, directors, officers, officials, agents or employees, (c) the right of the Issuer to receive notices, reports or other information, make determinations and grant approvals hereunder and under the other Financing Documents, (d) all rights of the Issuer to enforce the representations, warranties, covenants and agreements of the Borrower pertaining in any manner or way, directly or indirectly, to the requirements of the Act or of the Issuer, and set forth in any of the Financing Documents or in any other certificate or agreement executed by the Borrower, (e) all inspection rights of the Issuer, (f) all rights of the Issuer in connection with any amendment to or modification of the Financing Documents, and (g) all enforcement remedies with respect to the foregoing.

*“Responsible Officer”* means, when used with respect to the Trustee, any vice president, assistant vice president, or other officer of the Trustee within the corporate trust office at the Notice Address (or any successor corporate trust office) customarily performing functions similar to those performed by the persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred at the Notice Address because of such person’s knowledge of and familiarity with the particular subject and having direct responsibility for the administration of this Indenture.

*“Revenues”* means (a) the Loan Payments, (b) the Eligible Funds, (c) all other money received or to be received by the Trustee in respect of repayment of the Loan, including without limitation, all money and investments in the Bond Fund, (d) any money and investments in the Project Fund and the Collateral Fund, and (e) all income and profit from the investment of the foregoing money. The term *“Revenues”* does not include any money or investments in the Rebate Fund.



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

*“Special Funds”* means, collectively, the Bond Fund, the Project Fund and the Collateral Fund, and any accounts therein, all as created in this Indenture.

*“Special Record Date”* means the date and time established by the Bond Trustee for the determination of which Holders shall be entitled to receive overdue interest or principal on the Bonds pursuant to Section 2.03 hereof.

*“State”* means the State of Illinois.

*“Subordinate Debt”* means the (i) City AHO Funds Loan, (ii) City HOME Funds Loan, (iii) IHTF Loan, and (iv) ComEd GP Loan.

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

*“Surplus Cash”* has the meaning specified in the HUD Regulatory Agreement.

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

*“Tendered Bond”* means any Bond which has been tendered for purchase pursuant to a Mandatory Tender.

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

*“Undelivered Bond”* means any Bond that is required under this Indenture to be delivered to the Remarketing Agent or the Trustee for purchase on a Mandatory Tender Date but that has not been received on the date such Bond is required to be so delivered.

\* *“Underwriter”* means RBC Capital Markets, LLC.

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

## **ARTICLE 2 THE BONDS**

**Section 2.01 Issuance of Bonds.** The Bonds shall be issued in the maximum aggregate principal amount of \$10,196,000; shall be designated “Multi-Family Housing Revenue Bonds

(Covent Apartments Project), Series 2022”; and shall be in the Authorized Denominations requested by the Holder (*provided, however*, that each Bond shall have only one principal maturity date, unless the Trustee shall be directed in writing to authenticate and deliver a Bond of more than one maturity). Unless the Issuer shall otherwise direct the Trustee in writing, the Bonds shall be numbered consecutively from R-1 upwards.

Each Bond shall be (i) substantially in the form attached as *Exhibit A* to this Bond Indenture, (ii) dated September 23, 2022, (iii) issued only as fully registered bonds, and, except as provided in Section 2.10 hereof, the Holder of a Bond shall be regarded as the absolute owner thereof for all purposes of this Indenture.

**Section 2.02 Maturity and Interest.** The Bonds shall bear interest on the principal amount Outstanding from the most recent date to which interest has been paid or duly provided for or, if no interest has been paid or provided for, from their date of initial delivery, payable on each Interest Payment Date. The Bonds shall bear interest for each Interest Period at the Interest Rate all as more specifically set forth hereinafter. Interest on the Bonds shall be calculated on the basis of a 360-day year consisting of twelve 30-day months. The Bonds shall mature on the Maturity Date, subject to prior redemption as set forth in Section 3.01 hereof and subject to Mandatory Tender for purchase as set forth in Section 3.05 hereof.

From the date of their initial delivery to, but not including, the Initial Mandatory Tender Date, the interest rate on the Bonds shall be the Initial Interest Rate. On the Initial Mandatory Tender Date, the Bonds shall be subject to Mandatory Tender pursuant to Section 3.05 hereof. If insufficient funds are available to pay the purchase price on the Bonds following such Mandatory Tender on the Initial Mandatory Tender Date, the Bonds shall be redeemed in accordance with the provisions of Section 3.01(c) hereof.

The Remarketing Agent shall establish the interest rate on the Bonds Outstanding for each Remarketing Period at the Remarketing Rate in accordance with this Section 2.02. Not less than ten (10) Business Days preceding each Remarketing Date, the Remarketing Agent, taking into consideration prevailing market conditions, shall, using its best professional judgment, determine the minimum rate(s) of interest which, if borne by the Bonds then Outstanding for the Remarketing Period specified by the Remarketing Agent at the direction of the Borrower as provided in Section 3.05 hereof, would enable such Bonds to be remarketed at a price equal to 100% of the principal amount of such Bonds that would not exceed the Maximum Interest Rate. The rate of interest determined in accordance with the previous sentence shall be the Remarketing Rate for the specified Remarketing Period; provided that if the rate of interest so determined for such period would exceed the Maximum Interest Rate, the Bonds Outstanding shall be remarketed for the longest Remarketing Period for which the minimum rate of interest that would enable such Bonds to be remarketed at a price equal to 100% of the principal amount of such Bonds would not exceed the Maximum Interest Rate. Notwithstanding the foregoing, if the rate of interest so determined for any Remarketing Period would exceed the Maximum Interest Rate, the Bonds Outstanding shall not be remarketed and shall be redeemed from funds available to pay the tender price thereof in accordance with Section 3.05(e) hereof.

The Remarketing Agent shall, upon determination of the Remarketing Rate and Remarketing Period, immediately (and in no event later than the Business Day following the day

on which the Remarketing Agent makes its determination of the Remarketing Rate and the Remarketing Period) give notice of its determination by telephone or electronic mail, promptly confirmed in writing, to the Trustee, the Issuer and the Borrower. The Remarketing Rate and the Remarketing Period shall be conclusive and binding upon actual receipt thereof by the Trustee, the Issuer, the Borrower and the Holders for the purposes of this Indenture.

**Section 2.03 Payment and Ownership of Bonds.** To the extent provided in and except as otherwise permitted by this Indenture, the Bonds shall be special limited obligations of the Issuer and the Bond Service Charges thereon shall be payable equally and ratably solely from and secured solely by the Trust Estate. Notwithstanding anything herein contained to the contrary, any obligation which the Issuer may incur under this Indenture or under any instrument executed in connection herewith which shall entail the expenditure of money shall not be a general obligation of the Issuer but shall be a limited obligation payable solely from amounts assigned to the Trustee pursuant to this Indenture.

Bond Service Charges shall be payable in lawful money of the United States of America without deduction for the services of the Trustee. Subject to the provisions of Section 2.12 hereof, (a) the principal of any Bond shall be payable when due to a Holder by the Trustee, and (b) interest on any Bond shall be paid on each Interest Payment Date by check which the Trustee shall cause to be mailed on that date to the Person in whose name the Bond (or one or more Predecessor Bonds) is registered at the close of business on the Regular Record Date applicable to that Interest Payment Date on the Register at the address appearing therein.

If and to the extent, however, that the Issuer shall fail to make payment or provision for payment of interest on any Bond on any Interest Payment Date, that interest shall cease to be payable to the Person who was the Holder of that Bond (or of one or more Predecessor Bonds) as of the applicable Regular Record Date. In that event, except as provided below in this Section, when money becomes available for payment of the interest, (a) the Trustee shall, pursuant to Section 6.06(d) hereof, establish a Special Record Date for the payment of that interest which shall be not more than 15 nor fewer than 10 days prior to the date of the proposed payment, and (b) the Trustee shall cause notice of the proposed payment and of the Special Record Date to be mailed by first-class mail, postage prepaid, to each Holder at its address as it appears on the Register not fewer than 10 days prior to the Special Record Date and, thereafter, the interest shall be payable to the Persons who are the Holders of the Bonds (or their respective Predecessor Bonds) at the close of business on the Special Record Date.

Subject to the foregoing, each Bond delivered under this Indenture upon transfer thereof, or in exchange for or in replacement of any other Bond, shall carry the rights to interest accrued and unpaid, and to accrue on that Bond, or which were carried by that Bond.

Except as provided in this Section and Section 2.09 hereof, (a) the Holder of any Bond shall be deemed and regarded as the absolute owner thereof for all purposes of this Indenture, (b) payment of or on account of the Bond Service Charges on any Bond shall be made only to or upon the order of that Holder or its duly authorized attorney in the manner permitted by this Indenture, and (c) neither the Issuer nor the Trustee shall, to the extent permitted by law, be affected by notice to the contrary. All of those payments shall be valid and effective to satisfy and discharge the liability upon that Bond, including without limitation, the interest thereon, to

the extent of the amount or amounts so paid. Notwithstanding anything to the contrary herein or in any of the Bond Documents, the Trustee is authorized to use funds on deposit in the Special Funds, as and when provided, to pay principal and interest on the Bonds when due.

**Section 2.04 Restriction on Issuance of Bonds.** No Bonds may be issued under the provisions of this Bond Indenture except in accordance with this Article. The total principal amount of Bonds that may be issued hereunder, other than Bonds issued pursuant to the provisions of Section 2.09 hereof or in substitution for other Bonds, is expressly limited to the amount set forth in Section 2.01.

**Section 2.05 Limited Obligations.** The Bonds and the interest thereon are limited obligations of the Issuer, payable solely from the revenues, receipts and security pledged therefor in the Granting Clauses hereof. The Bonds, together with premium, if any, and interest thereon, do not constitute an indebtedness, liability, general or moral obligation or a pledge of the full faith or loan of credit of the Issuer, the State, or any political subdivision of the State within the meaning of any constitutional or statutory provisions. None of the Issuer, the State or any political subdivision thereof shall be obligated to pay the principal of, premium, if any, or interest on the Bonds or other costs incident thereto except from the payments pledged with respect thereto and certain reserve funds established in connection therewith. Neither the faith and credit nor the taxing power of the United States of America, the Issuer, the State or any political subdivision thereof is pledged to the payment of the principal of, premium, if any, or interest on the Bonds or other costs incident thereto. The Bonds are not a debt of the United States of America or any agency thereof, and are not guaranteed by the United States of America or any agency thereof.

**Section 2.06 Bond Indenture Constitutes Contract.** In consideration of the purchase and acceptance of the Bonds issued hereunder by those who shall hold them from time to time, the provisions of this Indenture shall be deemed to be a part of, and continue to be, a contract between the Issuer and the Holders of the Bonds from time to time.

**Section 2.07 Execution.** The Bonds shall be executed on behalf of the Issuer by the manual or facsimile signature of its Mayor, attested by the manual or facsimile signature of its City Clerk or Deputy City Clerk, under the official seal, or a facsimile thereof, of the Issuer. Any facsimile signatures shall have the same force and effect as if said officers had manually signed said Bonds. Any reproduction of the official seal of the Issuer on the Bonds shall have the same force and effect as if the official seal of the Issuer had been impressed on the Bonds.

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

**Section 2.08 Authentication.** Only such Bonds as shall have endorsed thereon a certificate of authentication substantially in the form on the attached *Exhibit A* duly executed by the Bond Trustee shall be entitled to any right or benefit under this Bond Indenture. No Bond shall be valid or obligatory for any purpose unless and until such certificate of authentication

shall have been duly executed manually by the Bond Trustee; and such executed certificate upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this Bond Indenture. The Bond Trustee's certificate of authentication on any Bond shall be deemed to have been executed by it if signed by an authorized officer of the Bond Trustee, but it shall not be necessary that the same person sign the certificate of authentication of all of the Bonds.

**Section 2.09 Mutilated, Lost, Stolen or Destroyed Bonds.** In the event any Bond is mutilated, lost, stolen or destroyed, the Issuer shall execute and the Bond Trustee shall authenticate a new Bond, of like date, interest rate, maturity and denomination as that mutilated, lost, stolen or destroyed. Any mutilated Bond shall first be surrendered to the Bond Trustee; and in the case of any lost, stolen or destroyed Bond, there shall first be furnished to the Issuer and the Bond Trustee evidence of such loss, theft or destruction reasonably satisfactory to them together with indemnity reasonably satisfactory to them. In the event any such Bond shall have matured, instead of issuing a duplicate Bond or Bonds the Bond Trustee shall, upon the written direction of the Issuer, pay the same without surrender thereof. The Issuer and the Bond Trustee may charge the holder or owner of such Bond with their reasonable fees and expenses, including the cost of printing replacement Bonds.

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

**Section 2.10 Transfer and Exchange of Bonds; Persons Treated as Holders.** The Bond Trustee as Registrar shall cause a bond register (herein sometimes referred to as the "Bond Register") to be kept for the registration of transfers of Bonds. Any Bond may be transferred only upon an assignment duly executed by the registered Holder or his or her duly authorized representative in such form as shall be satisfactory to the Registrar, and upon surrender of such Bond to the Bond Trustee for cancellation. Whenever any Bond or Bonds shall be surrendered for transfer, the Issuer shall execute and the Bond Trustee shall authenticate and deliver to the transferee a replacement fully registered Bond or Bonds of Authorized Denomination in an aggregate principal amount equal to the unmatured and unredeemed principal amount of, and bearing interest at the same rate and maturing on the same date or dates as, the Bonds being presented and surrendered for transfer.

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

and deliver to the Owner thereof a new Bond of like date, interest rate, maturity and denomination as the partially redeemed Bond in the amount of the unredeemed principal thereof.

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

All Bonds issued upon any transfer or exchange of Bonds shall be the valid limited obligations of the Issuer, evidencing the same debt, and entitled to the same benefits under this Bond Indenture, as the Bonds surrendered upon transfer or exchange. Neither the Issuer nor the Bond Trustee shall be required to make any exchange or transfer of a Bond during a period beginning at the opening of business 15 days before (i) any Interest Payment Date (including any special interest payment date described in Section 2.02 hereof), or (ii) the day of the mailing of a notice of redemption of Bonds and ending at the close of business on the day of such mailing or such Interest Payment Date, or to transfer or exchange any Bonds selected for redemption, in whole or in part.

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

**Section 2.11 Cancellation and Disposition of Bonds.** Any Bond surrendered for the purpose of payment or retirement, or for exchange, or for replacement or payment pursuant to Section 2.09, shall be cancelled upon surrender thereof to the Bond Trustee. Evidence of such surrender and cancellation shall be provided to the Issuer by the Bond Trustee, if requested in writing. Cancelled Bonds, or unissued Bond inventory held in blank by the Bond Trustee upon the maturity or total redemption of the Bonds, shall be disposed of by the Trustee in accordance with its retention policy then in effect and evidence of such disposition shall be provided by the Bond Trustee to the Issuer, if requested in writing.

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

(a) *Payments.* The Bonds shall be payable to the Securities Depository, or its nominee, as the registered owner of the Bonds, on each date on which the principal of, interest on, and premium, if any, on the Bonds is due as set forth in this Indenture and in the Bonds. Such payments shall be made to the offices of the Securities Depository specified by the Securities Depository to the Issuer and the Bond Trustee in writing. Without notice to or the consent of the beneficial owners of the Bonds, the Issuer and the Securities Depository may agree in writing to make payments of principal, premium, if any, and interest in a manner different from that set forth herein. If such different manner of payment is agreed upon, the Issuer shall give the Bond Trustee written notice thereof,

and the Bond Trustee shall make payments with respect to the Bonds in the manner specified in such notice as set forth herein. Neither the Issuer nor the Bond Trustee shall have any obligation with respect to the transfer or crediting of the principal of, interest on, and premium, if any, on the Bonds to Participants or the beneficial owners of the Bonds or their nominees.

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

(c) *Discontinuance of Book-Entry or Change of Securities Depository.* If, following a determination or event specified in paragraph (b) above, the Issuer discontinues the maintenance of the Bonds in book-entry form with the then current Securities Depository, the Issuer will issue replacement Bonds to the successor Securities Depository, if any, or, if no replacement Securities Depository is selected for the Bonds, directly to the Participants as shown on the records of the former Securities Depository or, to the extent requested by any Participant or if directed to do so by the beneficial owners of 100% of the Bonds Outstanding pursuant to subparagraph (b)(ii) above, to the beneficial owners of the Bonds shown on the records of such Participant. Prior to any transfer of the Bonds outside the book-entry system (including, but not limited to, the initial transfer outside the book-entry system) the transferor shall provide or cause to be provided to the Trustee all information necessary to allow the Trustee to comply with any applicable tax reporting obligations, including without limitation any cost basis reporting obligations under Internal Revenue Code Section 6045, as amended. The Trustee shall conclusively rely on the information provided to it and shall have no responsibility to verify or ensure the accuracy of such information. Replacement Bonds shall be in fully registered form and in authorized denominations, be payable as to interest on the Interest Payment Dates of the Bonds by check mailed to each registered owner at the address of such owner as it appears on the bond registration books maintained by the Bond Registrar for such purpose at the designated corporate trust operations office of the Bond Trustee or at the option of any registered owner of not less than \$1,000,000 principal amount of Bonds, by wire transfer to any address in the continental United States of America on such Interest Payment Date to such registered owner as of the Regular Record Date relating to such Interest Payment Date, if such registered owner provides the Bond Trustee with written notice of such wire transfer address not later than such Regular Record Date (which notice may provide that it will remain in effect with respect to subsequent Interest Payment Dates

unless and until changed or revoked by subsequent written notice provided 10 business days prior to the next applicable Regular Record Date). Principal and redemption premium, if any, on the replacement Bonds are payable only upon presentation and surrender of such replacement Bond or Bonds at the designated corporate trust operations office of the Bond Trustee.

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

**Section 2.13 Delivery of the Bonds.** Upon execution and delivery of this Bond Indenture, and satisfaction of the conditions established by the Issuer in the Bond Resolution and in the Bond Purchase Agreement for delivery of the Bonds, the Issuer shall execute the Bonds and deliver them to the Trustee with written directions to authenticate them. The Bond Trustee shall authenticate and deliver the Bonds as provided in this Bond Indenture, but only upon the receipt of the following:

(i) An order of the Issuer directing the Bond Trustee to authenticate and deliver the Bonds (a form of which is attached hereto as **Exhibit A**) against receipt of the initial purchase price therefor;

(ii) A certified copy of the Ordinance;

(iii) Executed counterparts of this Indenture and the other Financing Documents specifically listed in the definition of Financing Documents;

(iv) An opinion of Counsel to the Issuer addressed to the Trustee to the effect that the Bonds have been duly authorized, executed and delivered and that the Bond Documents have been duly executed and delivered by the Issuer and constitute valid and binding obligations of the Issuer, enforceable against the Issuer in accordance with their respective terms, subject to bankruptcy, insolvency or other laws affecting creditors' rights generally and, with respect to certain remedies which require, or may require, enforcement by a court of equity, such principles of equity as the court having jurisdiction may impose;

(v) An opinion of Bond Counsel addressed to the Trustee, substantially to the effect that this Indenture and the Bonds constitute legal, valid and binding obligations of the Issuer, subject to customary exceptions relating to bankruptcy and insolvency, and to the further effect that the interest on the Bonds is excludable from the gross income of the holders thereof for federal income tax purposes under existing law, subject to customary exceptions and this Indenture creates a lien on the Trust Estate;



(vi) An opinion of counsel for the Borrower addressed to the Trustee to the effect that the Borrower Documents have been duly authorized, executed and delivered by the Borrower and are legal, valid and binding agreements of the Borrower in accordance with their respective terms subject to customary qualifications and exceptions;

(vii) Funds the Trustee is required to receive for deposit pursuant to Section 4.02 hereof;

(viii) Reimbursement of all fees and expenses due to Trustee hereunder;

(ix) A request and authorization signed by an Authorized Issuer Representative authorizing the Trustee to authenticate and to deliver the Bonds to the Underwriter upon payment to the Trustee for the account of the Issuer of the amount specified in such request and authorization plus accrued interest, if any, thereon to the date of delivery;

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

(xi) Any other documents or opinions which the Trustee, the Issuer or Bond Counsel may reasonably require, which requirement shall be deemed to be satisfied upon the delivery of the Opinion of Bond Counsel.

**Section 2.14 Special Agreement with Holders.** Notwithstanding any provision of this Indenture or of any Bond to the contrary, with the written approval of the Borrower, the Trustee may but shall not be obligated to, enter into an agreement with any Holder providing for making all payments to that Holder of principal of and interest on that Bond or any part thereof (other than any payment of the entire unpaid principal amount thereof) at a place and in a manner other than as provided in this Indenture and in the Bond, without presentation or surrender of the Bond, upon any conditions which shall be satisfactory to the Trustee and the Borrower; provided, that payment in any event shall be made to the Person in whose name a Bond shall be registered on the Register, with respect to payment of principal, on the date such principal is due, and, with respect to the payment of interest, as of the applicable Regular Record Date or Special Record Date, as the case may be.

The Trustee will furnish a copy of each of those agreements, certified to be an accurate copy by an officer of the Trustee, to the Issuer and the Borrower. Any payment of principal or interest pursuant to such an agreement shall constitute payment thereof pursuant to, and for all purposes of, this Indenture.

**Section 2.15 CUSIP Numbers.** The Issuer in issuing the Bonds may use "CUSIP" numbers (if then generally in use), and, if so, the Trustee shall use "CUSIP" numbers in notices of redemption as a convenience to Holders; *provided* that the Trustee shall have no liability for any defect in the "CUSIP" numbers as they appear on any Bond, notice or elsewhere, and, *provided further* that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Bonds or as contained in any notice of a redemption and that reliance may be placed only on the other identification numbers printed on

the Bonds, and any such redemption shall not be affected by any defect in or omission of such numbers. The Issuer will promptly notify the Trustee in writing of any change in the “CUSIP” numbers.

### **ARTICLE 3 REDEMPTION OF BONDS**

**Section 3.01 Redemption of Bonds.** The Bonds are subject to redemption prior to their stated maturity as follows:

(a) Optional Redemption. The Bonds are subject to optional redemption in whole or in part by the Issuer at the written direction of the Borrower on the Initial Remarketing Date at a redemption price of 100% of the principal amount of such Bonds to be redeemed plus accrued interest to the applicable Redemption Date. After the Initial Remarketing Date, the Borrower, in consultation with the Remarketing Agent, may establish an optional redemption date with respect to any subsequent Remarketing Period and, thereafter, the Bonds are subject to optional redemption in whole or in part by the Issuer at the written direction of the Borrower on or after the applicable redemption date at a redemption price of 100% of the principal amount of such Bonds to be redeemed plus accrued interest to the applicable redemption date.

(b) Reserved.

(c) Mandatory Redemption. The Bonds shall be redeemed in whole at a redemption price of 100% of the principal amount of such Bonds, plus accrued interest to the Redemption Date, on any Mandatory Tender Date upon the occurrence of any of the following events: (i) the Borrower has previously elected not to cause the remarketing of the Bonds, (ii) the conditions to remarketing set forth in this Indenture have not been met by the dates and times set forth in Section 3.07(b) or Section 3.07(d) hereof, or (iii) the proceeds of a remarketing on deposit in the Remarketing Proceeds Account at 11:00 a.m. Local Time on the Mandatory Tender Date are insufficient to pay the purchase price of the Outstanding Bonds on such Mandatory Tender Date. Bonds subject to redemption in accordance with this paragraph shall be redeemed from (i) amounts on deposit in the Collateral Fund, (ii) amounts on deposit in the Negative Arbitrage Account of the Bond Fund, (iii) amounts on deposit in the Project Fund, and (iv) any other Eligible Funds available or made available for such purpose at the written direction of the Borrower.

(d) Purchase in Lieu of Redemption. At the election of the Borrower upon a redemption in whole of the Bonds, by written notice to the Trustee and the Remarketing Agent given not less than five (5) Business Days in advance of such redemption date, the Bonds will be deemed tendered for purchase in lieu of the redemption on such date and the call for redemption shall be cancelled. The purchase price of Bonds so purchased in lieu of redemption shall be the principal amount thereof together with all accrued and unpaid interest to the date of redemption and any prepayment fee, if due, and shall be payable on the date of redemption thereof. Bonds so purchased in lieu of redemption shall remain Outstanding and shall be registered to or upon the direction of the Borrower.

**Section 3.02 Partial Redemption.** In the case of a partial redemption of Bonds when Bonds of denominations greater than \$5,000 are then Outstanding, each \$5,000 unit of face value of principal thereof shall be treated as though it were a separate Bond of the denomination of \$5,000. If it is determined that one or more, but not all of the \$5,000 units of face value represented by a Bond are to be called for redemption, then upon notice of redemption of a \$5,000 unit or units, the Holder of that Bond shall surrender the Bond to the Bond Trustee (a) for payment of the redemption price of the \$5,000 unit or units of face value called for redemption (including without limitation, the interest accrued to the date fixed for redemption and any premium), and (b) for issuance, without charge to the Holder thereof, of a new Bond or Bonds of the same series, of any Authorized Denomination or Denominations in an aggregate principal amount equal to the unmatured and unredeemed portion of, and bearing interest at the same rate and maturing on the same date as, the Bond surrendered.

If less than all of an Outstanding Bond of one maturity in a Book-Entry System is to be called for redemption, the Trustee shall give notice to the Depository or the nominee of the Depository that is the Holder of such Bond, and the selection of the Beneficial Ownership Interests in that Bond to be redeemed shall be at the sole discretion of the Depository and its participants.

**Section 3.03 Notice of Redemption.** Unless waived by any Holder of Bonds to be redeemed, official written notice of redemption shall be given by the Trustee on behalf of the Issuer by mailing a copy of an official redemption notice by first-class mail, postage prepaid, to the Holder of each Bond to be redeemed, at the address of such Holder shown on the Register at the opening of business on the fifth day prior to such mailing, not less than 20 days nor more than 30 days prior to the date fixed for redemption. With respect to a mandatory redemption pursuant to Section 3.01(c), the Notice of Mandatory Tender provided to Holders pursuant to Section 3.06 shall serve as the notice of redemption required by this Section 3.03 and no further notice of redemption will be required to the Holders. A second written notice of redemption shall be given by the Trustee on behalf of the Issuer, as soon as practicable, by first-class mail to the Holder of each Bond which has been so called for redemption (in whole or in part) but has not been presented and surrendered to the Trustee within 30 days following the date fixed for redemption of that Bond.

All notices of redemption shall state:

- (a) the Redemption Date;
- (b) the redemption price;
- (c) if less than all Outstanding Bonds are to be redeemed, the identification by designation, letters, numbers or other distinguishing marks (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed;
- (d) that on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date;

(e) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the Designated Office of the Trustee, and;

(f) that the notice of redemption is conditioned upon there being deposited with the Bond Trustee on or prior to the date of redemption money sufficient to pay the redemption price of the Bonds to be redeemed and, in the case of any redemption premium on Bonds, that there be on deposit Eligible Funds sufficient to pay such redemption premium; and

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

Notices of redemption shall be revocable in the event that there is not on deposit with the Bond Trustee by 10:00 a.m. Central time on the date of redemption money sufficient to pay the redemption price of the Bonds to be redeemed or, in the case of any redemption premium on Bonds, there is not on deposit Eligible Funds sufficient to pay such redemption premium.

If the Bonds are not then held in a Book-Entry System, in addition to the foregoing notice, further written notice shall be given by the Trustee on behalf of the Issuer as set out below, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed.

(a) Each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption plus (i) the CUSIP numbers of all Bonds being redeemed; (ii) the date of issue of the Bonds as originally issued; (iii) the rate of interest borne by each Bond being redeemed; (iv) the maturity date of each Bond being redeemed; and (v) any other descriptive information deemed necessary in the sole discretion of the Trustee to identify accurately the Bonds being redeemed.

(b) Each further notice of redemption shall be sent at least 15 days before the redemption date by electronic mail, registered or certified mail or overnight delivery service to the Electronic Municipal Market Access ("EMMA") or if EMMA is not in existence, to one or more national information services that disseminate notices of redemption of obligations such as the Bonds.

(c) Upon the payment of the redemption price of Bonds being redeemed, each check or other transfer of funds issued for such purpose shall bear the CUSIP number (if any) identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

Failure to receive notice by mailing or any defect in that notice regarding any Bond, however, shall not affect the validity of the proceedings for the redemption of any other Bond.

Notice of any redemption hereunder with respect to Bonds held under a Book-Entry System shall be given by the Trustee on behalf of the Issuer only to the Depository, or its nominee, as the Holder of such Bonds. Selection of Beneficial Ownership Interests in the Bonds called for redemption is the responsibility of the Depository and any failure of such Depository to notify the Beneficial Owners of any such notice and its contents or effect will not affect the validity of such notice of any proceedings for the redemption of such Bonds.

**Section 3.04 Payment of Redeemed Bonds.** Notice of Redemption having been given in the manner provided in this Article III, the Bonds and portions thereof called for redemption shall become due and payable on the Redemption Date, and upon presentation and surrender thereof at the place or places specified in that notice, shall be paid at the redemption price, including interest accrued to the Redemption Date.

Upon the payment of the price of Bonds being redeemed or prepaid, each check or other transfer of funds issued for such purpose shall bear the CUSIP number identifying, by issue and maturity, the Bonds being redeemed or prepaid with the proceeds of such check or other transfer.

If money for the redemption of all of the Bonds and portions thereof to be redeemed, together with interest accrued thereon to the Redemption Date, is held by the Trustee on the Redemption Date, so as to be available therefor on that date and if notice of redemption has been deposited in the mail as aforesaid, then from and after the Redemption Date those Bonds and portions thereof called for redemption shall cease to bear interest and no longer shall be considered to be Outstanding hereunder. If such money shall not be so available on the redemption date, or that notice shall not have been deposited in the mail as aforesaid, those Bonds and portions thereof shall continue to bear interest, until they are paid, at the same rate as they would have borne had they not been called for redemption.

All money deposited in the Bond Fund and held by the Trustee for the redemption, purchase or prepayment of particular Bonds shall be held in trust for the account of the Holders thereof and shall be paid to them, respectively, upon presentation and surrender of those Bonds

**Section 3.05 Mandatory Tender.**

(a) Mandatory Tender for Purchase. All Outstanding Bonds shall be subject to Mandatory Tender by the Holders for purchase in whole and not in part on each Mandatory Tender Date. The purchase price for each such Bond shall be payable in lawful money of the United States of America by check, shall equal 100% of the principal amount to be purchased and accrued interest, if any, to the Mandatory Tender Date, and shall be paid in full on the applicable Mandatory Tender Date.

(b) Mandatory Tender Dates. The Mandatory Tender Dates shall consist of (i) the Initial Mandatory Tender Date and (ii) any subsequent dates for mandatory tender of the Bonds established in writing by the Borrower with the written consent of the Remarketing Agent in connection with a remarketing of the Bonds pursuant to Section 3.07 hereof.

(c) Holding of Tendered Bonds. While tendered Bonds are in the custody of the Trustee pending purchase pursuant hereto, the tendering Holders thereof shall be deemed the owners thereof for all purposes, and interest accruing on tendered Bonds through the day preceding the applicable Mandatory Tender Date is to be paid as if such Bonds had not been tendered for purchase.

(d) Effect of Prior Redemption. Notwithstanding anything herein to the contrary, any Bond tendered under this Section 3.05 will not be purchased if such Bond matures or is redeemed on or prior to the applicable Mandatory Tender Date.

(e) Purchase of Tendered Bonds. The Trustee shall utilize the following sources of payments to pay the tender price of the Bonds not later than 2:30 p.m. Local Time on the Mandatory Tender Date in the following priority: (i) amounts deposited in the Remarketing Proceeds Account, to pay the principal amount, plus accrued interest, of Bonds tendered for purchase; (ii) amounts on deposit in the Collateral Fund, to pay the principal amount of Bonds tendered for purchase; (iii) amounts on deposit in the Negative Arbitrage Account of the Bond Fund to pay the accrued interest, if any, on Bonds tendered for purchase; (iv) amounts on deposit in the Project Fund; and (v) any other Eligible Funds available or made available for such purpose at the written direction of the Borrower.

(f) Undelivered Bonds. Bonds shall be deemed to have been tendered for purposes of this Section 3.05 whether or not the Holders shall have delivered such Undelivered Bonds to the Trustee, and subject to the right of the Holders of such Undelivered Bonds to receive the purchase price of such Bonds on the Mandatory Tender Date, such Undelivered Bonds shall be null and void. If such Undelivered Bonds are to be remarketed, the Trustee shall authenticate and deliver new Bonds in replacement thereof pursuant to the remarketing of such Undelivered Bonds.

### **Section 3.06 Mandatory Tender Notice.**

(a) Notice to Holders. Not less than 30 days preceding a Mandatory Tender Date, the Trustee shall, on behalf of the Issuer, give written notice of mandatory tender to the Holders of the Bonds then Outstanding (with a copy to the Borrower, the Managing Member, and the Remarketing Agent) by Electronic Means or by first class mail, postage prepaid, at their respective addresses appearing on the Register stating:

(i) the Mandatory Tender Date and that (A) all Outstanding Bonds are subject to Mandatory Tender for purchase on the Mandatory Tender Date, (B) all Outstanding Bonds must be tendered for purchase no later than 12:00 Noon, Local Time, on the Mandatory Tender Date and (C) Holders will not have the right to elect to retain their Bonds;

(ii) the address of the Designated Office of the Trustee at which Holders should deliver their Bonds for purchase;

(iii) that all Outstanding Bonds will be purchased on the Mandatory Tender Date at a price equal to the principal amount of the Outstanding Bonds plus interest accrued to, but not including, the Mandatory Tender Date; and

(iv) that any Bonds not tendered will nevertheless be deemed to have been tendered and will cease to bear interest from and after the Mandatory Tender Date.

(b) Second Notice. In the event that any Bond required to be delivered to the Trustee for payment of the purchase price of such Bond shall not have been delivered to the Trustee on or before the 30<sup>th</sup> day following a Mandatory Tender Date, the Trustee shall, on behalf of the Issuer, mail a second notice to the Holder of the Bond at its address

as shown on the Register setting forth the requirements set forth in this Indenture for delivery of the Bond to the Trustee and stating that delivery of the Bond to the Trustee (or compliance with the provisions of this Indenture concerning payment of lost, stolen or destroyed Bonds) must be accomplished as a condition to payment of the purchase price or redemption price applicable to the Bond.

(c) Failure to Give Notice. Neither failure to give or receive any notice described in this Section 3.06, nor the lack of timeliness of such notice or any defect in any notice (or in its content) shall affect the validity or sufficiency of any action required or provided for in this Section 3.06.

### **Section 3.07 Remarketing of Bonds.**

(a) Notice of Mandatory Tender. No later than 11:00 a.m. Local Time on the 30<sup>th</sup> day prior to each Mandatory Tender Date, the Trustee shall give notice to the Borrower, the Managing Member and the Remarketing Agent by telephone or electronic mail, confirmed on the same day in writing, which states the aggregate principal amount of Bonds which are to be tendered or deemed to be tendered pursuant to Section 3.05 hereof, which shall be all Outstanding Bonds.

(b) Preliminary Conditions to Remarketing. No later than 11:00 a.m. Local Time on the 15<sup>th</sup> day prior to the Mandatory Tender Date then in effect, the Borrower may give notice to the Remarketing Notice Parties by telephone or electronic mail, confirmed on the same day in writing, that it elects to cause the Bonds to be remarketed. A remarketing of the Bonds shall be permitted only if the following conditions are satisfied no later than the time the foregoing election notice is given:

(i) Written notice by the Borrower to the Remarketing Notice Parties of the Remarketing Period pursuant to Section 3.10 of the Loan Agreement, which period shall be approved in writing by the Remarketing Agent;

(ii) Delivery to the Trustee, the Rating Agency, and the Remarketing Agent of a written preliminary Cash Flow Projection with respect to the proposed Remarketing Period;

(iii) The Borrower shall have notified the Issuer and the Trustee in writing that it has approved as to form and substance any disclosure document or offering materials which, in the Opinion of Counsel to the Remarketing Agent addressed to the Issuer and the Trustee, is necessary to be used in connection with the remarketing of the Outstanding Bonds; and

(iv) The Borrower shall have obtained the written consent of the Lender and HUD approving the remarketing of the Bonds.

(c) Remarketing. Not less than 10 days before each Remarketing Date, the Remarketing Agent shall offer for sale and use its best efforts to sell the Bonds Outstanding on the Remarketing Date at a price equal to 100% of the principal amount of such Bonds plus, if such Remarketing Date is a date other than an Interest Payment Date,

accrued interest on such Bonds from the preceding Interest Payment Date to which interest has been paid. Not less than four (4) Business Days before each Remarketing Date, the Remarketing Agent shall give notice, by telephone or electronic mail, promptly confirmed in writing, to the Remarketing Notice Parties specifying the principal amount of Bonds, if any, it has remarketed (including Bonds to be purchased by the Remarketing Agent on the Remarketing Date for its own account), the Remarketing Rate(s) and the Remarketing Period applicable to the Bonds.

The Remarketing Agent shall have the right to remarket the Bonds tendered pursuant to Section 3.05 hereof; provided, however, that no such Bond shall be remarketed unless all of the Bonds are remarketed and all such Bonds shall be remarketed at a price of not less than an amount equal to 100% of the principal amount thereof plus accrued interest (if any). The Remarketing Agent shall have the right to purchase any Bond tendered or deemed tendered pursuant to Section 3.05 hereof at 100% of the principal amount thereof, and to thereafter sell such Bond. Any such purchase shall constitute a remarketing hereunder.

The Remarketing Agent shall not remarket any Bond to the Issuer, the Borrower, any guarantor of the Bonds or any person which is an "insider" of the Issuer, the Borrower, or any such guarantor within the meaning of the Bankruptcy Code.

(d) Final Conditions to Remarketing. If, not less than four (4) Business Days or two (2) Business Days, as applicable, preceding the Remarketing Date:

(i) If, not less than four (4) Business Days, the Remarketing Agent shall have notified the Trustee and the Issuer in writing of the remarketing of the Outstanding Bonds and that the proceeds from the remarketing (including proceeds of remarketing of Outstanding Bonds to be purchased by the Remarketing Agent on the Remarketing Date for its own account) or other funds equal to the amount needed to purchase the remarketed Bonds on the Remarketing Date are expected to be available to the Trustee on the Remarketing Date for deposit into the Remarketing Proceeds Account;

(ii) If, not less than four (4) Business Days, the Trustee and the Issuer shall have received written notice from the Remarketing Agent that the Remarketing Agent has received written confirmation from the Rating Agency that the then current rating assigned to the Outstanding Bonds will continue to be effective on the Remarketing Date;

(iii) If, not less than two (2) Business Days, there shall be on deposit with the Trustee, from Eligible Funds provided by the Borrower an amount sufficient to pay the Extension Payment set forth in the Cash Flow Projection for deposit (A) to the Negative Arbitrage Account of the Bond Fund with respect to the payment of Bond Service Charges during the new Remarketing Period and (B) to the Expense Fund with respect to the payment of Administrative Expenses during the new Remarketing Period; and



(iv) If, not less than two (2) Business Days, there shall be on deposit with the Trustee, from Eligible Funds provided by the Borrower an amount sufficient to pay the estimated Remarketing Expenses for deposit in the Expense Fund, or provision for the payment of the estimated Remarketing Expenses shall have been made to the satisfaction of the Trustee and the Remarketing Agent;

then the Trustee shall promptly give notice, by telephone or electronic mail, which notice shall be promptly confirmed in writing, to the Remarketing Agent and the Borrower that (a) the conditions precedent to the remarketing of the Outstanding Bonds set forth in this paragraph (d) have been satisfied and (b) the sale and settlement of the Outstanding Bonds is expected to occur on the Remarketing Date. Following the Trustee's notice, the Outstanding Bonds shall be sold to the purchasers identified by the Remarketing Agent for delivery and settlement on the Remarketing Date, and the Trustee shall apply (i) the funds in the Remarketing Proceeds Account of the Bond Fund on the Remarketing Date to payment of the purchase price of the Outstanding Bonds and (ii) the funds in the Expense Fund to payment of the Remarketing Expenses.

(e) Failure to Satisfy Final Conditions. If, (1) not less than four (4) Business Days or two (2) Business Days, as applicable, preceding a Remarketing Date, any condition set forth in paragraph (d) of this Section 3.07 has not been satisfied, or (2) by 11:00 a.m. Local Time on the fifteenth (15<sup>th</sup>) day prior to the Mandatory Tender Date then in effect, any condition set forth in paragraph (b) of this Section 3.07 has not been satisfied, or (3) by 11:00 a.m. Local Time on the Remarketing Date, there is a failure to remarket the Bonds or proceeds from the remarketing of the Bonds are insufficient to pay the purchase price of all of the Bonds then Outstanding, then the Remarketing Agent shall not sell any of the Outstanding Bonds on the Remarketing Date and all of the Bonds shall be purchased on the Mandatory Tender Date then in effect as provided in Section 3.05(e) hereof. In such event and in accordance with Section 3.08, the Trustee shall promptly cancel all such Bonds.

(f) Remarketing Proceeds. No later than 11:00 a.m. Local Time on each Remarketing Date, the Remarketing Agent shall pay to the Trustee, in cash, the proceeds theretofore received by the Remarketing Agent from the remarketing of Bonds tendered for purchase on such Remarketing Date; provided, that the Remarketing Agent may use its best efforts to cause the purchasers of the remarketed Bonds to pay the purchase price plus accrued interest (if any) to the Trustee in cash. The proceeds from the remarketing of the Bonds shall be deposited in the Remarketing Proceeds Account, segregated from any funds of the Borrower and the Issuer and shall in no case be considered to be or be assets of the Borrower or the Issuer. Funds representing remarketing proceeds received by the Remarketing Agent after 11:00 a.m. Local Time on each Remarketing Date shall be paid to the Trustee as soon as practicable upon such receipt.

(g) Delivery of Purchased Bonds. On or before the Business Day next preceding each Remarketing Date, the Remarketing Agent, by telephonic advice (promptly confirmed in writing), shall notify the Trustee and the Issuer of (i) the principal amount of Bonds to be sold by the Remarketing Agent pursuant to Section 3.07 hereof and the purchase price, and, unless the Bonds are then in the Book-Entry System, the

names, addresses and social security numbers or other tax identification numbers of the proposed purchasers thereof and (ii) the principal amount of Bonds tendered for purchase on such Remarketing Date which will not be sold by the Remarketing Agent pursuant to Section 3.07 hereof. Such telephonic advice shall be confirmed by written notice delivered or electronically communicated at the same time as the telephonic advice.

Bonds purchased by the Trustee on a Mandatory Tender Date that have been remarketed shall be delivered to the purchasers thereof as directed in writing by the Remarketing Agent. Bonds delivered as provided in this Section shall be registered in the manner directed in writing by the recipient thereof.

**Section 3.08 Cancellation of Bonds.** The Trustee shall promptly cancel Bonds if the tender price of the Bonds is paid from amounts other than proceeds derived from the remarketing of the Bond.

#### **ARTICLE 4 FUNDS; INVESTMENTS**

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

- (a) the Bond Fund, and therein the Negative Arbitrage Account and the Remarketing Proceeds Account (but only at such times as money is to be deposited or held in such Accounts as provided in this Indenture);
- (b) Project Fund;
- (c) Costs of Issuance Fund;
- (d) Collateral Fund;
- (e) Rebate Fund; and
- (f) Expense Fund.

Each fund and account therein shall be maintained by the Trustee as a separate and distinct trust fund or account to be held, managed, invested, disbursed and administered as provided in this Indenture. All money deposited in the funds and accounts created hereunder shall be used solely for the purposes set forth in this Indenture. The Trustee shall keep and maintain adequate records pertaining to each fund and account, and all disbursements therefrom, in accordance with its general practices and procedures in effect from time to time. The Trustee may also terminate funds and accounts that are no longer needed.

The Trustee shall, at the written direction of an Authorized Borrower Representative and may, in its discretion, establish such additional accounts within any fund, and subaccounts within any of the accounts, as the Issuer (as requested in writing) or the Trustee may deem necessary or useful for the purpose of identifying more precisely the sources of payments into and

disbursements from that fund and its accounts, or for the purpose of complying with the requirements of the Code, but the establishment of any such account or subaccount shall not alter or modify any of the requirements of this Indenture with respect to a deposit or use of money in the Special Funds or the Rebate Fund, or result in commingling of funds not permitted hereunder.

#### **Section 4.02 Application of Bond Proceeds.**

(a) The proceeds of the Bonds in the amount of \$10,300,101.16 shall be allocated, deposited or delivered by the Trustee to the Project Fund.

(b) On the Closing Date, the Trustee shall receive the Initial Borrower Deposit from or on behalf of the Borrower, which the Trustee shall deposit to the Costs of Issuance Fund.

(c) On the Closing Date, the Trustee shall deposit Eligible Funds in the amount of \$0 for deposit to the Negative Arbitrage Account of the Bond Fund.

#### **Section 4.03 Bond Fund.**

On the Closing Date, there shall be deposited in the Bond Fund, from the proceeds of the sale of the Bonds, any accrued interest paid with respect to the Bonds, and in the Negative Arbitrage Account of the Bond Fund the amount set forth in Section 4.02(c) hereof, which is an amount equal to the amount of interest payments on the Bonds from the closing date to the initial Mandatory Tender Date. The portion of any Extension Payment received by the Trustee in connection with a remarketing in accordance with Section 3.07 hereof designated for the payment of Bond Service Charges shall also be deposited in the Negative Arbitrage Account.

So long as there are any Outstanding Bonds, to the extent the Borrower has not received a credit against Loan Payments, all Loan Payments under the Loan Agreement shall be paid on or before each Interest Payment Date directly to the Trustee, and deposited in the Bond Fund, in at least the amount necessary to pay the Bond Service Charges due on the Bonds on such Interest Payment Date.

The Bond Fund (and accounts therein for which provision is made in this Indenture) and the money and Eligible Investments therein shall be used solely and exclusively for the payment of Bond Service Charges as they become due.

Bond Service Charges shall be payable, as they become due, in the following order: (a) from money on deposit in the Bond Fund (excluding the Negative Arbitrage Account of the Bond Fund), (b) next from money on deposit in the Negative Arbitrage Account of the Bond Fund, (c) next from money on deposit in the Collateral Fund and transferred as necessary to the Bond Fund, and (d) thereafter, from money on deposit in the Project Fund and transferred as necessary to the Bond Fund.

Upon receipt by the Trustee and the Issuer of a Cash Flow Projection provided in writing on behalf of the Borrower, the Trustee is hereby authorized to release from the Negative

Arbitrage Account the amount set forth in the Cash Flow Projection to or at the written direction of the Borrower from such account.

#### **Section 4.04 Project Fund.**

Money in the Project Fund shall be disbursed in accordance with the provisions of Section 3.06 of the Loan Agreement and this Section 4.04. Upon the deposit of Eligible Funds in the Collateral Fund as provided in Section 4.06 hereof, and subject to the provisions of this Section 4.04, the Trustee shall disburse the Bond proceeds on deposit in the Project Fund to or at the written direction of the Lender, to the extent of Eligible Funds provided by the Lender, which Bond proceeds shall be used by the Lender to fund a Mortgage Loan advance, or to the Borrower to the extent of other Eligible Funds, for use by the Borrower to pay Costs of the Project in accordance with Section 3.06 of the Loan Agreement. Promptly upon receipt of such Eligible Funds, the Trustee shall be unconditionally and irrevocably obligated to disburse an equal amount from the Project Fund, or if the Trustee is unable for any reason to make such disbursement, to return such Eligible Funds to the party that provided it. The Trustee shall cause to be kept and maintained adequate records pertaining to the Project Fund and all disbursements therefrom. If requested in writing by the Issuer, the Managing Member or the Borrower, after the Project has been completed and a Completion Certificate is filed as provided in Section 4.07 hereof, the Trustee shall provide copies of the records pertaining to the Project Fund and disbursements therefrom to the Issuer and the Borrower and the Managing Member. The Trustee shall satisfy this obligation by providing statements for all periods in which there are funds in the Project Fund.

Notwithstanding any provision of the Loan Agreement or any other provision of this Indenture to the contrary, the Trustee shall not disburse money from the Project Fund, other than to pay Bond Service Charges on the Bonds, unless and until Eligible Funds in an amount equal to or greater than the requested disbursement amount have been deposited in the Collateral Fund. Prior to making any disbursement (except to the extent necessary to pay Bond Service Charges), the Trustee shall determine that the aggregate principal amount that will be held in (a) the Collateral Fund and (b) the Project Fund, after the anticipated disbursement, is at least equal to the then-Outstanding principal amount of the Bonds; provided, however, to the extent money on deposit in the Project Fund is invested in Eligible Investments, the Trustee is hereby authorized to make the following allocations and exchanges, which allocations and exchanges shall occur prior to the disbursement of amounts on deposit in the Project Fund to pay Project Costs: (i) allocate all or a portion of the Eligible Investments in the Project Fund, in the amount specified in the request for disbursement, to the Collateral Fund and (ii) transfer a like amount from the Collateral Fund to the Project Fund. To the extent money is not otherwise available to the Trustee, including money on deposit in the Bond Fund or the Collateral Fund, the Trustee shall transfer from the Project Fund to the Bond Fund sufficient money to pay Bond Service Charges on each Interest Payment Date without further written direction.

On any Redemption Date, the Trustee shall transfer any amounts then on deposit in the Project Fund into the Bond Fund to pay Bond Service Charges on the Bonds.

Upon obtaining actual knowledge of the occurrence and continuance of an Event of Default hereunder because of which the principal amount of the Bonds has been declared to be

due and immediately payable pursuant to Section 6.02 hereof, any money remaining in the Project Fund shall be promptly transferred by the Trustee to the Bond Fund.

#### **Section 4.05 Costs of Issuance Fund.**

Amounts on deposit in the Costs of Issuance Fund shall be used by the Trustee to pay costs of issuance as directed in writing by the Borrower. Any amounts remaining on deposit in the Costs of Issuance Fund 30 days after the Closing Date shall be promptly returned to the Borrower or disbursed at the written direction of the Borrower.

#### **Section 4.06 Collateral Fund.**

The Trustee shall deposit into the Collateral Fund all Eligible Funds received pursuant to Section 4.02 of the Loan Agreement and any other Eligible Funds received by the Trustee for deposit into the Collateral Fund. Section 4.02 of the Loan Agreement requires the Borrower to cause the Lender to provide Eligible Funds to the Trustee for deposit into the Collateral Fund in an amount equal to, and as a prerequisite to the disbursement of, the amount of Bond proceeds on deposit in the Project Fund to be disbursed by the Trustee to pay Costs of the Project.

The Trustee shall transfer money in the Collateral Fund as follows: (a) on each Bond Payment Date, to the Bond Fund the amount necessary to pay Bond Service Charges on the Bonds on such Bond Payment Date (to the extent money is not otherwise available to the Trustee, including money on deposit in the Bond Fund); (b) on the Mandatory Tender Date, to the Bond Fund, the amount necessary to pay the purchase price of the Bonds, to the extent the Bonds are not remarketed on any Mandatory Tender Date or amounts on deposit in the Remarketing Proceeds Account of the Bond Fund are insufficient therefor; and (c) on the Maturity Date of the Bonds, to the Bond Fund the amount necessary to pay all amounts due on the Bonds on such date.

On any Redemption Date, the Trustee shall transfer all amounts then on deposit in the Collateral Fund into the Bond Fund to pay Bond Service Charges on the Bonds.

Amounts on deposit in the Collateral Fund in excess of the amount required to pay Bond Service Charges after payment in full of the Bonds shall be transferred to the Borrower.

The Bonds shall not be, and shall not be deemed to be, paid or prepaid by reason of any deposit into the Collateral Fund unless and until the amount on deposit in the Collateral Fund is transferred to the Bond Fund and applied to the payment of the principal of any of the Bonds, the principal component of the redemption price of any of the Bonds or the principal component of the tender price of any of the Bonds, all as provided in this Indenture.

Each deposit into the Collateral Fund shall constitute an irrevocable deposit solely for the benefit of the Holders, subject to the provisions hereof.

#### **Section 4.07 Completion of the Project.**

The completion of the Project and payment of all costs and expenses incident thereto shall be evidenced by the filing with the Trustee of the Completion Certificate required by

Section 3.09 of the Loan Agreement. As soon as practicable after the filing with the Trustee of the Completion Certificate, any balance remaining in the Project Fund (other than the amounts retained by the Trustee as described in the Completion Certificate) shall be deposited or applied in accordance with the written direction of the Authorized Borrower Representative pursuant to Section 3.06 of the Loan Agreement, subject to Section 10.12. Provided however that if the Mortgage Loan has been assigned to FHA (with written notice of such assignment to be delivered to the Trustee by an Authorized Borrower Representative), any such balance shall be paid to the Lender.

#### **Section 4.08 Expense Fund.**

The portion of any Extension Payment received by the Trustee in connection with an extension of the Mandatory Tender Date pursuant to Section 3.07 hereof designated for the payment of Administrative Expenses shall be deposited in the Expense Fund. The Trustee shall apply money on deposit in the Expense Fund solely for the following purposes, on the dates specified below, in the following order of priority:

- (a) to transfer money to the Rebate Fund to the extent necessary to pay the Rebate Amount (if any) pursuant to Section 4.09 hereof;
- (b) to pay the Ordinary Trustee's Fees and Expenses when due;
- (c) to pay the Issuer Fee and the City Administrative Fee when due;
- (d) to pay the Dissemination Agent Fee when due; and
- (e) to pay the costs associated with the remarketing of the Bonds on the Initial Mandatory Tender Date.

To the extent money in the Expense Fund is not sufficient to pay the foregoing fees and expenses, such deficiency shall be paid by the Borrower pursuant to Section 4.04 of the Loan Agreement immediately upon written demand by the Trustee.

#### **Section 4.09 Rebate Fund.**

Any provision hereof to the contrary notwithstanding, amounts credited to the Rebate Fund shall be free and clear of any lien hereunder.

The Trustee shall, at the cost and expense of the Borrower, furnish to the Issuer, the Borrower and the Managing Member all information reasonably requested in writing by the Issuer, the Borrower or the Managing Member with respect to the Bonds and investments of the Funds and accounts maintained by the Trustee hereunder. The purpose of the Rebate Fund is to facilitate compliance with Section 148(f) of the Code. Any Rebate Amount (as defined in the Tax Regulatory Agreement) deposited in such Fund shall be for the sole benefit of the United States of America and shall not be subject to the lien of the Bond Indenture or to the claim of any other Person, including, without limitation, the Bondholders and the Issuer. The requirements of this Section 4.09 are subject to, and shall be interpreted in accordance with, Section 148(f) of the Code and the Treasury Regulations applicable thereto (the "**Regulations**") and shall apply

except to the extent the Bond Trustee and the Issuer are furnished with an opinion of Bond Counsel or other evidence satisfactory to the Trustee and the Issuer that the Regulations contain an applicable exception. The Bond Trustee shall make all payments under the written direction of the Borrower or Rebate Analyst on their behalf.

Promptly at the end of each five-year period after the dated date of the Bonds and also upon the retirement of the Bonds, the Bond Trustee shall provide the Borrower with a statement of earnings on funds and accounts held under this Bond Indenture during any period not covered by a prior statement. Each statement shall include the purchase and sale prices of each investment, if any (including any commission paid thereon which shall be separately stated if such information is available), the dates of each investment transaction, information as to whether such transactions were made at a discount or premium and such other information known or reasonably available to the Bond Trustee as the Borrower or rebate analyst shall reasonably request in writing. If so requested in writing by the Borrower at any time, the Bond Trustee shall create within the Bond Fund separate accounts for purposes of accounting for earnings on amounts attributable to the Bonds.

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

The Borrower and the Bond Trustee, on behalf of the Issuer, shall keep such records as will enable them to fulfill their respective responsibilities under this Section 4.09 and Section 148(f) of the Code, and the Borrower shall engage a rebate analyst as may be necessary in connection with such responsibilities. The Bond Trustee, to the extent records of all calculations performed by the rebate analyst are furnished to it in writing, will retain such records until six years after the retirement of the last obligation of the Bonds. The fees and expenses of the rebate analyst shall be paid by the Borrower pursuant to the Loan Agreement to the extent amounts provided hereunder and available in the Rebate Fund are insufficient for such purpose. For purposes of the computation of the Rebate Amount required under the Tax Regulatory Agreement, the Bond Trustee shall, at the cost and expense of the Borrower, make available to the Borrower and the Issuer during normal business hours all written information in the Bond Trustee's control which is requested in writing by the Borrower in connection with such computations.

#### **Section 4.10 Investment of Special Funds and Rebate Fund.**

Except as otherwise set forth in this Section, money in the Special Funds and the Rebate Fund shall be invested and reinvested by the Trustee in Eligible Investments as designated in and at the written direction of the Authorized Borrower Representative. At no time shall the Authorized Borrower Representative direct that any funds constituting gross proceeds of the Bonds (including, without limitation, moneys deposited in or credited to the Collateral Fund and

the Negative Arbitrage Account) be used in any manner as would constitute failure of compliance with Section 148 of the Code.

Investments of moneys in the Bond Fund shall mature or be redeemable at the times and in the amounts necessary to provide moneys to pay Bond Service Charges on the Bonds. Each investment of moneys in the Project Fund shall mature or be redeemable without penalty at such time as may be necessary to make payments from the Project Fund, including on each Interest Payment Date. Any of those investments may be purchased from or sold to the Trustee, the Registrar, an authenticating agent or a paying agent, or any bank, trust company, or savings and loan association affiliated with any of the foregoing. The Trustee shall sell or redeem investments credited to Special Funds to produce sufficient money applicable hereunder to, and at the times required for the purposes of paying, Bond Service Charges when due as aforesaid, and shall do so without necessity for any order on behalf of the Issuer and without restriction by reason of any order. The Trustee is permitted to invest in Eligible Investments that mature on or before the Initial Mandatory Tender Date but is not permitted to sell or otherwise dispose of such Eligible Investments prior to maturity at a price below par without first receiving from the Borrower, at the Borrower's Expense, (i) a Cash Flow Projection and (ii) Eligible Funds (excluding, however, proceeds of the Bonds), if any, as set forth in the Cash Flow Projection. Anything herein to the contrary notwithstanding, amounts on deposit in the Collateral Fund shall not be invested at a yield in excess of the yield of the Bonds.

An investment made from money credited to the Special Funds shall constitute part of that respective Fund. All investment earnings from amounts on deposit in the Project Fund shall be credited to the Negative Arbitrage Account of the Bond Fund. All investment earnings from amounts on deposit in the Collateral Fund shall be allocated to the Negative Arbitrage Account of the Bond Fund. All gains resulting from the sale of, or income from, any investment made from amounts on deposit in the Special Funds shall be credited to and become part of the Special Fund from which the investment was made. All investment earnings, gains resulting from the sale of, or income from, any investment made from amounts on deposit in the Rebate Fund shall be retained therein. In the absence of written directs of the Authorized Borrower Representative as provided above, the Trustee shall be required to invest such funds in the investments described in clause (c) of the definition of Eligible Investments.

Following the Closing Date, at the direction of the Borrower, the Trustee is permitted to purchase, sell or exchange Eligible Investments with a Cash Flow Projection. Notwithstanding anything herein to the contrary, (i) earnings received by the Trustee with respect to Eligible Investments purchased for the purpose of paying Bond Service Charges shall be held uninvested and (ii) Bond proceeds and the Negative Arbitrage Deposit shall be held uninvested until the Trustee has purchased, sold or exchanged Eligible Investments.

The Bond Trustee may make any and all investments permitted by this Section through its own investment department or that of its affiliates or subsidiaries, and may charge its ordinary and customary fees for such trades, including cash sweep account fees, unless otherwise directed in writing by the Authorized Borrower Representative.



#### **Section 4.11 Money to be Held in Trust.**

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

#### **Section 4.12 Valuation.**

For the purpose of determining the amount on deposit to the credit of any Special Fund, the value of obligations in which money in such Fund shall have been invested shall be computed (i) in the case of Government Obligations held in the Special Funds, at the maturity or redemption value (as applicable) as of the maturity or next redemption date and (ii) in the case of all other Eligible Investments, at the then market value thereof. The Trustee shall have no liability for the accuracy of any such valuation.

The Eligible Investments shall be valued by the Trustee as of the end of each calendar month.

#### **Section 4.13 Nonpresentment of Bonds.**

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

#### **Section 4.14 Repayment to the Borrower or the Issuer from the Bond Fund.**

On any Mandatory Tender Date, any amounts in the Bond Fund in excess of the amount necessary to cover any negative arbitrage (assuming 0.00% interest earnings on all deposits) and after all of the Outstanding Bonds shall be deemed paid and discharged under the provisions of this Indenture shall, upon written instruction to the Trustee from the Borrower, be paid to or at

the direction of the Borrower. Except as provided in Section 4.09 and Section 4.13 hereof, any amounts remaining in the Special Funds (a) after all of the Outstanding Bonds shall be deemed paid and discharged under the provisions of this Indenture, and (b) after payment of all fees, charges and expenses of the Trustee and the Issuer and of all other amounts required to be paid under this Indenture, the Loan Agreement, the Borrower's Tax Certificate, the Land Use Restriction Agreement and the Note, shall be paid to the Issuer to the extent that those amounts are in excess of those necessary to effect the payment and discharge of the Outstanding Bonds. Provided however that if the FHA Loan is in default, such excess shall be paid to the Lender.

#### **Section 4.15 Payment of Fees.**

In connection with the issuance of the Bonds and with the Project, the Borrower will pay, from amounts available under this Indenture, the following fees in the following manner:

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

- (i) To the Issuer, an Issuer Fee in an amount equal to 1.5% of the par amount of the Bonds, payable on the Closing Date from Borrower equity;
- (ii) To the Issuer, a Bond Legal Reserve Fee in an amount equal to 0.10% of the par amount of the Bonds, payable on the Closing Date from Borrower equity; and
- (iii) To the Bond Trustee, the Ordinary Trustee Fees and Expenses; and
- (iv) To the Issuer, a City Administrative Fee in an amount equal to 0.15% of the outstanding principal amount of the Bonds, accruing monthly and payable to the Issuer semi-annually.

### **ARTICLE 5 GENERAL COVENANTS AND REPRESENTATIONS**

**Section 5.01 Payment of Principal or Redemption Price of and Interest on Bonds.** The Issuer shall promptly pay or cause to be paid the principal or redemption price of, and the interest on, every Bond issued hereunder according to the terms thereof, but shall be required to make such payment or cause such payment to be made only out of revenues available therefor under this Bond Indenture. The Issuer hereby designates the designated corporate trust operations office of the Bond Trustee as the place of payment for the Bonds.

**Section 5.02 Instruments of Further Assurance.** The Issuer and the Bond Trustee shall do, execute, acknowledge and deliver, such indentures supplemental hereto, and such further acts, instruments and transfers as the Bond Trustee may reasonably require for the better assuring, transferring, conveying, pledging, assigning and confirming unto the Bond Trustee all its interest in the property herein described and the revenues, receipts and other amounts pledged hereby to the payment of the principal of, premium, if any, and interest on the Bonds paid solely from the Trust Estate. Any and all interest in property hereafter acquired which is of any kind or nature herein provided to be and become subject to the lien hereof shall and without any further

conveyance, assignment or act on the part of the Issuer or the Bond Trustee, become and be subject to the lien of this Bond Indenture as fully and completely as though specifically described herein, but nothing contained in this sentence shall be deemed to modify or change the obligations of the Issuer under this Section.

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

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

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

**Section 5.06 Tax Covenants.**

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

(b) The Issuer covenants that it shall not use or cause the use of any proceeds of Bonds or any other funds of the Issuer, directly or indirectly, in any manner, and shall

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

## **ARTICLE 6**

### **DEFAULT PROVISIONS AND REMEDIES OF BOND TRUSTEE AND HOLDERS**

**Section 6.01 Events of Default.** Each of the following shall be an “Event of Default”:

- (a) default in the due and punctual payment of any interest on any Bond; or
- (b) default in the due and punctual payment of the principal of or premium, if any, on any Bond whether at the stated maturity thereof, or on proceedings for redemption thereof, or on the maturity thereof by declaration; or
- (c) failure by the Issuer to observe or perform any other covenant, agreement or obligation on its part to be observed or performed contained in this Indenture or in the Bonds, which failure shall have continued for a period of 30 days after written notice, by registered or certified mail, to the Issuer and the Borrower specifying the failure and requiring that it be remedied, which notice may be given by the Trustee in its discretion and shall be given by the Trustee at the written request of the Holders of a majority in aggregate principal amount of Bonds then Outstanding (unless, notwithstanding any attempt to cure such failure, it cannot be cured within 30 days and, notwithstanding, is cured within 180 days); or
- (d) the occurrence and continuation of an event of default under the Loan Agreement which event of default continues beyond any applicable notice and cure period of which the Bond Trustee has actual notice or of which the Bond Trustee is deemed to have notice pursuant to Section 7.04(i) hereof.

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

**Section 6.02 Acceleration.** Upon the occurrence of an Event of Default described in Section 6.01(a) or (b) hereof, the Trustee may, and upon the written request of the Holders of not less than a majority in aggregate principal amount of Bonds then Outstanding shall, by written notice delivered to the Borrower and the Issuer, declare the principal of all Bonds then Outstanding (if not then due and payable), and the interest accrued thereon, to be due and payable immediately; provided, however, that the Trustee shall make such declaration only if the Trustee has determined that it will have sufficient funds available to pay the full amount of the principal and accrued but unpaid interest to the Holders of the Bonds as of the date of acceleration. If the Trustee is unable to determine that sufficient funds will be available, the Trustee shall declare the principal of the Bonds immediately due and payable only upon written direction of all Holders of the Bonds then Outstanding. Upon the occurrence of any Event of

Default other than those described in Sections 6.01(a) and 6.01(b) hereof, the Trustee may, and upon written consent of all Holders of Bonds then Outstanding shall, declare by a notice in writing delivered to the Borrower, the principal of all Bonds then Outstanding (if not then due and payable), and the interest thereon, to be due and payable immediately. Upon such declaration, the principal and interest on the Bonds shall become and be due and payable immediately. Interest on the Bonds shall accrue to the date determined by the Trustee for the tender of payment to the Holders pursuant to that declaration; provided, that interest on any unpaid principal of Bonds Outstanding shall continue to accrue from the date determined by the Trustee for the tender of payment to the Holders of those Bonds.

The provisions of the preceding paragraph are subject, however, to the condition that if, at any time after declaration of acceleration and prior to the entry of a judgment in a court for enforcement hereunder (after an opportunity for hearing by the Issuer and the Borrower),

(a) all sums payable hereunder (except the principal of and interest on Bonds which have not reached their stated maturity dates but which are due and payable solely by reason of that declaration of acceleration), plus interest to the extent permitted by law on any overdue installments of interest at the rate borne by the Bonds in respect of which the default shall have occurred, shall have been duly paid or provision shall have been duly made therefor by deposit with the Trustee, and

(b) all existing Events of Default shall have been cured,

then and in every case, the Trustee shall, upon being instructed in writing by the Investor Member, waive the Event of Default and its consequences and shall rescind and annul that declaration. No waiver or rescission and annulment shall extend to or affect any subsequent Event of Default or shall impair any rights consequent thereon.

The Investor Member shall be entitled (but not obligated) to cure any Event of Default hereunder within the time frame provided to the Borrower hereunder. The Issuer and the Trustee agree that cure of any default or Event of Default made or tendered by the Investor Member shall be deemed to be a cure by the Borrower and shall be accepted or rejected on the same basis as if made or tendered by the Borrower.

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

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

(b) bring suit upon the Bonds;

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

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

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

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

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

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

**Section 6.06 Application of Moneys.** If at any time after the occurrence of an Event of Default the money held by the Trustee under this Indenture (other than amounts in the Rebate Fund) shall not be sufficient to pay the principal of and interest on the Bonds as the same become due and payable, such money, together with any moneys then available or thereafter becoming available for such purpose, whether through the exercise of remedies in this Article or otherwise, shall, be applied by the Trustee as set forth in this Section 6.06.

After payment of any costs, expenses, liabilities and advances paid, incurred or made by the Trustee in the collection of money and to all fees of the Trustee for expenses pursuant to any right given or action taken under the provisions of this Article or the provisions of the Loan Agreement, the Land Use Restriction Agreement or the Note (including without limitation, reasonable attorneys' fees and expenses, except as limited by law or judicial order or decision entered in any action taken under this Article VI), all money received by the Trustee, shall be applied as follows, subject to Section 2.03 hereof and any provision made pursuant to Section 4.10 or Section 4.11 hereof:

(a) Unless the principal of all of the Bonds shall have become, or shall have been declared to be, due and payable, all of such money shall be deposited in the Bond Fund and shall be applied:

First: To the payment to the Holders entitled thereto of all installments of interest then due on the Bonds, in the order of the dates of maturity of the installments of that interest,

beginning with the earliest date of maturity and, if the amount available is not sufficient to pay in full any particular installment, then to the payment thereof ratably, according to the amounts due on that installment, to the Holders entitled thereto, without any discrimination or privilege, except as to any difference in the respective rates of interest specified in the Bonds; and

Second: To the payment to the Holders entitled thereto of the unpaid principal of any of the Bonds which shall have become due, in the order of their due dates, beginning with the earliest due date, with interest on those Bonds from the respective dates upon which they became due at the rates specified in those Bonds, and if the amount available is not sufficient to pay in full all Bonds due on any particular date, together with that interest, then to the payment thereof ratably, according to the amounts of principal due on that date, to the Holders entitled thereto, without any discrimination or privilege, except as to any difference in the respective rates of interest specified in the Bonds.

(b) If the principal of all of the Bonds shall have become due or shall have been declared to be due and payable pursuant to this Article, all of such money shall be deposited into the Bond Fund and shall be applied to the payment of the principal and interest then due and unpaid upon the Bonds, without preference or priority of principal over interest, of interest over principal, of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the Holders entitled thereto, without any discrimination or privilege, except as to any difference in the respective rates of interest specified in the Bonds.

(c) If the principal of all of the Bonds shall have been declared to be due and payable pursuant to this Article, and if that declaration thereafter shall have been rescinded and annulled under the provisions of Section 6.02 or Section 6.10 hereof, subject to the provisions of paragraph (b) of this Section in the event that the principal of all of the Bonds shall become due and payable later, the money shall be deposited in the Bond Fund and shall be applied in accordance with the provisions of Article II.

(d) Whenever money is to be applied pursuant to the provisions of this Section, such money shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of money available for application and the likelihood of additional money becoming available for application in the future. Whenever the Trustee shall direct the application of such money, it shall fix the date upon which the application is to be made, and upon that date, interest shall cease to accrue on the amounts of principal, if any, to be paid on that date, provided the money is available therefor. The Trustee shall give notice of the deposit with it of any money and of the fixing of that date, all consistent with the requirements of Section 2.03 hereof for the establishment of, and for giving notice with respect to, a Special Record Date for the payment of overdue interest. The Trustee shall not be required to make payment of principal of a Bond to the Holder thereof, until the Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if it is paid fully.

**Section 6.07 Remedies Vested in Trustee.** All rights of action, including the right to file proof of claims, under this Bond Indenture or under any of the Bonds may be enforced by the Bond Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceedings relating thereto and any such suit or proceeding instituted by the Bond Trustee

shall be brought in its name as Bond Trustee without the necessity of joining as plaintiffs or defendants any Holders of the Bonds, and any recovery of judgment shall be for the benefit as provided herein of Holders of the Outstanding Bonds.

**Section 6.08 Remedies of Holders.** No Holder of any Bonds shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of any provision of this Bond Indenture or for the execution of any trust hereunder or for the appointment of a receiver or any other remedy hereunder, unless: (a) a default shall have occurred of which the Bond Trustee shall have been notified as provided herein; (b) such default shall have become an Event of Default; (c) the Holders of at least 25% in aggregate principal amount of the Outstanding Bonds shall have made written request to the Bond Trustee and shall have offered reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name; (d) such Holders shall have offered to the Bond Trustee indemnity as provided herein; and (e) the Bond Trustee shall within 60 days thereafter fail or refuse to exercise the powers hereinbefore granted, or to institute such action, suit or proceeding, and such notification, request and offer of indemnity are hereby declared in every case at the option of the Bond Trustee to be conditions precedent to the execution of the powers and trusts under this Article VI, and to any action or cause of action for the enforcement of this Bond Indenture, or for any other remedy hereunder; it being understood and intended that no one or more Holders of the Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice the lien of this Indenture or the rights of any other Holders of the Bonds or to obtain priority or preference over any other Holders (other than as provided herein) or to enforce any right under this Bond Indenture, except in the manner herein provided and for the equal and ratable benefit of all Holders of Bonds. Nothing contained in this Bond Indenture shall, however, affect or impair the right of any Holder to enforce the payment of the principal of, the premium, if any, and interest on any Bond at the maturity thereof or the obligation of the Issuer to pay the principal of, premium, if any, and interest on the Bonds issued hereunder to the respective Holders thereof, at the time, in the place, from the sources and in the manner expressed herein and in said Bonds.

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

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



maturity thereof or upon proceedings for mandatory redemption) as the case may be, and all fees, costs, and expenses (including reasonable fees and expenses of counsel) of the Bond Trustee, in connection with such default shall have been paid or provided for, and in case of any such waiver or rescission, or in case any proceeding taken by the Bond Trustee on account of any such default shall have been discontinued or abandoned or determined adversely, then and in every such case the Issuer, the Bond Trustee and the Bondholders shall be restored to their former positions and rights hereunder, respectively, but no such waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereto.

**Section 6.11 Notice of Defaults; Opportunity to Cure Defaults.** If an Event of Default shall occur, the Trustee shall give written notice of the Event of Default, by Electronic Means or by registered or certified mail, to the Issuer, the Borrower, the Investor Member and the Remarketing Agent, within five days after the Trustee has actual notice of the Event of Default pursuant to Section 7.04(i) hereof. If an Event of Default occurs of which the Trustee has actual notice pursuant to this Indenture, the Trustee shall give written notice thereof, within 30 days after the Trustee's receipt of notice of its occurrence, to the Holders of all Bonds then Outstanding as shown by the Register at the close of business 15 days prior to the mailing of that notice; provided, that except in the case of a default in the payment of the principal of or interest on any Bond, the Trustee shall be protected in withholding such notice if the Trustee in good faith determines that the withholding of notice to the Holders is in the interests of the Holders.

## **ARTICLE 7**

### **THE BOND TRUSTEE AND REMARKETING AGENT**

**Section 7.01 Certain Duties and Responsibilities.** Except during the continuance of an Event of Default:

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

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

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

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

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

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

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

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

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

**Section 7.02 Notice of Default.** Within 30 days after the occurrence of any default hereunder of which the Bond Trustee is deemed to have notice hereunder, the Bond Trustee shall transmit by first class mail, to the Holders of all Bonds then Outstanding notice of such default hereunder known to the Bond Trustee, unless such default shall have been cured or waived prior thereto; provided, however, that, except in the case of a default in the payment of the principal of (or premium, if any) or interest on any Bond when due, the Bond Trustee shall be protected in withholding such notice if and so long as the Bond Trustee in good faith determines that the withholding of such notice is in the interests of the Holders of the Bonds. For the purpose of this Section the term “default” means any event which is, or after notice or lapse of time or both would become, an Event of Default.

**Section 7.03 Reserved.**

**Section 7.04 Certain Rights of Bond Trustee.** Except as otherwise provided in Section 7.01 hereof:

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

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

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

(d) whenever in the administration of this Bond Indenture the Bond Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Bond Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon a Certificate of the Issuer;

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

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

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

(h) the Bond Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder whether directly or by or through agents or attorneys, and the Bond Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care;

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

(j) all notices or other instruments required by this Bond Indenture to be delivered to the Bond Trustee must, in order to be effective, be delivered the Notice Address referred to in Section 1.01 hereof;

(k) the rights, privileges, protections, immunities and benefits given to the Trustee, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the Trustee in each of its capacities hereunder (including, without limitation, as Dissemination Agent);

(l) the Trustee may request that the Issuer deliver a certificate setting forth the names of individuals and/or titles of officers authorized at such time to take specified actions pursuant to this Indenture; and

(m) the Trustee shall have the right to accept and act upon instructions, including funds transfer instructions (“Instructions”) given pursuant to this Indenture and delivered using Electronic Means; provided, however, that the Borrower shall provide to the Trustee an incumbency certificate listing officers with the authority to provide such Instructions (“Authorized Officers”) and containing specimen signatures of such Authorized Officers, which incumbency certificate shall be amended by the Borrower whenever a person is to be added or deleted from the listing. If the Borrower elects to give the Trustee Instructions using Electronic Means and the Trustee in its discretion elects to act upon such Instructions, the Trustee’s understanding of such Instructions shall be deemed controlling. The Borrower understands and agrees that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Officer. The Borrower shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Trustee and that the Borrower and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the Corporation. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee’s reliance upon and compliance with such Instructions notwithstanding such directions conflict or are inconsistent with a subsequent written instruction. The Borrower agrees: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized Instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the Borrower; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

**Section 7.05 Not Responsible for Recitals or Issuance of Bonds.** The recitals contained herein and in the Bonds, except the certificates of authentication, shall be taken as the

statements of the Issuer, and the Bond Trustee assumes no responsibility for their correctness. The Bond Trustee makes no representations as to the validity or sufficiency of this Bond Indenture or of the Bonds.

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

**Section 7.07 Reserved.**

**Section 7.08 Successor Bond Trustee.** Any corporation or association into which the Bond Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its corporate trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party shall, *ipso facto*, be and become successor Bond Trustee hereunder and vested with all title to the whole property or Trust Estate and all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instruments or any further act, deed or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

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

**Section 7.10 Removal of the Bond Trustee.** The Trustee may be removed by an instrument or document or concurrent instruments or documents in writing delivered to the Trustee, with copies thereof mailed to the Issuer, the Remarketing Agent and the Borrower and Managing Member, and signed by or on behalf of the Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding.

The Trustee also may be removed upon 30 days' notice for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provision of this Indenture with respect to the duties and obligations of the Trustee by any court of competent jurisdiction upon the application of the Issuer or the Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding under this Indenture.

The removal of the Trustee under this Section 7.10 shall take effect upon the appointment of a successor Trustee as provided for in Section 7.11 of this Indenture.

**Section 7.11 Appointment of Successor Bond Trustee by the Holders; Temporary Bond Trustee.** If (a) the Trustee shall resign, shall be removed, shall be dissolved, or shall become otherwise incapable of acting hereunder, (b) the Trustee shall be taken under the control of any public officer or officers, or (c) a receiver shall be appointed for the Trustee by a court,

then a successor Trustee shall be appointed by the Issuer, with the written consent of the Borrower and Managing Member; provided, that if a successor Trustee is not so appointed within 10 days after (i) a notice of resignation or an instrument or document of removal is received by the Issuer, as provided in Sections 7.09 and 7.10 hereof, respectively, or (ii) the Trustee is dissolved, taken under control, becomes otherwise incapable of acting or a receiver is appointed, in each case, as provided above, then, so long as the Issuer shall not have appointed a successor Trustee, the Holders of a majority in aggregate principal amount of Bonds then Outstanding may designate a successor Trustee by an instrument or document or concurrent instruments or documents in writing signed by or on behalf of those Holders. If no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Section, the Holder of any Bond Outstanding hereunder or any retiring Trustee may apply to any court of competent jurisdiction to appoint a successor Trustee. Such court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Trustee.

**Section 7.12 Concerning Any Successor Bond Trustee.** Every successor Trustee appointed pursuant to this Section (a) shall be a trust company or a bank having the powers of a trust company, (b) shall be in good standing within the State, (c) shall be duly authorized to exercise trust powers within the State, (d) shall have a reported capital, surplus and retained earnings of not less than \$50,000,000, and (e) shall be willing to accept the trusteeship under the terms and conditions of this Indenture.

Every successor Trustee appointed hereunder shall execute and acknowledge, and shall deliver to its predecessor, the Issuer and the Borrower and Managing Member an instrument or document in writing accepting the appointment. Thereupon, without any further act, the successor shall become vested with all of the trusts, properties, remedies, powers, rights, duties, obligations, discretions, privileges, claims, demands, causes of action, immunities, estates, titles, interests and liens of its predecessor. Upon the written request of its successor, the Issuer or the Borrower or Managing Member, and payment of all fees and expenses owed to it, the predecessor Trustee (a) shall execute and deliver an instrument or document transferring to its successor all of the trusts, properties, remedies, powers, rights, duties, obligations, discretions, privileges, claims, demands, causes of action, immunities, estates, titles, interests and liens of the predecessor Trustee hereunder, and (b) shall take any other action necessary to duly assign, transfer and deliver to its successor all property (including without limitation, all securities and moneys) held by it as Trustee. Should any instrument or document in writing from the Issuer be requested by any successor Trustee for vesting and conveying more fully and certainly in and to that successor the trusts, properties, remedies, powers, rights, duties, obligations, discretions, privileges, claims, demands, causes of action, immunities, estates, titles, interests and liens vested or conveyed or intended to be vested or conveyed hereby in or to the predecessor Trustee, the Issuer shall execute, acknowledge and deliver that instrument or document.

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

The Issuer from time to time may appoint one or more additional Paying Agents and, in the event of the resignation or removal of any Paying Agent, successor Paying Agents. Any such additional Paying Agent or successor Paying Agent shall signify its acceptance of the duties and

obligations imposed upon it by this Bond Indenture by executing and delivering to the Issuer and the Bond Trustee a written acceptance thereof.

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

**Section 7.15 Representations by Bond Trustee.** The Bond Trustee hereby represents and warrants that as of the date of execution of this Bond Indenture:

- (a) It is duly organized and validly existing in good standing under the laws of the jurisdiction of its organization and has the power and authority to enter into and perform its obligations under this Bond Indenture;
- (b) this Bond Indenture has been duly authorized, executed and delivered by it; and
- (c) to the best of the Bond Trustee's knowledge, the execution of this Bond Indenture by the Bond Trustee does not violate laws, statutes, ordinances, regulations or agreements which are binding on the Bond Trustee.

**Section 7.16 Concerning the Remarketing Agent.** The Remarketing Agent identified in Section 1.01 hereof shall serve as the Remarketing Agent for the Bonds. The Remarketing Agent shall designate to the Trustee its Designated 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 Managing Member and the Trustee. In addition, the Remarketing Agent will agree particularly to:

- (a) Keep such records relating to its computations of interest rates for the Bonds as shall be consistent with prudent industry practice and to make such records available for inspection by the Issuer, the Trustee and the Borrower and the Managing Member at all reasonable times; and
- (b) perform all of its functions and duties under this Indenture.

The Remarketing Agent shall be entitled to advice of legal counsel on any matter relating to the Remarketing Agent's obligations hereunder and shall be entitled to act upon the opinion of such counsel in the exercise of reasonable care in fulfilling such obligations.

The Remarketing Agent shall be entitled to appoint additional co-Remarketing Agents to assist in the performance of the Remarketing Agent's obligations under this Indenture, and any such appointment shall be effective without any action by the Issuer or the Borrower being necessary; provided that any such co-Remarketing Agent, shall have a capitalization of at least \$5,000,000, or shall have a line of credit with a commercial bank in the amount of at least \$5,000,000, shall be in conformity with all standards and requirements of the Municipal Securities Rulemaking Board and the Securities and Exchange Commission, and shall be

authorized by law to perform all the duties imposed upon it by this Indenture. The Remarketing Agent shall take responsibility for any co-Remarketing Agent it appoints.

**Section 7.17 Qualification of Remarketing Agent.** The Remarketing Agent shall be a member in good standing of the Financial Industry Regulatory Authority having a capitalization of at least \$5,000,000, or shall have a line of credit with a commercial bank in the amount of at least \$5,000,000, and shall be authorized by law to perform all the duties imposed upon it by this Indenture. Subject to the terms of the Remarketing Agreement, the Remarketing Agent may at any time resign and be discharged of the duties and obligations created by this Indenture by giving at least 30 days' notice of such resignation to the Issuer, the Borrower, Managing Member and the Trustee. The Remarketing Agent may be removed, with prior notice to the Issuer, at any time by the Borrower, with at least 30 days' notice of such removal to the Remarketing Agent.

Upon any resignation or removal of the Remarketing Agent, the departing Remarketing Agent shall pay over, assign and deliver any money and Bonds held by it in such capacity to its successor.

The Trustee, within 30 days of the resignation or removal of the Remarketing Agent or the appointment of a successor Remarketing Agent, shall give notice thereof by first class mail to the Rating Agency (if the Bonds are then rated) and to the Holders of the Bonds.

**Section 7.18 Information for Rating Agency and Notice of Certain Events.** The Trustee shall provide the Rating Agency upon its written request the balance of funds on hand and other information within the Trustee's possession as the Rating Agency shall reasonably require from time to time in order to maintain the rating on the Bonds;

The Trustee shall notify the Rating Agency and the Remarketing Notice Parties of (a) the occurrence of an Event of Default of which the Trustee has actual notice, (b) any change in the identity of the Trustee, (c) any amendments, modifications, supplements or changes to this Indenture, the Loan Agreement, the Note or the Bonds, including any extension of principal or modification of interest or redemption premium due on any of the Bonds, in each case only in the event the Trustee has actual notice, (d) any change or notification of proposed change of the Mandatory Tender Date or Remarketing Date, (e) any partial prepayment of the Loan or the giving of notice of the call for redemption of any Bonds in connection with the prepayment of the Loan, (f) any defeasance or acceleration of the Bonds hereunder, (g) any change in the Remarketing Agent or the Lender of which the Trustee has actual knowledge, (h) the occurrence of any monetary or other material default under the Loan of which the Trustee has actual notice, (i) any change in the investment of funds subject to the lien of this Indenture, or (k) any sale of Eligible Investments below par, as shown in a Cash Flow Projection delivered to the Rating Agency prior to the sale date.

## **ARTICLE 8 SUPPLEMENTAL BOND INDENTURE**

**Section 8.01 Supplemental Bond Indentures Not Requiring Consent of Bondholders.** The Issuer and the Trustee, without the consent of or notice to any of the



Bondholders, may enter into a bond indenture or bond indentures supplemental to this Bond Indenture as shall not be inconsistent with the terms and provisions hereof or materially adverse to the interest of the Holders of the Bonds for any one or more of the following reasons:

- (a) to cure any ambiguity or formal defect or omission in this Bond Indenture;
- (b) to subject to the lien and pledge of this Bond Indenture additional revenues, properties or collateral;
- (c) to grant to or confer upon the Bond Trustee for the benefit of the Bondholders any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Bondholders or the Bond Trustee or any of them;
- (d) to modify, amend or supplement this Bond Indenture or any bond indenture supplemental hereto in such manner as to permit the qualification hereof and thereof under the Trust Indenture Act of 1939 or any similar federal statute hereafter in effect or under any state securities laws;
- (e) to permit the Bond Trustee to comply with any obligations imposed upon it by law;
- (f) to achieve compliance of this Bond Indenture with any applicable federal securities or tax laws or state securities laws;
- (g) to maintain the exclusion from gross income for federal income taxation of interest on the Bonds;
- (h) to obtain, improve or maintain the rating on the Bonds from any nationally recognized securities rating agency so long as such change does not affect the interest rates, maturities or redemption provisions of the Bonds and does not, in the opinion of Bond Counsel, adversely affect the exclusion from gross income for federal income taxation of interest on the Bonds; or
- (i) in connection with any other change in this Bond Indenture which, in the judgment of the Bond Trustee, is not to the material prejudice of the Bond Trustee or the Bondholders.

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

**Section 8.02 Supplemental Bond Indentures Requiring Consent of Bondholders.** Exclusive of Supplemental Indentures to which reference is made in Section 8.01 hereof and subject to the terms, provisions and limitations contained in this Section, and not otherwise, with the consent of the Holders of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding, evidenced as provided in this Indenture, and with the written consent of the Borrower if required by Section 8.05 hereof, the Issuer and the Trustee may execute and deliver Supplemental Indentures adding any provisions to, changing in any manner or

eliminating any of the provisions of this Indenture or any Supplemental Indenture or restricting in any manner the rights of the Holders. Nothing in this Section shall permit, however, or be construed as permitting:

- (a) without the consent of the Holder of each Bond so affected, (i) an extension of the maturity of the principal of or the interest on any Bond or (ii) a reduction in the principal amount of any Bond or the rate of interest thereon, or
- (b) without the consent of the Holders of all Bonds then Outstanding, (i) the creation of a privilege or priority of any Bond or Bonds over any other Bond or Bonds, or (ii) a reduction in the aggregate principal amount of the Bonds required for consent to a Supplemental Indenture.

If the Issuer shall request that the Trustee execute and deliver any Supplemental Indenture for any of the purposes of this Section, upon (i) being satisfactorily indemnified with respect to its expenses in connection therewith, and (ii) if required by Section 8.05 hereof, receipt of the Borrower's written consent to the proposed execution and delivery of the Supplemental Indenture, the Trustee shall, at the written direction of the Issuer, cause notice of the proposed execution and delivery of the Supplemental Indenture (which notice shall be prepared by the Borrower) to be mailed by first-class mail, postage prepaid, to all Holders of Bonds then Outstanding at their addresses as they appear on the Register at the close of business on the fifteenth day preceding that mailing.

The Trustee shall not be subject to any liability to any Holder by reason of the Trustee's failure to mail, or the failure of any Holder to receive, the notice required by this Section. Any failure of that nature shall not affect the validity of the Supplemental Indenture when there has been consent thereto as provided in this Section. The notice shall set forth briefly the nature of the proposed Supplemental Indenture and shall state that copies thereof are on file at the Designated Office of the Trustee for inspection by all Holders.

If the Trustee shall receive, within a period prescribed by the Borrower, of not less than 60 days, but not exceeding one year, following the mailing of the notice, an instrument or document or instruments or documents, in form to which the Trustee does not reasonably object, purporting to be executed by the Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding (which instrument or document or instruments or documents shall refer to the proposed Supplemental Indenture in the form described in the notice and specifically shall consent to the Supplemental Indenture in substantially that form), the Trustee shall, but shall not otherwise, execute and deliver the Supplemental Indenture in substantially the form to which reference is made in the notice as being on file with the Trustee, without liability or responsibility to any Holder, regardless of whether that Holder shall have consented thereto.

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

Any consent shall be binding upon the Holder of the Bond giving the consent and, anything herein to the contrary notwithstanding, upon any subsequent Holder of that Bond and of

any Bond issued in exchange therefor (regardless of whether the subsequent Holder has notice of the consent to the Supplemental Indenture). A consent may be revoked in writing, however, by the Holder who gave the consent or by a subsequent Holder of the Bond by a revocation of such consent received by the Trustee prior to the execution and delivery by the Trustee of the Supplemental Indenture. At any time after the Holders of the required percentage of Bonds shall have filed their consents to the Supplemental Indenture, the Trustee shall make and file with the Issuer a written statement that the Holders of the required percentage of Bonds have filed those consents. That written statement shall be conclusive evidence that the consents have been so filed.

If the Holders of the required percentage in aggregate principal amount of Bonds Outstanding shall have consented to the Supplemental Indenture, as provided in this Section, no Holder shall have any right (a) to object to (i) the execution or delivery of the Supplemental Indenture, (ii) any of the terms and provisions contained therein, or (iii) the operation thereof, (b) to question the propriety of the execution and delivery thereof, or (c) to enjoin or restrain the Trustee or the Issuer from that execution or delivery or from taking any action pursuant to the provisions thereof.

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

- (a) to cure any ambiguity or formal defect or omission in the Loan Agreement;
- (b) to grant to or confer upon the Issuer or the Bond Trustee for the benefit of the Bondholders any additional rights, remedies, powers or authority that may be lawfully granted to or conferred upon the Issuer or the Bond Trustee or either of them;
- (c) to maintain the exclusion from gross income for federal income taxation of interest of the Bonds;
- (d) to obtain, improve or maintain the rating on the Bonds so long as such change does not affect the interest rates, maturities or redemption provisions of the Bonds and does not, in the opinion of Bond Counsel, adversely affect the exclusion from gross income for federal income taxation of interest on the Bonds; or
- (e) in connection with any other change which, in the judgment of the Bond Trustee, is not to the prejudice of the Bond Trustee or the Bondholders.

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

**Section 8.04 Amendments to Loan Agreement Requiring Consent of Bondholders.** With the consent of the Holders of not less than a majority in aggregate principal amount of the

Bonds at the time Outstanding, the Issuer, the Bond Trustee and the Borrower may from time to time enter into amendments, changes and modifications to the Loan Agreement for the purpose of modifying, altering, amending, adding to or rescinding any of the terms or provisions contained therein; provided, however, that no such amendment, change or modification shall permit or be construed as permitting: (a) any adverse effect on the security for the Bonds, (b) a reduction in the amount of Bonds, the Holders of which are required to approve any such amendment, change or modification without the consent of Holders of all Bonds at the time Outstanding which would be affected by the action to be taken; or (c) any action which may result in the denial of the exclusion of the interest on the Bonds from gross income for federal income tax purposes.

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

**Section 8.01 Consent of Borrower and Investor Member.** Anything contained herein to the contrary notwithstanding, any Supplemental Indenture executed and delivered in accordance with this Article VII which affects in any material respect any rights or obligations of the Borrower shall not become effective unless and until the Borrower and Investor Member shall have consented in writing to the execution and delivery of that Supplemental Indenture.

**Section 8.02 Responsibilities of Trustee.** Notwithstanding anything else contained herein, the Trustee shall not be required to enter into any Supplemental Indenture which affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

**Section 8.03 Authorization to Trustee; Effect of Supplement.**

The Trustee is authorized to join with the Issuer in the execution and delivery of any Supplemental Indenture in accordance with this Article and to make the further agreements and stipulations which may be contained therein. Thereafter,

- (a) That Supplemental Indenture shall form a part of this Indenture;

(b) All terms and conditions contained in that Supplemental Indenture as to any provision authorized to be contained therein shall be deemed to be a part of the terms and conditions of this Indenture for any and all purposes;

(c) This Indenture shall be deemed to be modified and amended in accordance with the Supplemental Indenture; and

(d) The respective rights, duties and obligations under this Indenture of the Issuer, the Borrower, the Trustee, the Remarketing Agent and all Holders of Bonds then Outstanding shall be determined, exercised and enforced hereunder in a manner which is subject in all respects to those modifications and amendments made by the Supplemental Indenture.

Express reference to any executed and delivered Supplemental Indenture may be made in the text of any Bonds issued thereafter, if that reference is deemed necessary or desirable by the Trustee or the Issuer. A copy of any Supplemental Indenture for which provision is made in this Article, except a Supplemental Indenture described in Section 8.01(g) hereof, shall be mailed to the Holders by the Trustee. The Trustee shall not be required to execute any supplemental indenture containing provisions adverse to the Trustee.

**Section 8.08 Opinion of Counsel.** The Trustee shall be entitled to receive, and shall be fully protected in relying upon, the opinion of any counsel approved by it as conclusive evidence that (a) any proposed Supplemental Indenture complies with the provisions of this Indenture, and (b) it is proper for the Trustee to join in the execution of that Supplemental Indenture under the provisions of this Article. That counsel may be counsel for the Issuer or the Borrower.

Before the Issuer and the Trustee shall enter into any Supplemental Indenture, there shall have been delivered to the Trustee an opinion of Bond Counsel to the effect that such Supplemental Indenture will not adversely affect the Federal Tax Status of the Bonds.

**Section 8.09 Modification by Unanimous Consent.** Notwithstanding anything contained elsewhere in this Indenture, the rights and obligations of the Issuer and of the Holders, and the terms and provisions of the Bonds and this Indenture or any Supplemental Indenture, may be modified or altered in any respect with the consent of (a) the Issuer, (b) the Holders of all of the Bonds then Outstanding, (c) the Borrower and the Investor Member and (d) if such modification or alteration contains provisions adverse to the Trustee, the Trustee.

## **ARTICLE 9**

### **SATISFACTION AND DISCHARGE OF BOND INDENTURE**

**Section 9.01 Discharge of Lien.** If (a) the Issuer shall pay all of the Outstanding Bonds, or shall cause them to be paid and discharged, or if there otherwise shall be paid to the Holders of the Outstanding Bonds, all Bond Service Charges due or to become due thereon, and (b) provision also shall be made for the payment of all other sums payable hereunder or under the Loan Agreement, the Land Use Restriction Agreement and the Note, then this Indenture shall cease, terminate and become null and void (except for those provisions surviving by reason of Section 9.03 hereof in the event the Bonds are deemed paid and discharged pursuant to Section 9.02 hereof), and the covenants, agreements and obligations of the Issuer hereunder shall be released, discharged and satisfied.

Thereupon, and subject to the provisions of Section 9.03 hereof if applicable,

(a) the Trustee shall release this Indenture (except for those provisions surviving by reason of Section 9.03 hereof in the event the Bonds are deemed paid and discharged pursuant to Section 9.02 hereof), and shall execute and deliver to the Issuer any instruments or documents in writing, prepared by or on behalf of the Issuer, as shall be requisite to evidence that release and discharge or as reasonably may be requested by the Issuer;

(b) the Trustee shall release and satisfy the Note and deliver such release and satisfaction to the Borrower; and

(c) the Trustee shall assign and deliver to the Issuer any property subject at the time to the lien of this Indenture which then may be in its possession, except amounts in the Bond Fund required (i) to be paid to the Borrower under Section 4.14 hereof, or (ii) to be held by the Trustee under Section 4.13 hereof or otherwise for the payment of Bond Service Charges.

**Section 9.02 Payment and Discharge of Bonds.** All or any part of the Bonds shall be deemed to have been paid and discharged within the meaning of this Indenture, including without limitation, Section 9.01 hereof, if:

(a) the Trustee as paying agent shall have received, in trust for and irrevocably committed thereto, sufficient money, or

(b) the Trustee shall have received, in trust for and irrevocably committed thereto, noncallable Government Obligations which are certified by an Independent public accounting firm of national reputation to be of such maturities or redemption dates and interest payment dates, and to bear such interest, as will be sufficient together with any money to which reference is made in subparagraph (a) above, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom (which earnings are to be held likewise in trust and so committed, except as provided herein), for the payment of all Bond Service Charges on those Bonds at their maturity.

Any money held by the Trustee in accordance with the provisions of this Section may be invested by the Trustee only in noncallable Government Obligations having maturity dates, or having redemption dates which, at the option of the owner of those obligations, shall be not later than the date or dates at which money will be required for the purposes described above. To the extent that any income or interest earned by, or increment to, the investments held under this Section is determined from time to time by the Trustee to be in excess of the amount required to be held by the Trustee for the purposes of this Section, that income, interest or increment shall be transferred at the time of that determination in the manner provided in Section 4.14 hereof for transfers of amounts remaining in the Bond Fund.

If any Bonds shall be deemed paid and discharged pursuant to this Section 9.02, then within 15 days after such Bonds are so deemed paid and discharged the Trustee shall cause a written notice to be given to each Holder as shown on the Register on the date on which such Bonds are

deemed paid and discharged. Such notice shall state the numbers of the Bonds deemed paid and discharged or state that all Bonds are deemed paid and discharged, and shall set forth a description of the obligations held pursuant to subparagraph (b) of the first paragraph of this Section 9.02.

**Section 9.03 Survival of Certain Provisions.** Notwithstanding the foregoing, any provisions of this Bond Indenture which relate to the maturity of Bonds, interest payments and dates thereof, optional and mandatory redemption provisions, credit against mandatory sinking fund requirements, exchange, transfer and registration of Bonds, replacement of mutilated, destroyed, lost or stolen Bonds, the safekeeping and cancellation of Bonds, non-presentment of Bonds, the holding of moneys in trust, and repayments of moneys in funds held hereunder, and the duties of the Bond Trustee and the Bond Registrar in connection with all of the foregoing, shall remain in effect and be binding upon the Bond Trustee, the Bond Registrar, the Paying Agent and the Holders notwithstanding the release and discharge of this Bond Indenture. The provisions of this Article shall survive the release, discharge and satisfaction of this Bond Indenture.

## **ARTICLE 10 MISCELLANEOUS**

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

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

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

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

(d) In determining whether the Holders of the requisite amount of the principal amount of the Bonds then Outstanding have concurred in any demand, request, direction, consent or waiver under this Bond Indenture, Bonds which are owned by the Issuer or the Borrower or by any Person directly or indirectly controlling or controlled by, or under direct or indirect common control with the Issuer or the Borrower shall be disregarded and deemed not to be Outstanding for the purpose of determining whether the Bond Trustee shall be protected in relying on any such demand, request, direction, consent or waiver. Only Bonds which the Bond Trustee actually knows to be so owned shall be disregarded. Bonds so owned which have been pledged in good faith may be regarded as Outstanding for the purposes of this Section if the pledgee shall establish to the satisfaction of Issuer and the Bond Trustee the pledgee's right to vote such Bonds. In case of a dispute as to such right, any decision by the Bond Trustee taken upon the advice of counsel shall be full protection to the Bond Trustee.

**Section 10.02 Limitation of Rights.** With the exception of rights conferred expressly in this Indenture, 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 other than the parties hereto, the Remarketing Agent, the Borrower, the Managing Member and the Holders of the Bonds any legal or equitable right, remedy, power or claim under or with respect to this Indenture or any covenants, agreements, conditions and provisions contained herein. This Indenture and all of those covenants, agreements, conditions and provisions are intended to be, and are, for the sole and exclusive benefit of the parties hereto, the Remarketing Agent, the Borrower, the Managing Member and the Holders of the Bonds, as provided herein.

**Section 10.03 Severability.** If any provision of this Bond Indenture shall be held or deemed to be or shall in fact be inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions, or in all cases because it conflicts with any other provision or provisions hereof or any constitution, statute, rule of law or public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstances, or of rendering any other provision or provisions herein contained invalid, inoperative or unenforceable to any extent whatever.

The invalidity of any one or more phrases, sentences, clauses or sections in this Bond Indenture contained shall not affect the remaining portions of this Bond Indenture or any part thereof

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

**Section 10.05 Payments Due on Saturdays, Sundays and Holidays.** In any case where the date of maturity of interest on or principal of the Bonds, or the date fixed for



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

**Section 10.06 Priority of this Indenture.** This Indenture shall be superior to any liens which may be placed upon the Revenues or any other funds or accounts created pursuant to this Indenture.

**Section 10.07 Counterparts.** This Bond Indenture may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument. The exchange of copies of this Indenture and of signature pages by facsimile or PDF transmission shall constitute effective execution and delivery of this Indenture as to the parties hereto and may be used in lieu of the original Indenture and signature pages for all purposes.

**Section 10.08 Governing Law.** The laws of the State shall govern the construction of this Bond Indenture and of all Bonds issued hereunder, without reference to its conflict of laws principles.

**Section 10.09 No Recourse.** No recourse shall be had for the principal of, redemption premium, if any, and interest on any of the Bonds or for any claim based thereon or upon any obligation, covenant or agreement contained in the Bond Indenture or the Loan Agreement against any past, present or future official, officer or employee of the Issuer or the Trustee, as such, either directly or through the Issuer or the Trustee or any successor to either, under any rule of law, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability is hereby expressly waived and released as a condition of and consideration for the execution of the Bond Indenture and the Loan Agreement and the issuance of the Bonds.

**Section 10.10 Successors and Assigns.** All the covenants and representations contained in this Bond Indenture, by or on behalf of the Issuer and the Trustee, shall bind and inure to the benefit of their respective successors and assigns, whether expressed or not.

**Section 10.11 Books, Records and Accounts.** The Bond Trustee agrees to keep proper books, records and accounts in which complete and correct entries shall be made of all transactions relating to the receipt, disbursements, investment, allocation and application of the proceeds received from the sale of the Bonds, the revenues received from the Funds created pursuant to this Bond Indenture and all other money held by the Bond Trustee hereunder. The Bond Trustee shall make such books, records and accounts available for inspection by the Issuer or the Holder of any Bond during reasonable hours and under reasonable conditions.

**Section 10.12 Mortgage Loan Documents and Regulations Control.**

(a) In the event of any conflict and to the extent that there is any inconsistency or ambiguity between the provisions of this Indenture and the provisions of the Controlling HUD and GNMA Requirements or the Mortgage Loan Documents, the Controlling HUD and GNMA Requirements and Mortgage Loan Documents will be

deemed to be controlling, and any such ambiguity or inconsistency will be resolved in favor of, and pursuant to the terms of the Controlling HUD and GNMA Requirements and Mortgage Loan Documents, as applicable. Notwithstanding any provision of this Indenture to the contrary, the parties hereto acknowledge and agree that all of their respective rights and powers to any assets or properties of the Borrower are subordinate and subject to the liens created by the Mortgage, together with any and all amounts from time to time secured thereby, and interest thereon, and to all of the terms and provisions of the Mortgage, and any and all other documents executed by the Borrower as required by HUD or GNMA in connection therewith.

(b) Enforcement of the covenants in this Indenture will not result in, and neither the Issuer, the Trustee nor any parties indemnified by the Borrower pursuant to this Indenture has or shall be entitled to assert, any claim against the Project, the Mortgage Loan proceeds, any reserves or deposits required by HUD in connection with the Mortgage Loan transaction, or the rents or deposits or other income of the Project other than available "Surplus Cash" as defined in the HUD Regulatory Agreement.

(c) Failure of the Issuer or the Borrower to comply with any of the covenants set forth in this Indenture will not serve as a basis for default on the Mortgage Loan, the underlying mortgage, or any of the other Mortgage Loan Documents.

(d) The Bonds are not a debt of the United States of America, HUD, FHA, GNMA or any other agency or instrumentality of the federal government, and are not guaranteed by the full faith and credit of the United States or any agency or instrumentality thereof.

(e) There is no pledge hereunder of the gross revenues or any of the assets of the Project.

(f) Nothing contained herein shall inhibit or impair the right of FHA to require or agree to any amendment, change or modification of any Mortgage Loan Documents.

(g) Proceeds from any condemnation award or from the payment of a claim under any hazard insurance policy relating to the Project will not be payable to the Trustee, but will be payable in accordance with the Mortgage Loan Documents.

(h) Notwithstanding anything to the contrary in the event of an assignment or conveyance of the Mortgage Loan to the Federal Housing Commissioner, subsequent to the issuance of the Bonds, all money remaining in all funds and accounts other than the Rebate Fund and any other funds remaining under the Indenture after payment or provision for payment of debt service on the Bonds and the fees and expenses of the Issuer, Trustee and other such parties unrelated to the Borrower (other than funds originally deposited by the Borrower or related parties on or before the date of issuance of the Bonds) shall be returned to the Lender.

(i) HUD shall not have any obligation under the Disbursement Agreement (or otherwise) to continue to provide Lender Funds if there is a Borrower default under and assignment of the Mortgage Loan to HUD.


**Section 10.13 Force Majeure.** In no event shall the Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services; it being understood that the Trustee shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

**Section 10.14 U.S.A. Patriot Act.** The parties hereto acknowledge that in accordance with Section 326 of the U.S.A. Patriot Act, the Trustee, like all financial institutions and in order to help fight the funding of terrorism and money laundering, is required to obtain, verify, and record information that identifies each person or legal entity that establishes a relationship or opens an account with the Trustee. The parties to this Indenture agree that they will provide the Trustee with such information as it may reasonably request in order for the Trustee to satisfy the requirements of the U.S.A. Patriot Act.

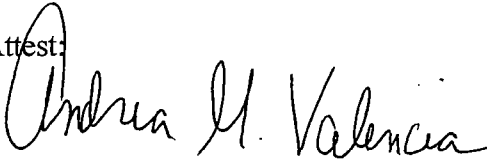
**Section 10.15 Waiver of Jury Trial.** EACH OF THE ISSUER, THE HOLDERS AND THE TRUSTEE HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS INDENTURE, THE BONDS OR THE TRANSACTION CONTEMPLATED HEREBY.

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

**CITY OF CHICAGO**

By:   
Chief Financial Officer

(Seal)

Attest:   
City Clerk

**THE BANK OF NEW YORK MELLON  
TRUST COMPANY, N.A., as Bond Trustee**

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

Attest:

\_\_\_\_\_  
Authorized Officer

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

**CITY OF CHICAGO**


By: \_\_\_\_\_  
Chief Financial Officer

(Seal)

Attest:

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

**THE BANK OF NEW YORK MELLON**  
**TRUST COMPANY, N.A., as Bond Trustee**

By:   
Authorized Officer

Attest:

  
\_\_\_\_\_  
Authorized Officer

**EXHIBIT A**  
**FORM OF BOND**

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

**MULTI-FAMILY HOUSING REVENUE BONDS**  
**(COVENT APARTMENTS PROJECT), SERIES 2022**

MAXIMUM PRINCIPAL AMOUNT:

No. R-1

\$10,196,000

<u>No.</u>	<u>Maturity Date</u>	<u>Dated Date</u>	<u>Initial Interest Rate</u>	<u>CUSIP</u>
TT7	September 1, 2025	September 23, 2022	4.00%	167570

Registered Owner: CEDE & CO.

Maximum Principal Amount: TEN MILLION ONE HUNDRED NINETY-SIX THOUSAND AND 00/100 MILLION DOLLARS

INITIAL MANDATORY TENDER DATE: September 1, 2024

The City of Chicago, a municipality and home rule unit of government duly organized and validly existing under the Constitution and the laws of the State of Illinois (the “Issuer”), for value received, hereby promises to pay (but only from the revenues and other assets and in the manner hereinafter described) to the Registered Owner specified above or registered assigns, the Principal Amount specified above on the Maturity Date specified above (subject to the rights of redemption and tender set forth herein), and to pay from those sources interest on the unpaid principal balance of said Principal Amount calculated at the Interest Rate on (a) March 1 and September 1 of each year beginning March 1, 2023, (b) each Redemption Date, and (c) each Mandatory Tender Date (the “Interest Payment Dates”) until the principal amount is paid or duly provided for. This Bond will bear interest from the most recent date to which interest has been paid or duly provided for or, if no interest has been paid or duly provided for, from its date, or, if no

interest has been paid or provided for, from the date of initial delivery (the “Closing Date”).

This Bond shall bear interest from the Dated Date to but not including the Initial Mandatory Tender Date at the Initial Interest Rate set forth above and thereafter this Bond shall bear interest at the Remarketing Rate (as defined in the Indenture) for each subsequent Remarketing Period (as defined in the Indenture). Interest on the Bonds shall be calculated on the basis of a 360-day year consisting of twelve 30-day months, for the actual number of days elapsed.

The principal of this Bond is payable at the designated corporate trust office of the trustee, presently The Bank of New York Mellon Trust Company, N.A. (the “Trustee”). Interest is payable on each Interest Payment Date by check mailed to the person in whose name this Bond (or one or more predecessor bonds) is registered (the “Holder”) at the close of business on the 15th day of the calendar month next preceding that Interest Payment Date (the “Regular Record Date”) on the registration books for this issue maintained by the Trustee, as registrar, at the address appearing therein. Any interest which is not timely paid or duly provided for shall cease to be payable to the Holder hereof (or of one or more predecessor bonds) as of the Regular Record Date, and shall be payable to the Holder hereof (or of one or more predecessor bonds) at the close of business on a Special Record Date to be fixed by the Trustee for the payment of that overdue interest. Notice of the Special Record Date shall be mailed to Holders not less than 10 days prior thereto. The principal of and interest on this Bond are payable in lawful money of the United States of America, without deduction for the services of the paying agent. While the Bonds are held in a book-entry system and in certain other circumstances, all as provided in the Indenture, principal of and interest on this Bond is required to be paid by wire transfer or other arrangement, other than any payment of the entire unpaid principal amount hereof.

This Bond is one of a duly authorized series of bonds of the City designated as its Multi-Family Housing Revenue Bonds (Covent Apartments Project), Series 2022 (the “Bonds”), in the aggregate principal amount of \$10,196,000 (the “Bonds”), pursuant to Article VII, Section 6 of the 1970 Constitution of the State of Illinois, and pursuant to the Ordinance adopted by the Issuer on February 23, 2022. The Bonds are issued under and are equally and ratably secured as to principal, premium, if any, and interest by a Bond Indenture dated as of September 1, 2022, from the Issuer to the Bond Trustee (the “Bond Indenture”), to which Bond Indenture and all indentures supplemental thereto (copies of which are on file at the office of the Bond Trustee) reference is hereby made. By the acceptance of this Bond, the Holder hereof assents to all of the provisions of the Bond Indenture.

The Bonds, together with premium, if any, and interest thereon, do not constitute an indebtedness, liability, general or moral obligation or a pledge of the full faith or loan of credit of the Issuer, the State of Illinois, or any political subdivision of the State of Illinois within the meaning of any constitutional or statutory provisions. None of the Issuer, the

State of Illinois or any political subdivision thereof shall be obligated to pay the principal of, premium, if any, or interest on the Bonds or other costs incident thereto except from the revenues and assets pledged with respect thereto. Neither the full faith and credit nor the taxing power of the United States of America, the Issuer, the State of Illinois or any political subdivision thereof is pledged to the payment of the principal of, premium, if any, or interest on the Bonds or other costs incident thereto. The Bonds are not a debt of the United States of America or any agency thereof, and are not guaranteed by the United States of America or any agency thereof.

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

The Bonds are being issued by the Issuer for the purpose of financing a loan (the "Loan") to be made to Covent Apartments, LLC, an Illinois limited liability company (the "Borrower"). The Loan will be used by the Borrower to pay a portion of the costs of acquiring, constructing and equipping the Project, as defined in the Indenture and as further described in the Loan Agreement dated as of even date with the Indenture (the "Loan Agreement"), between the Issuer and the Borrower. The Bonds are special limited obligations of the Issuer, issued or to be issued under and are secured and entitled equally and ratably to the protection given by the Indenture, including payments under the Loan made to the Trustee by the Borrower.

The Bonds are subject to redemption and tender prior to their stated maturity as follows:

(a) Optional Redemption. The Bonds are subject to optional redemption in whole or in part by the Issuer at the written direction of the Borrower on any date on or after the later to occur of (a) the date that the Project is placed in service, as certified in writing by the Borrower to the Trustee, and (b) the Optional Redemption Date (as defined in the Indenture) at a redemption price equal to 100% of the principal amount of the Bonds plus accrued interest to the Redemption Date.

(b) Reserved.

(c) Mandatory Redemption. The Bonds shall be redeemed in whole at a redemption price of 100% of the principal amount of such Bonds, plus accrued interest to the Redemption Date, on any Mandatory Tender Date upon the occurrence of any of the following events: (i) the Borrower has previously elected not to cause the remarketing of the Bonds, (ii) the conditions to remarketing set forth in the Indenture have not been met by the dates and times set forth therein, or (iii) the proceeds of a remarketing on deposit in the Remarketing Proceeds Account at 11:00 a.m. Local Time on the Mandatory Tender Date are insufficient to pay the purchase price of the Outstanding Bonds on such Mandatory Tender Date. Bonds subject to redemption in accordance with this paragraph shall be redeemed from (i) amounts on deposit in the Collateral Fund, (ii) amounts on



deposit in the Negative Arbitrage Account of the Bond Fund, (iii) amounts on deposit in the Project Fund, and (iv) any other Eligible Funds available or made available for such purpose at the direction of the Borrower.

(d) Mandatory Tender. The Bonds are subject to mandatory tender in whole on each Mandatory Tender Date. Holders will not have the right to elect to retain their Bonds. Upon presentation and surrender of the Bonds by the Holder on the date fixed for tender, the Holder shall be paid the principal amount of the Bonds to be tendered, plus accrued interest on such Bonds to the tender date.

Reference is made to the Indenture for a more complete description of the Project, the provisions, among others, with respect to the nature and extent of the security for the Bonds, the rights, duties and obligations of the Issuer, the Trustee and the Holders of the Bonds, and the terms and conditions upon which the Bonds are issued and secured. Each Holder assents, by its acceptance hereof, to all of the provisions of the Indenture.

The Borrower is required by the Loan Agreement to cause the Lender (as defined in the Indenture) to provide on its behalf Eligible Funds (as defined in the Indenture) to the Trustee in the amounts and at the times necessary to pay the principal of and interest (the "Bond Service Charges") on the Bonds. In the Indenture, the Issuer has assigned to the Trustee, to provide for the payment of the Bond Service Charges on the Bonds, the Issuer's right, title and interest in and to the Loan Agreement, except for Reserved Rights as defined in the Indenture. To secure its compliance with certain covenants in the Loan Agreement, the Borrower has executed and delivered a Regulatory and Land Use Restriction Agreement, dated as of September 1, 2022 (the "Land Use Restriction Agreement") among the Issuer, the Borrower and the Trustee.

Copies of the Indenture, the Loan Agreement and the Land Use Restriction Agreement are on file in the designated corporate trust office of the Trustee.

The Bond Service Charges on the Bonds are payable solely from the Revenues, as defined and as provided in the Indenture (being, generally, the amounts payable under the Loan Agreement and any unexpended proceeds of the Bonds), and are an obligation of the Issuer only to the extent of the Revenues. The Bonds are not secured by an obligation or pledge of any money raised by taxation and do not represent or constitute a debt or pledge of the faith and credit of the Issuer.

The Bonds are issuable only as fully registered bonds and, except as hereinafter provided, in printed or typewritten form, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"), which shall be considered to be the Holder for all purposes of the Indenture, including, without limitation, payment by the Issuer of Bond Service Charges, and receipt of notices to, giving of consents by and exercise of rights of, Holders. There shall be a single Bond representing each maturity, and all Bonds shall be immobilized in the custody of DTC with the owners of beneficial interests in those Bonds (the "book-entry interests") having no right to receive

from the Issuer Bonds in the form of physical securities or certificates. Ownership of book-entry interests in the Bonds shall be shown by book-entry on the system maintained and operated by DTC, its participants (the "Participants") and certain persons acting through the Participants, and transfers of ownership of book-entry interests shall be made only by that book-entry system, the Issuer and the Trustee having no responsibility therefor. DTC is to maintain records of the positions of Participants in the Bonds, and the Participants and persons acting through Participants are to maintain records of the purchasers and owners of book-entry interests in the Bonds. The Bonds as such shall not be transferable or exchangeable, except for transfer to another Securities Depository (as defined in the Indenture) or to another nominee of a Securities Depository, without further action by the Issuer and otherwise at the expense of the Borrower.

If any Securities Depository determines not to continue to act as a Securities Depository for the Bonds for use in a book-entry system, the Issuer may attempt to have established a securities depository/book-entry system relationship with another qualified Securities Depository under the Indenture. If the Issuer does not or is unable to do so, the Issuer and the Trustee, after the Trustee has made provision for notification of the owners of book-entry interests by the then Securities Depository, shall permit withdrawal of the Bonds from the Securities Depository, and authenticate and deliver Bond certificates in fully registered form (in denominations of \$5,000, or any integral multiple of \$1,000 in excess thereof) to the assignees of the Securities Depository or its nominee, all at the cost and expense (including costs of printing or otherwise preparing and delivering replacement Bond certificates) of those Persons requesting such authentication and delivery, if the event is not the result of Issuer action or inaction (including action at the request of the Borrower).

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

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

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

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

authorized denomination or denominations for the same aggregate principal amount will be issued to the transferee in exchange therefor.

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

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

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

No recourse shall be had for the payment of the principal of, premium, if any, or interest on this Bond, or for any claim based hereon, or otherwise in respect hereof, or based on or in respect of the Bond Indenture or any indenture supplemental thereto, against any trustee, officer or employee, as such, past, present or future, of the Issuer or any successor, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise, all such liability being, by the acceptance hereof and as part of the consideration for the issue hereof, expressly waived and released. The following abbreviations, when used in the inscription on the face of this Bond, shall be construed as though they were written out in full according to applicable laws or regulations:

UNIF GIFT MIN ACT --

\_\_\_\_\_  
(Cust) Custodian (Minor)  
Under Uniform Gift to Minors

Act \_\_\_\_\_  
(State)

TEN COM -- as tenants in common  
TEN ENT – as tenants by the entireties  
JT TEN – as joint tenants with right of  
Survivorship and not as  
Tenants in common

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

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

[Remainder of Page Intentionally Left Blank]

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

CITY OF CHICAGO, ILLINOIS

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

Attest:

By: \_\_\_\_\_  
City Clerk

FORM OF CERTIFICATE OF AUTHENTICATION

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

**THE BANK OF NEW YORK MELLON  
TRUST COMPANY, N.A., As Bond Trustee**

By: \_\_\_\_\_  
Its: Authorized Signature

Date of Authentication: September \_\_, 2022

Date from which interest is payable: Dated Date

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

## FORM OF ASSIGNMENT

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

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

(Please Print or Type Name and Address of Assignee)

Social Security or Taxpayer Identification Number: \_\_\_\_\_

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

\_\_\_\_\_  
Attorney to transfer the said Bond on the books of the within-named Issuer maintained by the Trustee for the registration thereof, with full power of substitution in the premises.

\_\_\_\_\_  
Notice: The signature to this assignment  
Must correspond with the name as it  
appears

On the face of the within note in every  
Particular, without alteration or  
enlargement

or any change whatever. The signature  
must be guaranteed by a member firm of  
the

New York Stock Exchange or a  
commercial  
bank or trust company.

Signature guaranteed by:

\_\_\_\_\_  
[Bank, Trust Company or Firm]

Authorized Signature

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



## **EXHIBIT B**

### **LEGAL DESCRIPTION OF PROJECT SITE**

#### **PARCEL 1:**

##### **SUB AREA A**

THAT PART OF THE FOLLOWING DESCRIBED PROPERTY TAKEN AS A TRACT, LYING SOUTHWESTERLY OF A LINE DRAWN PERPENDICULARLY TO THE NORTH LINE OF LOT 47 AT A POINT 79.34 FEET NORTHEASTERLY OF THE NORTHWEST CORNER OF LOT 47 AS MEASURED ALONG THE NORTH LINE THEREOF, SAID PROPERTY BEING DESCRIBED AS:

LOTS THIRTY-EIGHT (38) TO FORTY-SEVEN (47) (BOTH INCLUSIVE), TOGETHER WITH THAT PART OF THE ALLEY BETWEEN LOT FORTY-TWO (42) AND LOTS FORTY-THREE (43) TO FORTY-SEVEN (47), AFORESAID, VACATED BY ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CHICAGO RECORDED AS DOCUMENT NUMBER 5273135 AND THAT PART OF THE ALLEY VACATED BY ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CHICAGO RECORDED AS DOCUMENT NUMBER 5710013, (EXCEPT THE 10 FOOT PUBLIC ALLEY RECORDED SEPTEMBER 26, 1913 AS DOCUMENT NUMBER 5273136) IN LEHMAN'S DIVERSEY BOULEVARD ADDITION IN THE SOUTH WEST QUARTER OF SECTION TWENTY-EIGHT (28), TOWNSHIP FORTY (40) NORTH, RANGE FOURTEEN (14), EAST OF THE THIRD MERIDIAN, IN COOK COUNTY, ILLINOIS.

#### **PARCEL 2:**

FOR THE BENEFIT OF PARCEL 1, A TEMPORARY NON-EXCLUSIVE EASEMENT, IDENTIFIED AS THE DRUMMOND CONSTRUCTION EASEMENT, FOR THE SOLE PURPOSE OF CONSTRUCTION ACTIVITIES, AS SET FORTH IN ACCESS AND TEMPORARY CONSTRUCTION EASEMENT AGREEMENT RECORDED APRIL 14, 2022 AS DOCUMENT NO. 2210412103.

Property address: 2653 North Clark Street & 537 Drummond Place, Chicago, IL 60614  
Tax Number: 14-28-307-001-0000

**EXHIBIT C**

**SPECIMEN BOND**

UNITED STATES OF AMERICA  
STATE OF ILLINOIS  
CITY OF CHICAGO

MULTI-FAMILY HOUSING REVENUE BONDS  
(COVENT APARTMENTS PROJECT), SERIES 2022

MAXIMUM PRINCIPAL AMOUNT:

No. R-1

\$10,196,000

<u>Maturity Date</u>	<u>Dated Date</u>	<u>Initial Interest Rate</u>	<u>CUSIP No.</u>
September 1, 2025	September 23, 2022	4.00%	167570 TT7

Registered Owner: CEDE & CO.

Maximum Principal Amount: TEN MILLION ONE HUNDRED NINETY-SIX  
THOUSAND AND 00/100 DOLLARS

INITIAL MANDATORY TENDER DATE: September 1, 2024

The City of Chicago, a municipality and home rule unit of government duly organized and validly existing under the Constitution and the laws of the State of Illinois (the "Issuer"), for value received, hereby promises to pay (but only from the revenues and other assets and in the manner hereinafter described) to the Registered Owner specified above or registered assigns, the Principal Amount specified above on the Maturity Date specified above (subject to the rights of redemption and tender set forth herein), and to pay from those sources interest on the unpaid principal balance of said Principal Amount calculated at the Interest Rate on (a) March 1 and September 1 of each year beginning March 1, 2023, (b) each Redemption Date, and (c) each Mandatory Tender Date (the "Interest Payment Dates") until the principal amount is paid or duly provided for. This Bond will bear interest from the most recent date to which interest has been paid or duly provided for or, if no interest has been paid or duly provided for, from its date, or, if no interest has been paid or provided for, from the date of initial delivery (the "Closing Date").

This Bond shall bear interest from the Dated Date to but not including the Initial Mandatory Tender Date at the Initial Interest Rate set forth above and thereafter this Bond shall bear interest at the Remarketing Rate (as defined in the Indenture) for each subsequent Remarketing Period (as defined in the Indenture). Interest on the Bonds shall be calculated on the basis of a 360-day year consisting of twelve 30-day months, for the actual number of days elapsed.

The principal of this Bond is payable at the designated corporate trust office of the trustee, presently The Bank of New York Mellon Trust Company, N.A. (the "Trustee"). Interest is payable on each Interest Payment Date by check mailed to the person in whose name this Bond (or one or more predecessor bonds) is registered (the "Holder") at the close of business on the 15th day of the calendar month next preceding that Interest Payment Date (the "Regular Record Date") on the registration books for this issue maintained by the Trustee, as registrar, at the address appearing therein. Any interest which is not timely paid or duly provided for shall cease to be payable to the Holder hereof (or of one or more predecessor bonds) as of the Regular Record Date, and shall be payable to the Holder hereof (or of one or more predecessor bonds) at the close of business on a Special Record Date to be fixed by the Trustee for the payment of that overdue interest. Notice of the Special Record Date shall be mailed to Holders not less than 10 days prior thereto. The principal of and interest on this Bond are payable in lawful money of the United States of America, without deduction for the services of the paying agent. While the Bonds are held in a book-entry system and in certain other circumstances, all as provided in the Indenture, principal of and interest on this Bond is required to be paid by wire transfer or other arrangement, other than any payment of the entire unpaid principal amount hereof.

This Bond is one of a duly authorized series of bonds of the City designated as its Multi-Family Housing Revenue Bonds (Covent Apartments Project), Series 2022 (the "Bonds"), in the aggregate principal amount of \$10,196,000 (the "Bonds"), pursuant to Article VII, Section 6 of the 1970 Constitution of the State of Illinois, and pursuant to the Ordinance adopted by the Issuer on February 23, 2022. The Bonds are issued under and are equally and ratably secured as to principal, premium, if any, and interest by a Bond Indenture dated as of September 1, 2022, from the Issuer to the Bond Trustee (the "Bond Indenture"), to which Bond Indenture and all indentures supplemental thereto (copies of which are on file at the office of the Bond Trustee) reference is hereby made. By the acceptance of this Bond, the Holder hereof assents to all of the provisions of the Bond Indenture.

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

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

The Bonds are being issued by the Issuer for the purpose of financing a loan (the "Loan") to be made to Covent Apartments, LLC, an Illinois limited liability company (the "Borrower"). The Loan will be used by the Borrower to pay a portion of the costs of acquiring, constructing and equipping the Project, as defined in the Indenture and as further described in the Loan Agreement dated as of even date with the Indenture (the "Loan Agreement"), between the Issuer and the Borrower. The Bonds are special limited obligations of the Issuer, issued or to be issued under and are secured and entitled equally and ratably to the protection given by the Indenture, including payments under the Loan made to the Trustee by the Borrower.

The Bonds are subject to redemption and tender prior to their stated maturity as follows:

(a) Optional Redemption. The Bonds are subject to optional redemption in whole or in part by the Issuer at the written direction of the Borrower on any date on or after the later to occur of (a) the date that the Project is placed in service, as certified in writing by the Borrower to the Trustee, and (b) the Optional Redemption Date (as defined in the Indenture) at a redemption price equal to 100% of the principal amount of the Bonds plus accrued interest to the Redemption Date.

(b) Reserved.

(c) Mandatory Redemption. The Bonds shall be redeemed in whole at a redemption price of 100% of the principal amount of such Bonds, plus accrued interest to the Redemption Date, on any Mandatory Tender Date upon the occurrence of any of the following events: (i) the Borrower has previously elected not to cause the remarketing of the Bonds, (ii) the conditions to remarketing set forth in the Indenture have not been met by the dates and times set forth therein, or (iii) the proceeds of a remarketing on deposit in the Remarketing Proceeds Account at 11:00 a.m. Local Time on the Mandatory Tender Date are insufficient to pay the purchase price of the Outstanding Bonds on such Mandatory Tender Date. Bonds subject to redemption in accordance with this paragraph shall be redeemed from (i) amounts on deposit in the Collateral Fund, (ii) amounts on deposit in the Negative Arbitrage Account of the Bond Fund, (iii) amounts on deposit in the Project Fund, and (iv) any other Eligible Funds available or made available for such purpose at the direction of the Borrower.

(d) Mandatory Tender. The Bonds are subject to mandatory tender in whole on each Mandatory Tender Date. Holders will not have the right to elect to retain their Bonds. Upon presentation and surrender of the Bonds by the Holder on the date fixed for tender,

the Holder shall be paid the principal amount of the Bonds to be tendered, plus accrued interest on such Bonds to the tender date.

Reference is made to the Indenture for a more complete description of the Project, the provisions, among others, with respect to the nature and extent of the security for the Bonds, the rights, duties and obligations of the Issuer, the Trustee and the Holders of the Bonds, and the terms and conditions upon which the Bonds are issued and secured. Each Holder assents, by its acceptance hereof, to all of the provisions of the Indenture.

The Borrower is required by the Loan Agreement to cause the Lender (as defined in the Indenture) to provide on its behalf Eligible Funds (as defined in the Indenture) to the Trustee in the amounts and at the times necessary to pay the principal of and interest (the "Bond Service Charges") on the Bonds. In the Indenture, the Issuer has assigned to the Trustee, to provide for the payment of the Bond Service Charges on the Bonds, the Issuer's right, title and interest in and to the Loan Agreement, except for Reserved Rights as defined in the Indenture. To secure its compliance with certain covenants in the Loan Agreement, the Borrower has executed and delivered a Regulatory and Land Use Restriction Agreement, dated as of September 1, 2022 (the "Land Use Restriction Agreement") among the Issuer, the Borrower and the Trustee.

Copies of the Indenture, the Loan Agreement and the Land Use Restriction Agreement are on file in the designated corporate trust office of the Trustee.

The Bond Service Charges on the Bonds are payable solely from the Revenues, as defined and as provided in the Indenture (being, generally, the amounts payable under the Loan Agreement and any unexpended proceeds of the Bonds), and are an obligation of the Issuer only to the extent of the Revenues. The Bonds are not secured by an obligation or pledge of any money raised by taxation and do not represent or constitute a debt or pledge of the faith and credit of the Issuer.

The Bonds are issuable only as fully registered bonds and, except as hereinafter provided, in printed or typewritten form, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"), which shall be considered to be the Holder for all purposes of the Indenture, including, without limitation, payment by the Issuer of Bond Service Charges, and receipt of notices to, giving of consents by and exercise of rights of, Holders. There shall be a single Bond representing each maturity, and all Bonds shall be immobilized in the custody of DTC with the owners of beneficial interests in those Bonds (the "book-entry interests") having no right to receive from the Issuer Bonds in the form of physical securities or certificates. Ownership of book-entry interests in the Bonds shall be shown by book-entry on the system maintained and operated by DTC, its participants (the "Participants") and certain persons acting through the Participants, and transfers of ownership of book-entry interests shall be made only by that book-entry system, the Issuer and the Trustee having no responsibility therefor. DTC is to maintain records of the positions of Participants in the Bonds, and the



Participants and persons acting through Participants are to maintain records of the purchasers and owners of book-entry interests in the Bonds. The Bonds as such shall not be transferable or exchangeable, except for transfer to another Securities Depository (as defined in the Indenture) or to another nominee of a Securities Depository, without further action by the Issuer and otherwise at the expense of the Borrower.

If any Securities Depository determines not to continue to act as a Securities Depository for the Bonds for use in a book-entry system, the Issuer may attempt to have established a securities depository/book-entry system relationship with another qualified Securities Depository under the Indenture. If the Issuer does not or is unable to do so, the Issuer and the Trustee, after the Trustee has made provision for notification of the owners of book-entry interests by the then Securities Depository, shall permit withdrawal of the Bonds from the Securities Depository, and authenticate and deliver Bond certificates in fully registered form (in denominations of \$5,000, or any integral multiple of \$1,000 in excess thereof) to the assignees of the Securities Depository or its nominee, all at the cost and expense (including costs of printing or otherwise preparing and delivering replacement Bond certificates) of those Persons requesting such authentication and delivery, if the event is not the result of Issuer action or inaction (including action at the request of the Borrower).

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

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

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

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

The Issuer and the Bond Trustee may deem and treat the registered owner hereof as the absolute owner hereof for the purpose of receiving payment of or on account of

principal hereof and interest due hereon and for all other purposes and neither the Issuer nor the Bond Trustee shall be affected by any notice to the contrary.

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

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

No recourse shall be had for the payment of the principal of, premium, if any, or interest on this Bond, or for any claim based hereon, or otherwise in respect hereof, or based on or in respect of the Bond Indenture or any indenture supplemental thereto, against any trustee, officer or employee, as such, past, present or future, of the Issuer or any successor, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise, all such liability being, by the acceptance hereof and as part of the consideration for the issue hereof, expressly waived and released. The following abbreviations, when used in the inscription on the face of this Bond, shall be construed as though they were written out in full according to applicable laws or regulations:



UNIF GIFT MIN ACT --

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

TEN COM -- as tenants in common  
 TEN ENT -- as tenants by the entireties  
 JT TEN -- as joint tenants with right of  
 Survivorship and not as  
 Tenants in common

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

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

[Remainder of Page Intentionally Left Blank]

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

CITY OF CHICAGO, ILLINOIS


By: Lou E. Lightfoot  
Mayor

Attest:  
By: Andrea M. Valencia  
City Clerk

## FORM OF CERTIFICATE OF AUTHENTICATION

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

**THE BANK OF NEW YORK MELLON  
TRUST COMPANY, N.A., As Bond Trustee**

By:   
Its: Authorized Signature

Date of Authentication: September 2, 2022

Date from which interest is payable: Dated Date

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

## FORM OF ASSIGNMENT

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

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

(Please Print or Type Name and Address of Assignee)

Social Security or Taxpayer Identification Number: \_\_\_\_\_

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

\_\_\_\_\_  
 Attorney to transfer the said Bond on the books of the within-named Issuer maintained by the Trustee for the registration thereof, with full power of substitution in the premises.

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

Signature guaranteed by:

\_\_\_\_\_  
 [Bank, Trust Company or Firm]

\_\_\_\_\_  
 Authorized Signature

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

**EXHIBIT D**

**BOND PURCHASE AGREEMENT**

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**BOND PURCHASE AGREEMENT**

Dated September 19, 2022

by and among

**RBC CAPITAL MARKETS, LLC,**

**CITY OF CHICAGO**

and

**COVENT APARTMENTS, LLC**

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Relating to:

**\$10,196,000**

**City of Chicago**

**Multi-Family Housing Revenue Bonds**

**(Covent Apartments Project)**

**Series 2022**

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## TABLE OF CONTENTS

	Page
Section 1. Definition and Backgrounds.....	1
Section 2. Purchase and Sale.....	1
Section 3. Offering of Bonds and Issue Price Certificate.....	2
Section 4. Official Statement; Disclosure Matters. ....	2
Section 5. Closing.....	4
Section 6. Representations of the Issuer.....	4
Section 7. Representations and Warranties of the Borrower.....	7
Section 8. Covenants of the Issuer. ....	9
Section 9. Covenants of the Borrower.....	10
Section 10. Conditions of Closing.....	11
Section 11. Actions and Events at the Closing.....	13
Section 12. Termination of Agreement. ....	14
Section 13. Fees and Expenses.....	15
Section 14. Indemnification. ....	16
Section 15. Limitation of Liability.....	18
Section 16. Miscellaneous.....	18
Section 17. HUD Requirements. ....	19
 SCHEDULE I BOND TERMS.....	 S-1
EXHIBIT A FORM OF SUPPLEMENTAL OPINION OF CO-BOND COUNSEL .....	A-1
EXHIBIT B FORM OF OPINION OF BORROWER'S COUNSEL .....	B-1
EXHIBIT C FORM OF RULE 15c2-12 CERTIFICATE .....	C-1
EXHIBIT D FORM OF ISSUE PRICE CERTIFICATE .....	D-1

## **BOND PURCHASE AGREEMENT**

RBC Capital Markets, LLC (the “Underwriter”), hereby offers to enter into this Bond Purchase Agreement dated September 19, 2022 (this “Bond Purchase Agreement”) with the City of Chicago (the “Issuer”) and Covent Apartments, LLC, an Illinois limited liability company (the “Borrower”), for the sale by the Issuer and the purchase by the Underwriter of the Bonds described below. Upon your acceptance of this offer and your execution and delivery of this Bond Purchase Agreement, this Bond Purchase Agreement will be binding upon each of the Issuer, the Borrower and the Underwriter. This offer is made subject to its acceptance, evidenced by your execution and delivery of this Bond Purchase Agreement by the Issuer and the Borrower to the Underwriter, at or prior to 5:00 p.m., Eastern Time, on the date hereof, and will expire if not so accepted at or prior to such time (or such later time as the Underwriter may agree in writing).

### **Section 1. Definition and Backgrounds.**

1.1 The capitalized terms used but not defined in this Bond Purchase Agreement shall have the meanings assigned to them in the Bond Indenture, dated as of September 1, 2022, between The Bank of New York Mellon Trust Company, N.A. (the “Trustee”) and the Issuer (the “Indenture”).

1.2 This Bond Purchase Agreement is for the sale and delivery of the Bonds, which are being issued by the Issuer to make a loan (the “Loan”) to the Borrower to provide a portion of the financing for the acquisition, renovation, equipping and improvement of an affordable rental housing project located in Chicago, Illinois (the “Project”). The Bonds will be issued pursuant to (a) a certain ordinance relating to the issuance and sale of the Bonds, adopted by the City Council of the Issuer on February 23, 2022, (b) Article VII, Section 6 of the 1970 Constitution of the State of Illinois, as now in effect and as the same may be from time to time hereafter supplemented or amended (the “Act”), and (c) under the terms of the Indenture. The Bonds will be payable from the Trust Estate (as defined in the Indenture), including the revenues and payments derived by the Issuer under the Loan Agreement. In connection with the issuance of the Bonds, the Issuer will execute and deliver this Bond Purchase Agreement, the Indenture, the Bonds, the Loan Agreement, the Issuer’s Tax Certificate and the Land Use Restriction Agreement (the “Issuer Documents”) and the Borrower will execute and deliver this Bond Purchase Agreement, the Loan Agreement, the Note, the Disbursement Agreement, the Tax Certificate, the Land Use Restriction Agreement, the Continuing Disclosure Agreement, the Disbursement Agreement and the Remarketing Agreement (the “Borrower Documents”).

### **Section 2. Purchase and Sale.**

2.1 Subject to the terms and conditions set forth in this Bond Purchase Agreement, the Underwriter hereby agrees to purchase from the Issuer, and the Issuer hereby agrees to sell to the Underwriter, all (but not less than all) of the Bonds, at a price shown on Schedule 1 hereto (resulting in a premium of \$104,101.16, for a total purchase price of \$10,300,101.16). The Bonds will mature on the date and in the amount, will be subject to mandatory tender on the date and will bear interest at the rate shown on Schedule 1 hereto and will be subject to redemption prior to maturity as set forth in the Indenture. The Borrower agrees to pay the Underwriter



\$50,980 plus \$1,567.94 for certain fees and expenses in connection with the purchase of the Bonds (the “Underwriting Fee”). The Underwriting Fee is payable on the Closing Date (as hereinafter defined) and payment of the Underwriting Fee is solely the obligation of the Borrower. The Underwriting Fee shall not include the fee of the Underwriter’s counsel.

2.2 The Bonds will (i) be issued pursuant to the Indenture and (ii) have the payment related terms (that is, the dated date, maturity date, interest rate, interest payment dates, remarketing and mandatory tender provisions and redemption provisions) set forth in the Indenture, and will otherwise correspond to the description thereof contained in the Official Statement.

2.3 Inasmuch as this purchase and sale represents a negotiated transaction, the Issuer and the Borrower acknowledge and agree that: (i) the transaction contemplated by this Bond Purchase Agreement is an arm’s length, commercial transaction between the Issuer, the Borrower and the Underwriter in which the Underwriter is acting solely as a principal and not acting as a fiduciary or municipal advisor to the Issuer or the Borrower; (ii) the Underwriter has provided advice with respect to the structure, timing or other similar matters concerning the Bonds as an underwriter and not as a fiduciary or municipal advisor to the Issuer or the Borrower; (iii) the Underwriter is acting solely in its capacity as an underwriter for its own account; (iv) the only obligations the Underwriter has to the Issuer and the Borrower with respect to the transaction contemplated hereby are set forth expressly in this Bond Purchase Agreement; and (v) the Issuer and the Borrower have consulted with their own legal, accounting, tax, financial and other advisors, as applicable, to the extent they deem appropriate.

### **Section 3. Offering of Bonds; Establishment of Issue Price.**

The Underwriter hereby agrees that:

3.1 The Underwriter will make a bona fide public offering of the Bonds at the initial price shown in Schedule I hereto. The Underwriter reserves the right to change such prices as it deems necessary in connection with the offering of the Bonds. Concessions from the public offering price may be allowed to selected dealers and special purchasers.

3.2 At least 10% of each maturity of the Bonds were sold at the price shown for that Maturity (as defined in Exhibit D hereto) on the date hereof; and

3.3 The Underwriter will provide to the Issuer and Ice Miller LLP and Charity & Associates, P.C. (together, “Co-Bond Counsel”) an executed Issue Price Certificate dated the Closing Date in a form substantially similar to Exhibit D hereto.

### **Section 4. Official Statement; Disclosure Matters.**

4.1 The Issuer and the Borrower each hereby (a) confirms its authorization or ratification of the use by the Underwriter of the Preliminary Official Statement dated as of September 14, 2022 (the “Preliminary Official Statement”) in the marketing of the Bonds and (b) authorizes the Underwriter to prepare, use and distribute (at the expense of the Borrower) the Official Statement to be dated the date of this Bond Purchase Agreement (the “Official Statement”) in final form in connection with the offering and sale of the Bonds.

4.2 The Issuer and the Borrower each agrees to the extent permitted by applicable law to cooperate (at the cost and expense of the Borrower) with the Underwriter so as to enable the Underwriter to comply with the requirements of Rule 15c2-12 (the “Rule”) of the Securities and Exchange Commission (the “SEC”) promulgated under the Securities Exchange Act of 1934, and any other rules of the SEC and the Municipal Securities Rulemaking Board (the “MSRB”), in connection with the offer and sale of the Bonds.

4.3 The Borrower hereby certifies and agrees pursuant to the form of certificate attached as Exhibit C hereto that the Preliminary Official Statement has been “deemed final” by the Borrower as of its date, except for final information as to the offering prices, interest rates, selling compensation, amount of proceeds, delivery dates, other terms depending on such factors, and other information permitted to be omitted under part (b)(1) of the Rule.

4.4 The Issuer hereby represents that the information in the Official Statement under the captions “THE ISSUER” and “ ABSENCE OF LITIGATION – Issuer” and the Borrower hereby represents that the remaining information in the Official Statement is fair and accurate and does not contain any untrue statement of a material fact and does not omit to state a material fact necessary in order to make the statements contained therein, in the light of the circumstances under which they were made, not misleading. The Issuer has not participated in the preparation of the Official Statement and makes no representations and assumes no responsibility for the accuracy or sufficiency of disclosure or completeness of such information included therein except as expressly set forth in the preceding sentence.

4.5 The Borrower will, at its own expense, supply to the Underwriter, within (a) seven business days from the date of this Bond Purchase Agreement and (b) in sufficient time to accompany any confirmation requesting payment which the Underwriter might send to its customers with respect to the Bonds, sufficient quantities of the Official Statement to enable the Underwriter (1) to send a single copy of the Official Statement to any potential customer upon request until the earlier of (x) 90 days from the End of the Underwriting Period (as defined in paragraph 4.6 below) or (y) the time when the Official Statement is available to any person from the MSRB, but in no case less than 25 days following the End of the Underwriting Period and (2) to comply with any applicable rules of the MSRB. The Underwriter agrees to promptly file the Official Statement with the MSRB.

4.6 During the period commencing on the date of this Bond Purchase Agreement and ending on the earlier of (a) 90 days from the End of the Underwriting Period or (b) the time when the Official Statement is available to any person from the MSRB, but in no case less than 25 days following the End of the Underwriting Period (the “Update Period”), if any event shall occur which would cause the Official Statement to contain any untrue statement of a material fact or to omit to state any material fact necessary to make the statements therein, in the light of the circumstance under which they were made, not misleading, and in the judgment of the Underwriter, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the Issuer and the Borrower will, at the expense of the Borrower, prepare or cooperate in the preparation of such supplement or amendment to the Official Statement in a form approved by the Underwriter and furnish or cooperate in the furnishing to the Underwriter (at the expense of the Borrower) a reasonable number of copies of an amendment of, or a supplement to, the Official Statement so that, as amended or supplemented,

it will not contain any untrue statement of a material fact or omit to state a material fact that is necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading. If the Official Statement is so supplemented or amended prior to the Closing, the approval by the Underwriter of a supplement or amendment to the Official Statement shall not preclude the Underwriter from thereafter terminating this Bond Purchase Agreement in accordance with the provisions of Section 12(d) hereof. The "End of the Underwriting Period" means the later of the delivery of the Bonds by the Issuer to the Underwriter or when the Underwriter no longer retains (directly or as a syndicate member) an unsold balance of the Bonds for sale to the public; provided, that the "End of the Underwriting Period" shall be deemed to be the Closing Date, unless the Underwriter otherwise notifies the Issuer in writing prior to such date that there is an unsold balance of the Bonds, in which case the End of the Underwriting Period shall be deemed to be extended for 30 days. The deemed End of the Underwriting Period may be extended for two additional periods of 30 days each upon receipt of an additional written notification from the Underwriter and the Borrower containing the same information as required in the initial written notice.

4.7 If, during the Update Period, the Issuer becomes aware of any event relating to the Issuer which would cause the Official Statement to contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein with respect to the Issuer, in the light of the circumstance under which they were made, not misleading, the Issuer will promptly notify the Underwriter of such event.

4.8 If, during the Update Period, the Borrower becomes aware of any event which would cause the Official Statement to contain any untrue statement of a material fact or to omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the Borrower will promptly notify the Underwriter and the Issuer of such event.

4.9 The Issuer and the Borrower each agrees to cooperate with the Remarketing Agent in the preparation of any remarketing memorandum in connection with any remarketing of the Bonds; provided that any costs associated with a remarketing memorandum or a remarketing shall be borne by the Borrower.

## **Section 5. Closing.**

The Issuer shall deliver the Bonds to the order of the Underwriter for the account of the Underwriter against payment of the purchase price therefor by wire transfer payable in immediately available funds at the office of the Bond Trustee on September 23, 2022, or at such other time and place as shall be agreed upon in writing by the Issuer, the Borrower and the Underwriter (the "Closing Date").

## **Section 6. Representations of the Issuer.**

6.1 The Issuer hereby makes the following representations to the Underwriter:

(a) The Issuer is a municipality and home rule unit of government duly organized and validly existing under the Constitution and the laws of the State of Illinois (the "State").

(b) The Issuer has, and as of the Closing Date will have, full legal right, power and authority to (i) execute and deliver the Issuer Documents, (ii) assist in the preparation of the Official Statement as it relates solely to the Issuer, and (iii) otherwise consummate the transactions contemplated by the Issuer Documents.

(c) The Issuer has duly authorized the (i) execution and delivery of the Issuer Documents, (ii) performance by the Issuer of its obligations contained in the Issuer Documents, (iii) use and distribution of the Official Statement and (iv) consummation by the Issuer of all of the transactions contemplated on the part of the Issuer by the Issuer Documents and the Official Statement.

(d) This Bond Purchase Agreement is, and, when executed and delivered by the Issuer and the other parties thereto, the other Issuer Documents will be, the legal, valid and binding obligations of the Issuer, enforceable in accordance with their respective terms, except to the extent that enforcement thereof may be limited by bankruptcy, insolvency or other similar laws affecting creditors' rights generally, or by the exercise of judicial discretion in accordance with general principles of equity.

(e) To the best of the Issuer's knowledge, all consents, approvals, orders or authorizations of, notices to, or filings, registrations or declarations with any governmental authority, board, agency, commission or body having jurisdiction which are required on behalf of the Issuer for the execution and delivery by the Issuer of the Issuer Documents or the consummation by the Issuer of the transactions contemplated hereby or thereby, have been obtained or will be obtained prior to Closing Date.

(f) The execution and delivery by the Issuer of the Issuer Documents, and the consummation by the Issuer of the transactions contemplated hereby and thereby are not prohibited by, do not violate any provision of, and will not result in the breach of or default under (i) the Act or any organizational documents of the Issuer, (ii) to the Issuer's knowledge, any applicable law, rule, regulation, judgment, decree, order or other requirement to which the Issuer is subject, or (iii) to the Issuer's knowledge any contract, indenture, agreement, mortgage, lease, note, commitment or other obligation or instrument to which the Issuer is a party or by which the Issuer or its properties is bound.

(g) To the Issuer's knowledge, except as set forth in the Official Statement under the caption "ABSENCE OF LITIGATION – The Issuer," there is no legal action, suit, proceeding, investigation or inquiry at law or in equity, before or by any court, agency, arbitrator, public board or body or other entity or person, pending or threatened against or affecting the Issuer or its officials, in their respective capacities as such, nor, to the knowledge of the Issuer, any basis therefor, (i) which would restrain or enjoin the issuance or delivery of the Bonds or the collection of revenues pledged under the Indenture or (ii) which would in any way contest or affect the organization or existence of the Issuer or the entitlement of any officers of the Issuer to their respective offices or (iii) which would contest or have a material and adverse effect upon (A) the due performance by the Issuer of the transactions contemplated by the Official Statement or the Issuer Documents or (B) the validity or enforceability of the Bonds, the Issuer Documents or any other agreement or instrument to which the Issuer is a party and that is

used or contemplated for use in the consummation of the transactions contemplated hereby and thereby, or (iv) which would contest the excludability from gross income for federal income tax purposes of the interest on the Bonds or (v) which contests in any way the completeness or accuracy of the Official Statement.

(h) The information in the Official Statement under the captions “THE ISSUER” and “ABSENCE OF LITIGATION – The Issuer” (as supplemented with the approval of the Underwriter, if the Official Statement shall have been supplemented) is, at the time of the Issuer’s acceptance, and will be at all time subsequent thereto during the period up to and including the Closing Date, true, correct and complete in all material respects and does not, and will not, as of the Closing Date, contain any untrue statement of a material fact or omit to state a material fact necessary to be stated therein in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(i) Other than the Issuer Documents, the Issuer has not entered into any contract or arrangement that might give rise to any lien or encumbrance on the revenues or other assets, properties, funds or interests pledged pursuant to the Indenture.

(j) The Issuer has not knowingly taken or, to its knowledge, omitted to take on or prior to the date hereof any action, that would adversely affect the excludability from gross income for federal income tax purposes of the interest on the Bonds.

(k) The Issuer has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that the Issuer is an issuer whose arbitrage certifications may not be relied upon.

(l) On the Closing Date, each of the representations of the Issuer contained in the Issuer Documents and all other documents executed by the Issuer in connection with the Bonds shall be true, correct and complete.

6.2 Any certificate relating to the issuance and delivery of the Bonds signed by the Issuer and delivered to the Underwriter or Trustee at or prior to the Closing Date shall be deemed a representation and warranty by the Issuer in connection with this Bond Purchase Agreement to the Underwriter or the Bond Trustee as to the statements made therein.

6.3 It is understood that the representations and covenants of the Issuer contained in this Section 6 and elsewhere in this Bond Purchase Agreement shall not create any general obligation or liability of the Issuer, and that any obligation or liability of the Issuer hereunder or under the Issuer Documents is payable solely out of the revenues and other income pledged therefor and that no officer or employee of the Issuer shall be personally liable for any such obligation or liability. It is further understood and agreed that the Issuer makes no representations or warranties, except as set forth in paragraph 4.4 above, as to the Preliminary Official Statement and the Official Statement or as to (i) the financial condition, results of operation, business or prospects of the Borrower, (ii) any statements (financial or otherwise), representations, documents or certification provided or to be provided by the Borrower in

connection with the offer or sale of the Bonds, or (iii) the correctness, completeness or accuracy of such statements, representations, documents or certifications.

**Section 7. Representations and Warranties of the Borrower.**

7.1 The Borrower hereby makes the following representations and warranties to the Underwriter as of the date hereof, and except as expressly stated below with respect to particular representations and warranties, all of which will continue in effect subsequent to the purchase of the Bonds:

(a) The Borrower is a limited liability company duly organized and existing under and pursuant to the constitution and the laws of the State and is qualified to own its properties and conduct its business in the State.

(b) The Borrower has, and as of the Closing Date will have, full legal right, power and authority to (i) execute and deliver the Borrower Documents, (ii) assist in the preparation of the Official Statement, and (iii) otherwise consummate the transactions contemplated by the Borrower Documents.

(c) The Borrower has duly authorized the (i) execution and delivery of the Borrower Documents, (ii) performance by the Borrower of the obligations contained in the Borrower Documents, (iii) preparation of the Official Statement and (iv) consummation by the Borrower of all of the transactions contemplated by the Borrower Documents.

(d) This Bond Purchase Agreement is, and the Borrower Documents will be, when executed and delivered by the Borrower and the other parties thereto, the legal, valid and binding obligations of the Borrower, enforceable in accordance with their respective terms, except to the extent that enforcement thereof may be limited by bankruptcy, insolvency or other similar laws affecting creditors' rights generally, or by the exercise of judicial discretion in accordance with general principles of equity.

(e) To the best of the Borrower's knowledge, all consents, approvals, orders or authorizations of, notices to, or filings, registrations or declarations with any governmental authority, board, agency, commission or body having jurisdiction which are required on behalf of the Borrower for the execution and delivery by the Borrower of the Borrower Documents or the consummation by the Borrower of the transactions contemplated hereby or thereby, have been obtained or will be obtained prior to Closing.

(f) To the best of the Borrower's knowledge, the information in the Official Statement (as supplemented with the approval of the Underwriter, if the Official Statement shall have been supplemented) is, at the time of the Borrower's acceptance and will be at all times subsequent thereto during the period up to and including the Closing Date, true, correct and complete in all material respects and does not, and will not, as of the Closing Date, contain any untrue statement of a material fact or omit to state a material fact necessary to be stated therein in order to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

(g) The execution and delivery by the Borrower of the Borrower Documents and the consummation by the Borrower of the transactions contemplated hereby and thereby are not prohibited by, do not violate any provision of, and will not result in the breach of or default under (i) the organizational documents of the Borrower, (ii) to the best of the Borrower's knowledge, any applicable law, rule, regulation, judgment, decree, order or other requirement to which the Borrower is subject, or (iii) any contract, indenture, agreement, mortgage, lease, note, commitment or other obligation or instrument to which the Borrower is a party or by which the Borrower or its properties is bound.

(h) Except as set forth in the Official Statement, there is no legal action, suit, proceeding, investigation or inquiry at law or in equity, before or by any court, agency, arbitrator, public board or body or other entity or person, pending or threatened against or affecting the Borrower or its managing member, in their respective capacities as such, nor, to the best knowledge of the Borrower, any basis therefor, (i) which would restrain or enjoin the issuance or delivery of the Bonds or the collection of revenues pledged under or pursuant to the Borrower Documents or (ii) which would in any way contest or affect the organization or existence of the Borrower or the entitlement of the managing member of the Borrower to its position or (iii) which would contest or have a material and adverse effect upon (A) the due performance by the Borrower of the transactions contemplated by the Official Statement or the Borrower Documents, (B) the validity or enforceability of the Bonds, the Borrower Documents or any other agreement or instrument to which the Borrower is a party and that is used or contemplated for use in the consummation of the transactions contemplated hereby and thereby, (C) the excludability from gross income for federal income tax purposes of the interest on the Bonds or (D) the financial condition or operations of the Borrower, or (iv) which contests in any way the completeness or accuracy of the Official Statement. The Borrower is not subject to any judgment, decree or order entered in any lawsuit or proceeding brought against it that would have such an effect.

(i) On the Closing Date, the Borrower shall not have granted any interests in or rights or options to sell the Bonds to any other party.

(j) All permits, licenses and authorizations necessary for the ownership and operation of the Project in the manner contemplated by the Official Statement and each of the Borrower Documents have been obtained or will be obtained, and said ownership and operation are not, to the best knowledge of the Borrower, in conflict with any zoning or similar ordinance applicable to the Project. The Project conforms to all applicable material environmental regulations known to the Borrower.

(k) Neither the Borrower nor any "related person" to the Borrower within the meaning of Section 147 of the Code has acquired or shall acquire, pursuant to any arrangement, formal or informal, any Bonds.

(l) The Borrower has not taken or omitted to take on or prior to the date hereof any action that would adversely affect the excludability from gross income for federal income tax purposes of the interest on the Bonds.

(m) As of the date hereof, the Borrower is not in nor has been in default under any prior continuing disclosure agreement or undertaking entered into in connection with a prior plan of financing subject to Rule 15c2-12.

(n) On the Closing Date, each of the representations and warranties of the Borrower contained in the Borrower Documents and all other documents executed by the Borrower in connection with the Bonds shall be true, correct and complete in all material respects.

(o) The Borrower has reviewed and agreed to the conditions for disbursement of the Loan as set forth in the Indenture and the Loan Agreement.

(p) The financial statements of, and other financial information regarding the Borrower, in the Preliminary Official Statement and the Official Statement fairly present the financial position of the Borrower as of the dates and for the periods therein set forth. Prior to the Closing, there will be no adverse change of a material nature in such financial position, as a result of operations or a condition, financial or otherwise, of the Borrower that was not disclosed in the Preliminary Official Statement and the Official Statement. The Borrower is not a party to any litigation or other proceeding pending or, to its knowledge, threatened which, if decided adversely to the Borrower, would have a material adverse effect on the financial condition of the Borrower

7.2 Each of the representations and warranties set forth in this section will survive the Closing.

7.3 Any certificate signed by the Borrower and delivered to the Underwriter in connection with the delivery of the Bonds will be deemed to be a representation and warranty by the Borrower to the Underwriter as to the statements made therein.

## **Section 8. Covenants of the Issuer.**

8.1 The Issuer hereby makes the following covenants with the Underwriter:

(a) Prior to the Closing, the Issuer will not supplement or amend the Official Statement or cause the Official Statement to be supplemented or amended without providing reasonable notice of such proposed supplement or amendment to the Underwriter. Neither the receipt by the Underwriter of notice of a proposed supplement or amendment nor the consent by the Underwriter to such supplement or amendment shall abrogate the Underwriter's rights under Section 12(d) hereof.

(b) Prior to the Closing, the Issuer will not create, assume or guarantee any indebtedness payable from, or pledge or otherwise encumber, the revenues, assets, properties, funds or interests which will be pledged pursuant to the Indenture, including, without limitation, the Bonds or the Financing Documents.

(c) The Issuer will not take any action which will in any way cause the proceeds of the Bonds to be applied in a manner other than as provided in the Indenture



and described in the Official Statement or which would cause the interest on the Bonds to be includable in the gross income of the holders thereof for federal income tax purposes.

(d) Prior to the Closing, the Issuer will obtain, as advised by Co-Bond Counsel, all governmental consents, approvals, orders or authorizations of any governmental authority or agency that would constitute a condition precedent to the performance by it of obligations under the Issuer Documents and the Bonds.

(e) The Issuer will reasonably cooperate with the Underwriter upon request, without cost to the Issuer, in the qualification of the Bonds for offering and sale and the determination of their eligibility for investment under the laws of such jurisdictions as the Underwriter may designate; provided that the foregoing shall not require the Issuer to expend its own funds, execute a general or special consent to service of process or to qualify as a foreign corporation in connection with such qualification in any foreign jurisdiction.

#### **Section 9. Covenants of the Borrower.**

9.1 The Borrower hereby makes the following covenants with the Underwriter and the Issuer:

(a) The Borrower will not supplement or amend the Official Statement or the Borrower Documents or cause the Official Statement or the Borrower Documents to be supplemented or amended without providing reasonable notice of such proposed supplement or amendment to the Underwriter. It is understood that, in the event the Official Statement, the Bonds or the Financing Documents are amended or supplemented in such a way as to have, in the reasonable judgment of the Underwriter, a material and adverse effect upon the ability of the Underwriter to sell the Bonds at the contemplated offering price, the Underwriter shall have the right, pursuant to Section 12(d) hereof, to terminate this Bond Purchase Agreement without liability. Neither the receipt by the Underwriter of notice of a proposed supplement or amendment nor the consent by the Underwriter to such supplement or amendment shall abrogate the Underwriter's rights under Section 12(d) hereof.

(b) Prior to the Closing, the Borrower will not amend, terminate or rescind, and will not agree to any amendment, termination or rescission of the Borrower Documents without the prior written consent of the Underwriter.

(c) Prior to the Closing (except as provided in the Borrower Documents), the Borrower will not create, assume or guarantee any indebtedness payable from, or pledge or otherwise encumber, the revenues, assets, properties, funds or interests which will be pledged pursuant to the Indenture, including, without limitation, the Bonds or the Financing Documents.

(d) The Borrower will cooperate with the Issuer to cause the Bonds to be delivered to the address and at the time specified by the Underwriter in conjunction with the Closing.

(e) The Borrower will not take or omit to take any action which will in any way cause the proceeds of the Bonds, or other moneys on deposit in any fund or account in connection with the Bonds, to be applied in a manner other than as provided in the Indenture and described in the Official Statement or which would cause the interest on the Bonds to be includable in the gross income of the holders thereof for federal income tax purposes.

(f) The Borrower will cooperate with the Underwriter in the qualification of the Bonds for offering and sale and the determination of their eligibility for investment under the laws of such jurisdictions as the Underwriter may designate.

(g) The Borrower agrees to cause the necessary amount to be paid to the Bond Trustee on the Closing Date for deposit in the Costs of Issuance Fund as set forth in the Indenture to pay costs of issuance.

#### **Section 10. Conditions of Closing.**

10.1 The obligations of the Underwriter to consummate at the Closing the transactions contemplated hereby are subject to receipt by the Underwriter of the items described in Section 10.2 hereof and to the satisfaction of the following conditions:

(a) The Underwriter will not have discovered any material error, misstatement or omission in the representations and warranties made in this Bond Purchase Agreement, which representations and warranties will be deemed to have been made again at and as of the time of the Closing and will then be true in all material respects.

(b) The Issuer and the Borrower will have performed and complied with all agreements and conditions required by this Bond Purchase Agreement to be performed or complied with by such respective parties at or prior to Closing.

(c) The Bonds, the Financing Documents, the Mortgage Loan Documents and the Official Statement shall each have been executed and delivered by each of the parties thereto, shall be in full force and effect on and as of the Closing Date and shall not have been amended, modified or supplemented prior to the Closing except as may have been agreed to in writing by the Underwriter and no event of default shall exist under any such documents.

(d) Merchants Capital Corp., an Indiana corporation (the "Lender"), shall have made its Mortgage Loan with respect to the Project, and FHA shall have initially endorsed the Mortgage Loan for FHA Insurance.

(e) Moody's Investors Service, Inc. (the "Rating Agency") shall have published and not withdrawn a rating with respect to the Bonds of "Aaa/VMIG 1" and such rating shall be in effect on the Closing Date, the documents delivered at the Closing shall satisfy the conditions to the continuance of such rating and no action shall have been taken or threatened with a view to the suspension or withdrawal of such rating as of the Closing.

10.2 In addition to the conditions set forth in Section 10.1 hereto, the obligations of the Underwriter to consummate at the Closing the transactions contemplated hereby are subject to receipt by the Underwriter of the following items:

(a) The approving opinions of Co-Bond Counsel, dated the Closing Date and addressed to the Issuer, a reliance letter of such counsel, dated the Closing Date, and addressed to the Underwriter, and supplemental opinions of Co-Bond Counsel, dated the Closing Date, in substantially the form attached hereto as Exhibit A.

(b) An opinion of Applegate & Thorne-Thomsen, P.C, Chicago, Illinois, counsel to the Borrower, dated the Closing Date, in substantially the form attached hereto as Exhibit B.

(c) An opinion of counsel to the Issuer, satisfactory in form and substance to the Underwriter, dated the Closing Date and addressed to the Underwriter, the Issuer, the Bond Trustee and to Co-Bond Counsel.

(d) An opinion of Tiber Hudson LLC, counsel to the Underwriter, satisfactory in form and substance to the Underwriter.

(e) A certificate of the Issuer, dated the Closing Date and signed by an authorized official or officer of the Issuer, to the effect that (i) each of the Issuer's representations contained herein and in all other Issuer Documents, which representations will be deemed to have been made again at and as of the time of Closing, are true and correct in all material respects; (ii) the Issuer has performed and complied with all agreements and conditions required by this Bond Purchase Agreement to be performed or complied with by it at or prior to the Closing; (iii) the information regarding the Issuer contained in the Official Statement under the headings "THE ISSUER" and "ABSENCE OF LITIGATION – The Issuer" does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein, in light of the circumstances under which they were made, not misleading; and (iv) such other matters as the Underwriter may request.

(f) A certificate of the Issuer, dated the Closing Date and signed by an authorized officer of the Issuer, in form and substance satisfactory to the Issuer, Underwriter and Co-Bond Counsel, respecting certain tax matters as may be reasonably required by Co-Bond Counsel to enable it to give its opinion.

(g) A certificate of the Borrower, dated the Closing Date and signed by its managing member, to the effect that (i) each of the Borrower's representations and warranties contained herein and in all Borrower Documents, which representations and warranties will be deemed to have been made again at and as of the time of Closing, are true and correct in all material respects; (ii) the Borrower has performed and complied with all agreements and conditions required by this Bond Purchase Agreement to be performed or complied with by it at or prior to the Closing; (iii) the information in the Official Statement, as of the Closing Date, does not contain an untrue statement of material fact or omit to state a material necessary to be made to make the statements

therein, in the light of the circumstances under which they were made, not misleading; (iv) since the date of the Official Statement and except as set forth therein, there has not been any material adverse change in its operations, financial or otherwise; and (v) such other matters as the Underwriter may reasonably request.

(h) A certificate of the Borrower, dated the Closing Date and signed by its managing member, in form and substance satisfactory to the Underwriter and Co-Bond Counsel, respecting certain tax matters as may be reasonably required by Co-Bond Counsel to enable it to give its opinions.

(i) A certificate of the Bond Trustee, dated the Closing Date and signed by an authorized officer of the Bond Trustee, in form and substance satisfactory to the Underwriter.

(j) Certified copies of the Borrower's organizational documents and resolutions of its managing member authorizing the execution and delivery of the Borrower Documents.

(k) Such additional legal opinions, certificates, instruments and other documents as the Underwriter may reasonably deem necessary to evidence the truth and accuracy as of the Closing Date of the respective representations and warranties of the Issuer and the Borrower herein contained and of the Official Statement, and to evidence compliance by the Issuer and the Borrower with this Bond Purchase Agreement and all applicable legal requirements, and the due performance and satisfaction by the Issuer, the Borrower and the Lender at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the Issuer, the Borrower and the Lender.

10.3 If any of the conditions set forth in Section 10.1 or 10.2 have not been met on the Closing Date, the Underwriter may, at its sole option, terminate this Bond Purchase Agreement or proceed to Closing upon waiving any rights under this Bond Purchase Agreement with respect to any such condition. If this Bond Purchase Agreement is terminated pursuant to this Section, no party will have any rights or obligations to any other, except as provided in Section 13.

#### **Section 11. Actions and Events at the Closing.**

The following events will take place at the Closing:

(a) The Issuer will cause the Bond Trustee to deliver the Bonds to the Underwriter. The Bonds so delivered will be in the form required by the Indenture, duly authenticated by the Bond Trustee, and will be fully registered in the name of CEDE & Co., as nominee of The Depository Trust Company, New York, New York.

(b) The Issuer and the Borrower, as applicable, will deliver or cause to be delivered to the Underwriter, the materials described in Section 10.1 and Section 10.2.

(c) The Underwriter will deliver to the Bond Trustee, for the account of the Issuer, a wire, payable in immediately available funds, in an amount equal to the purchase price of the Bonds.

## **Section 12. Termination of Agreement.**

The Underwriter may terminate this Bond Purchase Agreement, without liability therefor, by notifying the Issuer and the Borrower at any time prior to the Closing, if:

(a) (A) legislation shall be enacted by the Congress of the United States or adopted by the Senate or House of Representatives of the United States, or recommended to the Congress for passage by the President of the United States, or favorably reported for passage to the Senate or House of Representatives by any committee of either such body to which such legislation has been referred for consideration or by a conference committee of such bodies, (B) a decision shall be rendered by a court of the United States or by the Tax Court of the United States, (C) a ruling, regulation or official action shall be rendered by or on behalf of the United States, or (D) a ruling, regulation or official action shall be proposed or issued, in any manner, including by pronouncement, press release or any other form of notice, by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or another governmental agency of the United States or by or on behalf of any member of the Senate or House of Representatives of the United States in any such instance with respect to federal taxation of interest received on obligations of the general character of the Bonds and which (1) in the reasonable opinion of counsel for the Underwriter would have or proposes action which would have the effect of making such interest includable in gross income for federal income tax purposes or (2) which, in the reasonable opinion of the Underwriter would materially adversely affect any intended utilization of Bond proceeds or other intended action described in the Official Statement;

(b) Legislation shall be enacted, or any action shall be taken by the SEC or a court which, in the reasonable opinion of counsel for the Underwriter has or may have the effect of requiring the contemplated distribution of the Bonds to be registered under the Securities Act of 1933, as amended, or the Indenture to be qualified as an indenture under the Trust Indenture Act of 1939, as amended;

(c) Any general suspension of trading in securities on the New York Stock Exchange or the establishment by the New York Stock Exchange, by the SEC, by any federal or state agency or by the decision of any court, of any limitation on prices for such trading, or any outbreak or escalation of hostilities or occurrence of any other national or international calamity or crisis, the effect of which on the financial markets of the United States shall be such as to make it impracticable for the Underwriter to proceed with the purchase and offering of the Bonds;

(d) There shall have occurred any national or international calamity or crisis, or escalation thereof, in the financial markets or otherwise of the United States or elsewhere, the effect of which on the financial markets of the United States shall be such as to make it impracticable for the Underwriter to proceed with the purchase and offering of the Bonds;

(e) Any event or condition which, in the reasonable judgment of the Underwriter, (i) renders untrue or incorrect, in any material respect as of the time to

which the same purports to relate, the information contained in the Official Statement, as such information cannot, in the reasonable opinion of the Underwriter, be remedied through a supplement to the Official Statement, or (ii) requires that information not reflected in the Official Statement should be reflected therein in order to make the statements and information contained therein not misleading in any material respect as of such time, as such information cannot, in the reasonable opinion of the Underwriter, be remedied through a supplement to the Official Statement, or (iii) has a material adverse effect upon the marketability of the Bonds, or (iv) would materially and adversely affect the ability of the Underwriter to enforce contracts for the sale of the Bonds;

(f) there occurs any change in the financial condition or affairs of the Borrower, the effect of which is, in the reasonable judgment of the Underwriter, so material and adverse as to make it impracticable or inadvisable to proceed with the offering or delivery of the Bonds on the terms and in the manner contemplated herein or by the Official Statement;

(g) any litigation is instituted to restrain or enjoin the issuance, sale or delivery of the Bonds or in any way contesting or questioning the Issuer for or the validity of the Bonds or the money or revenues pledged to the payment thereof or any of the proceedings of the Issuer taken with respect to the issuance and sale thereof;

(h) an occurrence, in the reasonable judgment of Underwriter, of a material adverse change in the capital markets which makes the syndication, sale or financing contemplated hereby impractical on the terms, manner and basis contemplated hereby; or

(i) The rating of the Bonds shall have been downgraded or withdrawn or notice shall have been given of any negative change in credit watch status by the Rating Agency.

### **Section 13. Fees and Expenses.**

13.1 The Borrower acknowledges that it has had an opportunity, in consultation with such advisors as it may deem appropriate, if any, to evaluate and consider the fees and expenses being incurred as part of the issuance of the Bonds. The Borrower shall pay the costs of issuance of the Bonds, including all expenses incident to the performance of the Underwriter's obligations hereunder, including, but not limited to, (i) the cost of the preparation, printing or other reproduction of this Bond Purchase Agreement, the preliminary and final Official Statement, the Indenture and the other Financing Documents in reasonable quantities for distribution; (ii) the cost of engraving, reproducing and signing the definitive Bonds; (iii) the reasonable fees and disbursements of all applicable legal counsel, including Co-Bond Counsel, Trustee's Counsel (if any), Issuer's Counsel and Underwriter's Counsel; (iv) the initial fees and costs of paying the Bond Trustee and all paying agents, transfer agents and registrars; (v) the reasonable fees and expenses of the Issuer; (vi) the Underwriting Fee; (v) cash flow preparation and certification fees and expenses; (viii) Rating Agency fees; (ix) CUSIP fees; (x) the cost of qualifying the Bonds for sale in various states chosen by the Underwriter and the cost of preparing or printing any Preliminary Blue Sky Survey and any Legal Investment Survey to be used in connection with such sale; and (xi) all other reasonable applicable fees of professionals hired in conjunction with

the issuance of the Bonds. The Borrower shall also pay for any expenses (included in the expense component of the Underwriting Fee) incurred by the Underwriter which are incidental to implementing this Bond Purchase Agreement and the issuance of the Bonds, including, but not limited to, meals, transportation and lodging, if any, and any other miscellaneous closing costs.

13.2 The Underwriter will pay all expenses (other than those described in Section 13.1) incurred by the Underwriter in connection with its public offering and sale of the Bonds.

13.3 In the event that the Issuer, the Borrower or the Underwriter shall have paid obligations of the other as set forth in this Section, appropriate adjustments will promptly be made.

13.4 The Borrower shall indemnify the Issuer and the Underwriter with respect to the foregoing costs and expenses in the event that the purchase provided for herein is not consummated unless, insofar as indemnification of the Underwriter is concerned, such purchase is prevented at the Closing Date by the Underwriter's default.

#### **Section 14. Indemnification.**

14.1 The Borrower (and with respect to the Issuer, its managing member) agrees to pay, defend, protect, indemnify, save and hold harmless the Issuer and the Underwriter and each affiliate, member, officer, director, official, employee and agent of the Issuer and the Underwriter and their respective counsel, and each person, if any, who controls any of the foregoing within the meaning of Section 15 of the Securities Act of 1933, as amended, or Section 20 of the Securities Exchange Act of 1934, as amended (each an "Indemnified Party" and all collectively referred to herein as the "Indemnified Parties"), against any and all liabilities, losses, damages, costs, expenses (including reasonable attorneys' fees whether incurred before trial, at trial, on appeal or in any bankruptcy or arbitration proceeding), causes of action (whether in contract, tort, or otherwise), suits, claims, demands and judgments of any kind, character and nature (collectively referred to herein as the "Liabilities") caused by or directly or indirectly arising from or in any way relating to (i) the Bonds, the Project, the loan of the proceeds of the Bonds, the Land Use Restriction Agreement, the Continuing Disclosure Agreement, the Indenture, the Loan Agreement, the tax-exempt nature of the Bonds, this Bond Purchase Agreement or any other Financing Documents or any transaction or agreement, written or oral, pertaining to the foregoing except for the Indemnified Party's gross negligent acts, fraud or willful misconduct with respect thereto, or (ii) any untrue or misleading statement or alleged untrue or alleged misleading statement contained in, or omission from or alleged omission from, the Preliminary Official Statement or the Official Statement necessary to be stated therein in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading. This indemnification provision shall not be construed as a limitation on any other liability which the Borrower may otherwise have to any indemnified person.

14.2 Promptly after receipt by an Indemnified Party under paragraph 14.1 of this Section of notice of the commencement of any action against such Indemnified Party in respect of which indemnity or reimbursement may be sought against the Borrower under any such paragraph, such Indemnified Party will notify the Borrower in writing of the commencement

thereof; provided that any delay or failure to give such notification shall be of no effect except to the extent that the Borrower is prejudiced thereby.

14.3 In case any action, claim or proceeding, as to which the Borrower is to provide indemnification hereunder, shall be brought against the Indemnified Party and the Indemnified Party notifies the Borrower of the commencement thereof, the Borrower may, or if so requested by the Indemnified Party shall, participate therein or assume the defense thereof, with counsel reasonably satisfactory to the Indemnified Party; provided that, except as provided below, the Borrower shall not be liable for the expenses of more than one separate counsel representing the Indemnified Parties in the action, claim or proceeding.

14.4 If the Borrower shall not have employed counsel to have charge of the defense of the action, claim or proceeding, or if any Indemnified Party shall have concluded reasonably that there may be a defense available to it or to any other Indemnified Party which is different from or in addition to those available to the Borrower or to any other Indemnified Party (hereinafter referred to as a "separate defense"), (i) the Borrower shall not have the right to direct the defense of the action, claim or proceeding on behalf of the Indemnified Party, and (ii) legal and other expenses incurred by the Indemnified Party (including without limitation, to the extent permitted by law, reasonable attorney's fees and expenses actually incurred) shall be borne by the Borrower; provided, that the Borrower shall not be liable for the expenses of more than one additional separate counsel for each Indemnified Party with respect to such separate defenses. For the purpose of this paragraph, an Indemnified Party shall be deemed to have concluded reasonably that a separate defense is available to it or any other Indemnified Party if (a) such Indemnified Party shall have requested an unqualified written opinion from Independent Counsel to the effect that a separate defense exists, and such Independent Counsel shall have delivered such opinion to the Indemnified Party within ten (10) days after such request or (b) the Borrower agrees that a separate defense is so available. For purposes of this paragraph, Independent Counsel shall mean any attorney, or firm or association of attorneys, duly admitted to practice law before the supreme court of any state and not a full-time employee of any Indemnified Party. Nothing contained in this paragraph 14.4 will preclude any Indemnified Party, at its own expense, from retaining additional counsel to represent such party in any action with respect to which indemnity may be sought from the Borrower hereunder. Notwithstanding anything to the contrary, the Issuer may employ its own counsel (whether one or more separate counsel) in any manner it deems appropriate and the Borrower and its general counsel, if so required hereunder, shall indemnify the Issuer for all reasonable costs actually incurred of such counsel.

In order to provide for just and equitable contribution in circumstances in which the indemnity provided for in paragraph 14.1 of this Section 14 is for any reason held to be unavailable, the Borrower and the Indemnified Party shall contribute proportionately to the aggregate Liabilities to which the Borrower and the Indemnified Party may be subject, so that the Indemnified Party is responsible for that portion represented by the percentage that the fees paid by the Borrower to the Indemnified Party in connection with the issuance and administration of the Bonds bears to the aggregate offering price of the Bonds, with the Borrower responsible for the balance; provided, however, that in no case shall the Indemnified Party be responsible for any amount in excess of the fees paid by the Borrower to the Indemnified Party in connection with the issuance and administration of the Bonds. Notwithstanding the provisions of this subsection, the Underwriter shall not be required to contribute any amount in excess of the



amount of the Underwriting Fee described in Section 2 hereof. No person guilty of fraudulent misrepresentation (within Section 10(b) of the Securities Act of 1933) shall be entitled to contribution from any person who was not guilty of such misrepresentation.

14.5 The Indemnified Parties, other than the Underwriter and the Issuer, shall be considered to be third-party beneficiaries of this Bond Purchase Agreement for purpose of this Section 14. The provisions of this Section 14 will be in addition to all liability which the Borrower may otherwise have and shall survive any termination of this Bond Purchase Agreement, the offering and sale of the Bonds and the payment or provisions for payment of the Bonds.

**Section 15. Limitation of Liability.**

Notwithstanding any provision herein to the contrary, none of any member, officer, director, partner, agent or employee of the Issuer or the Borrower, including any person executing this Bond Purchase Agreement, shall bear any liability as a result of any failure of the Issuer or the Borrower to perform the obligations of each, respectively, set forth in this Bond Purchase Agreement.

**Section 16. Miscellaneous.**

16.1 All notices, demands and formal actions hereunder will be in writing and mailed, telecopied or delivered to the following address or such other address as either of the parties shall specify:

If to the Underwriter: RBC Capital Markets, LLC  
200 Vesey Street, 9th Floor  
New York, NY 10281  
Attention: Mitchell Gallo  
Telephone: (212) 618-2218  
Email: mitchell.gallo@rbccm.com

If to the Issuer: City of Chicago  
Department of Finance – Financial Policy  
33 North LaSalle Street, Suite 600  
Chicago, IL 60602  
Attention: Deputy Comptroller

If to the Borrower: Covent Apartments, LLC  
c/o The NHP Foundation  
122 East 42nd Street  
Suite 4900  
New York, NY 10168  
Attention: Mecky Adnani  
Telephone: (646) 336-4931  
Email: madnani@nhpfoundation.org

16.2 This Bond Purchase Agreement will inure to the benefit of and be binding upon the parties hereto and their successors and assigns and, except as provided in Sections 14, 15 and 16, will not confer any rights upon any other person. The terms “successor” and “assigns” will not include any underwriter or purchaser of any of the Bonds merely because of such purchase.

16.3 This Bond Purchase Agreement may not be assigned by any of the parties hereto prior to the Closing.

16.4 If any provision of this Bond Purchase Agreement is held or deemed to be or is, in fact, inoperative, invalid or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provision of any constitution, statute, rule of public policy, or any other reason, such circumstances will not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance or of rendering any other provision or provisions of this Bond Purchase Agreement invalid, inoperative or unenforceable to any extent whatever.

16.5 This Bond Purchase Agreement will be governed by and construed in accordance with the laws of the State.

16.6 This Bond Purchase Agreement may be executed in several counterparts, each of which will be regarded as an original and all of which will constitute one and the same document.

#### **Section 17. HUD Requirements.**

For purposes of this Section 17, the words and terms defined in the Indenture shall have the same meanings when used herein as are ascribed thereto in the Indenture. The Underwriter, the Issuer and the Borrower have acknowledged that this Bond Purchase Agreement, and all of their respective obligations hereunder, are subject and subordinate to the Mortgage Loan Documents. Notwithstanding any provisions of this Bond Purchase Agreement to the contrary, no obligations of the Borrower hereunder shall be payable except from (A) Surplus Cash (as defined in the HUD Regulatory Agreement) or (B) funds that are not derived from (i) revenues of the Project (as defined in the Mortgage Loan Documents), (ii) any reserve or deposit made with the Lender or any other party as required by HUD in connection with the Mortgage Loan Documents, or (iii) any proceeds of the promissory note related to the Mortgage Loan (collectively, “Non-Project Sources”). No claims or actions shall be made (or payable) under this Bond Purchase Agreement against the Project, the Lender or the assets of the Borrower, except from Non-Project Sources (as defined in the Mortgage Loan Documents). In addition, the rights and obligations of the parties under this Bond Purchase Agreement and all other Financing Documents are and shall be subordinated in all respects rights and obligations of the parties to and under the Mortgage Loan Documents. In the event of any conflict between the provisions of (i) this Bond Purchase Agreement or the other Financing Documents and (ii) the provisions of the Mortgage Loan Documents or the Program Obligations (as defined in the Mortgage Loan Documents), the provisions of the Mortgage Loan Documents or the Program Obligations shall control. The provisions described in this Section 17 shall control over any inconsistent provisions in this Bond Purchase Agreement or the other Financing Documents. This Bond

Purchase Agreement shall not be amended or modified without the prior written consent of HUD.

[Remainder of page intentionally left blank]

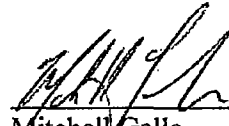
[Signature page of Underwriter]

If the foregoing is in accordance with your understanding, please sign and return to us two counterparts hereof and, upon the acceptance hereof by the Issuer and the Borrower, this Bond Purchase Agreement and such acceptance shall constitute the binding agreement among us as to the matters set forth above.

Very truly yours,

**RBC CAPITAL MARKETS, LLC**

By:

A handwritten signature in black ink, appearing to read "MGallo", is written over a horizontal line.

Mitchell Gallo  
Director

[Bond Purchase Agreement Signature page of Issuer]

Accepted as of the date first above written:

**CITY OF CHICAGO**

By:

  
Chief Financial Officer

[Bond Purchase Agreement Signature page of Borrower]

Accepted as of the date first above written:

**COVENT APARTMENTS, LLC,**  
an Illinois limited liability company

By: Covent NHPF Manager, LLC,  
an Illinois limited liability company,  
its managing member

By: The NHP Foundation,  
a District of Columbia non-profit corporation,  
its managing member

By: 

Mecky Adnani  
Senior Vice President

**SCHEDULE I**

**MATURITY, INITIAL MANDATORY TENDER, PRINCIPAL AMOUNT, INITIAL  
INTEREST RATE, PRICE**

<u>Maturity Date</u>	<u>Initial Mandatory Tender Date</u>	<u>Principal Amount</u>	<u>Initial Interest Rate</u>	<u>Price</u>
September 1, 2025	September 1, 2024	\$10,196,000	4.00%	101.021%

## EXHIBIT A

### FORM OF SUPPLEMENTAL CO-BOND COUNSEL OPINION

September 23, 2022

City of Chicago  
Chicago, Illinois

RBC Capital Markets, LLC  
New York, New York

We have served as co-bond counsel in connection with the issuance of \$10,196,000 aggregate original principal amount of Multi-Family Housing Revenue Bonds (Covent Apartments Project), Series 2022 (the “**Bonds**”) of the City of Chicago, Illinois (the “**City**”). We have given our separate opinion today as co-bond counsel as to the validity of the Bonds (the “**Approving Opinion**”).

The following opinion is based upon the same examination of the record of proceedings and accompanying certificates, and is subject to the same limitations, as described in the Approving Opinion. In addition to the items included in the record of proceedings described in the Approving Opinion, the record of proceedings includes executed copies of the Bond Purchase Agreement, dated September 19, 2022, between the City and the underwriters of the Bonds (the “**Bond Purchase Agreement**”) and of the Official Statement, dated September 19, 2022, of the City relating to the Bonds (the “**Official Statement**”).

Based upon our examination as described in the Approving Opinion, we are further of the opinion as follows:

1. The Bonds are exempt from registration under the Securities Act of 1933, as amended (the “**Securities Act**”), and the Indenture (as defined in the Approving Opinion) are exempt from qualification under the Trust Indenture Act of 1939, as amended (the “**Trust Indenture Act**”). It is not necessary, in connection with the initial public offering and sale of the Bonds, to register any securities under the Securities Act or to qualify the Indenture under the Trust Indenture Act.

2. The City has duly approved the Official Statement.

3. The statements contained in the Official Statement (except as to any statistical and financial data included in the Official Statement and except for the information relating to The Depository Trust Company, its Participants and its book-entry only system, as to which we do not express an opinion) under the captions “THE BONDS,” “TAX MATTERS,” “APPENDIX B – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE,” “APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT” and “APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE LAND USE RESTRICTION AGREEMENT,” insofar as such statements contained under such captions purport to summarize certain provisions of the Bonds, the Indenture, the Loan Agreement, the Land Use Restriction Agreement, and certain aspects of our firm’s opinion relating to the federal and the State of



Illinois tax implications of certain aspects of the Bonds present an accurate summary of such matters.

4. The execution and delivery on behalf of, and the performance by, the City of the Bond Purchase Agreement have been duly authorized by the City. The Bond Purchase Agreement is a binding contractual obligation of the City, enforceable against the City in accordance with its terms if it is a valid and binding obligation of the Underwriters (as to which we express no opinion).

The obligations of the City and the enforceability of provisions of the Bond Purchase Agreement may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights. Enforcement of provisions of the Bond Purchase Agreement by any equitable or similar remedies may be subject to general principles of law or equity governing such remedies, including the exercise of judicial discretion whether to grant any particular form of relief.

This letter is furnished by us solely for your benefit and may not be relied upon by any other persons. This letter is not to be used, circulated, quoted, or otherwise referred to or relied upon for any other purpose or by any other person. This letter is not intended to be relied upon by the holders of the Bonds.

Respectfully yours,



## **EXHIBIT B**

### **FORM OF OPINION OF COUNSEL TO THE BORROWER**

September 23, 2022

City of Chicago  
Department of Planning and Development  
121 N. LaSalle Street, Room 700  
Chicago, IL 60602

The Bank of New York Mellon Trust  
Company, N.A.  
Corporate Trust Department  
2 N. LaSalle Street, Suite 700  
Chicago, IL 60602

Ice Miller LLP  
200 W. Madison Street  
Suite 3500  
Chicago, IL 60606

**\$10,196,000**  
**CITY OF CHICAGO**  
**MULTIFAMILY HOUSING REVENUE BONDS**  
**(COVENT APARTMENTS PROJECT)**  
**SERIES 2022**

Ladies and Gentlemen:

We have acted as counsel to Covent Apartments, LLC an Illinois limited liability company (the “Borrower”), in connection with the issuance of the above-referenced bonds (the “Bonds”) by the City of Chicago (the “Issuer”) pursuant to a Bond Indenture, dated as of September 1, 2022, (the “Indenture”) among the Issuer and The Bank of New York Mellon Trust Company, N.A. as trustee (the “Trustee”).

Capitalized terms used but not defined herein have the meanings assigned to them in the Indenture or the Bond Purchase Agreement.

In our capacity as such counsel, in rendering the opinions set forth below, we have examined, among other things, originals or copies, certified or otherwise identified to our satisfaction, of the following documents: (i) the ordinance adopted by the City Council of the Issuer on February 23, 2022, authorizing the issuance, sale and delivery of the Bonds (the “Ordinance”); (ii) the Indenture and the Loan Agreement relating to the Bonds; (iii) the Official Statement, dated September 19, 2022 of the Issuer relating to the Bonds (the “Official Statement”); (iv) the Land Use Restriction Agreement, between the Issuer and the Borrower, dated as of September 1, 2022 and effective as of the Closing Date and the Tax Regulatory Agreement, between the Issuer and the Borrower, dated as of September 1, 2022 and effective as of the Closing Date (collectively, the “Regulatory Agreement”); (v) the Loan Agreement, dated as of September 1, 2022 (the “Loan Agreement”), duly executed by the Issuer, the Trustee and the Borrower; (vi) the Bond Purchase Agreement, dated September 19, 2022, among the Issuer, the Underwriter named therein and the Borrower (the “Purchase Contract”); (vii) the Disbursement Agreement, dated as of September 1, 2022, by and among United States Department of Housing and Urban Development

("HUD"), Merchants Capital Corp., an Indiana corporation (the "Lender"), Issuer, Trustee, [Escrow Agent], as the escrow agent and Borrower (the "Disbursement Agreement"); (viii) the Remarketing Agreement, dated as of September 1, 2022, between the Borrower and the Remarketing Agent named therein; (ix) the Continuing Disclosure Agreement, dated as of September 1, 2022 between the Borrower and the Dissemination Agent named therein; (x) the Tax Certificate of the Borrower, dated the Closing Date (the "Borrower's Tax Certificate") and (xi) such other documents, certificates and instruments as we have deemed necessary for the purposes of reaching the opinion expressed herein.

In such examination, we have assumed the genuineness of all signatures (other than those relating to the Borrower), the authenticity of all documents submitted to us as originals, and the conformity to the original document of all documents submitted to us as photostatic or certified copies. We have assumed due authorization, execution and delivery of all documents referenced herein by the parties thereto other than the Borrower and that each of such parties has full power, authority and legal right to execute and deliver each such instrument.

Based upon and subject to the foregoing, we are of the opinion that, as of the date hereof:

(i) The Borrower is a limited liability company validly existing and in good standing under the laws of the State of Illinois with full power and authority to execute and deliver the documents listed above numbered (iii) through (ix) (the "Financing Documents") and the Official Statement and to perform its obligations under each respective agreement.

(ii) The Financing Documents have each been duly authorized, executed and delivered by the Borrower and constitute legal, valid and binding obligations of the Borrower, enforceable against the Borrower in accordance with their respective terms, except as the enforcement thereof may be limited by (a) applicable bankruptcy, insolvency, moratorium, reorganization and similar laws (including fraudulent conveyance laws) affecting the enforcement of creditors' rights and remedies generally in effect from time to time, and (b) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(iii) The execution and delivery of the Financing Documents and the performance by the Borrower of the terms of the respective agreements do not conflict with or violate applicable law, orders, rules or regulations of governmental authority or the Borrower's organizational documents or any other document, instrument, decree, indenture or agreement by which the Borrower is bound.

(iv) No approval, authorization or other action by, or filing with, the State of Illinois or any agency thereof, is required in connection with the execution and delivery by the Borrower of the Purchase Contract.

(v) There is no action, suit, proceeding, inquiry or investigation at law or in equity or before any court or public body pending or, to the best of our knowledge, threatened, to challenge the right, power or authority of the Borrower to acquire, own and operate the Project or to perform its obligations under the Purchase Contract or the other Financing Documents.

(vi) To our knowledge, the information concerning the Project and the Borrower submitted by the Borrower to the Trustee, the Underwriter or the Issuer and the information in the Preliminary Official Statement and the Official Statement (relating to the Borrower and the Project) under the captions "CERTAIN BONDHOLDERS' RISKS," and in the case of the Preliminary Official Statement and Official Statement under the captions "THE PROJECT," "PRIVATE PARTICIPANTS," "PLAN OF FINANCING," "ABSENCE OF LITIGATION – the Borrower" and "CONTINUING DISCLOSURE" are correct and true in all material respects and does not contain an untrue statement of fact or fail to state

a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading as of the date hereof.

We express no opinion as to any matter whatsoever, relating to the accuracy or completeness of any financial accounting or projection information furnished to any party, the accuracy or completeness of any representation made by our clients, the financial status of our clients, the ability of our clients to meet their obligations under any of the above-referenced agreements or any other related document.

Applegate & Thorne-Thomsen, P.C.

**EXHIBIT C**

**FORM OF RULE 15c2-12 CERTIFICATE**

**\$10,196,000**  
**City of Chicago**  
**Multi-Family Housing Revenue Bonds**  
**(Covent Apartments Project)**  
**Series 2022**

The undersigned hereby certifies and represents to RBC Capital Markets, LLC (the “Underwriter”) that he is authorized to execute and deliver this certificate on behalf of Covent Apartments, LLC, an Illinois limited liability company (the “Borrower”), and hereby further certifies to the Underwriter as follows:

(a) This Certificate is delivered to enable the Underwriter to comply with Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934 (the “Rule”) in connection with the issuance and sale of the above captioned bonds (the “Bonds”).

(b) In connection with the issuance and sale of the Bonds, there has been prepared a Preliminary Official Statement dated September 14, 2022, setting forth information concerning the Bonds and the Borrower (the “Preliminary Official Statement”).

(c) As used herein, “Permitted Omissions” shall mean the offering price(s), interest rate(s), accreted values, yield to maturity, selling compensation, aggregate principal amount, principal amount per maturity, delivery dates, ratings and other terms of the Bonds depending on such matters and the identity of the underwriter(s), all with respect to the issuance and sale of the Bonds.

(d) The Preliminary Official Statement is, as of the date thereof, deemed final within the meaning of the Rule, except for Permitted Omissions.

(e) The section of the Preliminary Official Statement entitled “CONTINUING DISCLOSURE” describes the agreement the Borrower expects to make for the benefit of the Bondholders in the Continuing Disclosure Agreement dated as of September 1, 2022, by and between the Borrower and Digital Assurance Certification LLC, in its capacity as dissemination agent, by which the Borrower will undertake to provide continuing disclosure in accordance with the Rule.

Dated: September 14, 2022

[Remainder of page intentionally left blank]

[Signature page to Rule 15c2-12 Certificate]

IN WITNESS WHEREOF, I have hereunto set my hand as of the date set forth above.

**COVENT APARTMENTS, LLC,**  
an Illinois limited liability company

By: Covent NHPF Manager, LLC,  
an Illinois limited liability company,  
its managing member

By: The NHP Foundation,  
a District of Columbia non-profit corporation,  
its managing member

By: \_\_\_\_\_  
Mecky Adnani  
Senior Vice President

## EXHIBIT D

### FORM OF ISSUE PRICE CERTIFICATE

**\$10,196,000**

**City of Chicago**

**Multi-Family Housing Revenue Bonds**

**(Covent Apartments Project)**

**Series 2022**

The undersigned, on behalf of RBC Capital Markets, LLC (the “Underwriter”), on behalf of itself, hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”).

1. Sale of the Bonds. As of the date of this certificate, for each Maturity of the Bonds, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in Schedule I attached to the Bond Purchase Agreement dated September 19, 2022 between the Underwriter, Covent Apartments, LLC, an Illinois limited liability company (the “Borrower”), and City of Chicago (the “Issuer”).

2. Defined Terms.

(a) “*Issuer*” means 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, or its successor.

(b) “*Maturity*” means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(c) “*Public*” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than the Underwriter or a related party to the Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(d) “*Underwriter*” means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Underwriter’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information



will be relied upon by the Issuer and the Borrower with respect to certain of the representations set forth in the Tax Agreement and with respect to compliance with the federal income tax rules affecting the Bonds, and by Ice Miller LLP and Charity & Associates, P.C., Co-Bond Counsel, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038, and other federal income tax advice that it may give to the Issuer and the Borrower from time to time relating to the Bonds.

Dated: September 23, 2022

[Signature page to Issue Price Certificate]

**RBC CAPITAL MARKETS, LLC**

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

Mitchell Gallo  
Director

**EXHIBIT E**

**TAX COMPLIANCE AGREEMENT**

2

**CITY OF CHICAGO**

**TAX COMPLIANCE AGREEMENT**

**NOT TO EXCEED**

**\$10,196,000**

**Multi-Family Housing Revenue Bonds  
(Covent Apartments Project), Series 2022**

**Dated as of September 23, 2022**

## TABLE OF CONTENTS

	<u>Page</u>
SECTION 1 DEFINITIONS.....	1
SECTION 2 GENERAL REPRESENTATIONS; PURPOSE OF BONDS.....	1
2.1. Statement as to Expectations.....	1
2.2. Responsible Person .....	1
2.3. No Arbitrage Bonds .....	2
2.4. Timing of Issuance .....	2
2.5. Authorization .....	2
2.6. Purpose of Bonds.....	2
SECTION 3 REASONABLE EXPECTATIONS OF THE CITY, THE BORROWER, AND THE SERVICER AS TO USE AND INVESTMENT OF PROCEEDS OF THE BONDS .....	2
3.1. Application of Sale Proceeds of Bonds .....	2
3.2. Accrued Interest .....	2
3.3. No Overissuance.....	2
3.4. Expenditures on Project .....	3
3.5. No Sale of Project .....	3
3.6. Issuance Costs.....	3
3.7. Reserved.....	3
3.8. No Replacement Proceeds.....	3
3.9. No Abusive Arbitrage Device.....	3
3.10. No Hedge Bonds .....	4
3.11. Reimbursements. ....	4
3.11.1. In General .....	4
3.11.2. Official Intent Requirement.....	4
3.11.3. Reimbursement Period Requirement .....	4
3.11.4. Nature of Expenditure .....	4
3.11.5. No Abusive Arbitrage Device .....	4
3.11.6. Exceptions.....	4
3.11.7. Program Investment.....	5
3.11.8. Other Payments Relating to the Bonds .....	5
3.11.9. Yield on the Loan Agreement.....	5
SECTION 4 YIELD AND YIELD LIMITATIONS.....	5
4.1. In General.....	5
4.2. Issue Price; Yield.....	6
4.3. Qualified Hedge.....	6
4.4. Construction Fund .....	6

4.5.	Bona Fide Debt Service Fund .....	6
4.6.	Tax-Exempt Obligations .....	6
4.7.	Minor Portion .....	6
SECTION 5 REBATE REQUIREMENT, CALCULATIONS AND PAYMENT .....		6
5.1.	In General.....	6
5.2.	Computation of Rebatable Arbitrage .....	7
5.3.	Relationship to Yield Restriction.....	8
5.4.	Gross Proceeds Subject to Rebate .....	8
5.5.	Rebate Exceptions .....	8
5.5.1.	Six-Month Exception .....	8
5.5.2.	Eighteen-Month Exception .....	8
5.5.3.	Bona Fide Debt Service Fund .....	8
5.5.4.	Tax-Exempt Obligation Exception .....	9
5.6.	No Arbitrage Rebate Elections .....	9
5.7.	Payment of Rebate Amount .....	9
5.8.	Procedure for Remittance.....	9
SECTION 6 ALLOCATION AND ACCOUNTING RULES .....		9
6.1.	In General.....	9
6.2.	Investments .....	9
6.3.	Expenditures .....	9
6.4.	Commingled Funds .....	10
6.5.	Grants.....	10
6.6.	Universal Cap.....	10
6.7.	Payments to Related Parties .....	10
6.8.	Separate Accounts .....	10
6.9.	Records .....	10
SECTION 7 VALUATION OF INVESTMENTS.....		10
7.1.	Fair Market Value Requirement.....	10
7.2.	Valuation Options .....	11
7.3.	Valuation of Yield Restricted Investments .....	11
7.4.	Other Exceptions to Fair Market Value Requirement .....	11
SECTION 8 OTHER REQUIREMENTS FOR TAX EXEMPTION .....		11
8.1.	Single Issue.....	11
8.2.	No Federal Guarantee.....	11
8.3.	Registration Requirement.....	12
8.4.	Remedial Actions .....	12
8.5.	Written Procedures.....	12
8.6.	Information Reporting.....	12

SECTION 9	CERTIFICATE OF BORROWER REGARDING THE PROJECT .....	12
SECTION 10	CONCERNING THE SERVICER .....	12
SECTION 11	MISCELLANEOUS PROVISIONS.....	13
11.1.	Notices .....	13
11.2.	Severability.....	14
11.3.	Counterparts.....	14
11.4.	Successors and Assigns .....	14
11.5.	Headings .....	14
11.6.	Governing Law .....	14
11.7.	Survival of Payment or Defeasance .....	14
11.8.	Amendments .....	14

In connection with the issuance by the CITY OF CHICAGO (the "City") of its \$10,196,000 Multi-Family Housing Revenue Bonds (Covent Apartments Project), Series 2022 (the "Bonds") and pursuant to Treasury Regulation Section 1.148-2(b)(2), the City and COVENT APARTMENTS, LLC, an Illinois limited liability company (the "Borrower"), enter into the following Tax Compliance Agreement (the "Tax Agreement"), dated as of this 23rd day of September, 2022.

## RECITALS

The City and the Borrower agree to maintain the exclusion of interest on the Bonds from gross income for federal income tax purposes. The City and the Borrower agree to comply with the provisions of this Tax Agreement.

The City and the Borrower agree to make any and all payments required to be made to the United States Department of the Treasury in connection with the Bonds pursuant to Section 148(f) of the Internal Revenue Code of 1986, as amended (the "Code").

The City and the Borrower understand and acknowledge that the opinions of Ice Miller LLP and Charity & Associates, P.C. as Co-Bond Counsel, regarding the exclusion of interest on the Bonds from gross income for purposes of federal income taxation under Section 103(a) of the Code (a) are rendered in reliance on the representations and statements of fact and expectations contained herein and (b) assume the City's and the Borrower's continued compliance with the provisions of this Tax Agreement.

The City and the Borrower agree as follows:

## SECTION 1 DEFINITIONS

In addition to capitalized terms elsewhere defined in this Tax Agreement, capitalized terms used herein shall have the meanings set forth in Exhibit A hereto or, where not so defined, shall have the meanings set forth in the Trust Indenture.

## SECTION 2 GENERAL REPRESENTATIONS; PURPOSE OF BONDS

**2.1. Statement as to Expectations.** To the best of the knowledge and belief of the undersigned officers of the City and the Borrower, the City's and the Borrower's expectations with respect to the Bonds as set forth in this Tax Agreement are reasonable. To the extent such expectations do not relate directly to the City, the City is relying on the certification of the Borrower. All statements in this Tax Agreement as to the requirements, interpretation, or conclusions of federal income tax law are made in reliance upon the advice of Co-Bond Counsel.

**2.2. Responsible Person.** The undersigned representatives of the City and the Borrower, together with others, are persons charged with the responsibility for execution of this Tax Agreement and have made due inquiry with respect to and are fully informed as to the matters set forth in this Tax Agreement. The undersigned representative of the City is relying upon factual matters made by the Borrower and has not made independent investigation of such matters.



**2.3. No Arbitrage Bonds.** None of the City or the Borrower will intentionally use any of the money on deposit under the Trust Indenture or elsewhere (whether derived from the sale of the Bonds or from any other source) in a manner that will cause the Bonds to be "arbitrage bonds" under Section 148 of the Code. No portion of the Bonds is being issued solely for the purpose of investing the Proceeds or Replacement Proceeds at a yield higher than the yield on the Bonds.

**2.4. Timing of Issuance.** The date of issuance of the Bonds has been determined by the Borrower solely on the basis of bona fide financial reasons, in accordance with ordinary financial practice in financing facilities similar to the Project (as defined in Section 2.6 hereof), and has not been determined with a view to abnormally prolonging the period between issuance of the Bonds and the expenditure of the Proceeds thereof.

**2.5. Authorization.** The Bonds are being issued pursuant to an Ordinance adopted by the City on February 23, 2022, and the Bond Indenture between the City and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), dated as of September 1, 2022 (the "Trust Indenture"), pursuant to which the City has agreed to lend the Sale Proceeds (as defined in Section 3.1 hereof) of the Bonds to the Borrower pursuant to a Loan Agreement among the City, the Borrower and the Trustee, dated as of September 1, 2022 (the "Loan Agreement") and the Borrower has agreed to make payments sufficient to pay principal of, interest on, and premium, if any, on the Bonds.

**2.6. Purpose of Bonds.** The Bonds are being issued to finance or reimburse certain costs of the acquisition, construction and equipping of an approximately 64-unit multifamily housing rental apartment complex being deconverted to approximately 30 units and located at 2653 North Clark Street, Chicago, Illinois (the "Project").

### **SECTION 3 REASONABLE EXPECTATIONS OF THE CITY AND THE BORROWER AS TO USE AND INVESTMENT OF PROCEEDS OF THE BONDS**

**3.1. Application of Sale Proceeds of Bonds.** The amount to be actually and constructively received by the City from the sale of the Bonds equals the principal amount of \$10,300,101.16 (the "Sale Proceeds"). The Sale Proceeds will be used as described below. A schedule of the sources and uses of money as reasonably expected as of the Issue Date is attached hereto as Exhibit C.

The Borrower does not reasonably anticipate that any significant investment earnings will be earned on the Sale Proceeds of the Bonds pending their expenditure for Project costs (or for costs of issuing the Bonds). The Borrower reasonably expects that all of the conditions of the funding will be satisfied and the proceeds of the Bonds spent for Project costs.

**3.2. Accrued Interest.** There is no accrued interest being paid in connection with the issuance of the Bonds.

**3.3. No Overissuance.** The Sale Proceeds of the Bonds, together with any investment earnings thereon, do not exceed the amount necessary to finance the costs of the Project.

**3.4. Expenditures on Project.** The Borrower has entered into or reasonably expects to incur, within six months of the Issue Date, a substantial binding obligation (not subject to contingencies within the control of the City, any Related Party to the City, the Borrower, or any Related Party to the Borrower) to a third party to expend at least five percent of the Sale Proceeds of the Bonds on capital expenditures for the Project. On or before September 23, 2025, a date that is within the three-year period beginning on the Issue Date, the City and the Borrower reasonably expect that all of the Sale Proceeds of the Bonds, together with any investment earnings thereon earned prior to the completion of the Project, will have been expended to pay costs of the Project. The City and the Borrower will proceed with due diligence to complete the acquisition, construction, and equipping of the Project and to expend the Sale Proceeds of the Bonds.

**3.5. No Sale of Project.** The Borrower does not expect to sell or otherwise dispose of any portion of the Project prior to the maturity date of the Bonds.

**3.6. Issuance Costs.** No Sale Proceeds of the Bonds are expected to be used to pay costs of issuing the Bonds.

**3.7. Reserved.**

**3.8. No Replacement Proceeds.** None of the City, the Borrower, or any guarantor of the Borrower's obligations with respect to the Bonds has created or established, or expects to create or establish, any fund or account in connection with the Bonds that is reasonably expected to be used directly or indirectly to pay debt service on the Bonds.

Under the terms of the Trust Indenture, payments of principal and interest on the Borrower Note issued to evidence the Borrower's obligations under the Trust Indenture will be promptly paid upon receipt by the City over to the Trustee in satisfaction of the City's corresponding payment obligations under the Bonds. Consequently, no debt service or similar fund is being established to hold moneys pending their use by the City to pay principal or interest on the Borrower (and no such fund is being established by the Borrower).

No moneys of the City or the Borrower are legally required or otherwise restricted to be used, directly or indirectly, for the governmental purpose of the Bonds, and no such amounts would have been used for that governmental purpose if the Proceeds of the Bonds were not used or to be used for that governmental purpose. The City and the Borrower reasonably expect as of the date hereof that the term of the Bonds is not longer than is reasonably necessary for the governmental purpose of the Bonds. 120 percent of the weighted average reasonably expected economic life of the Project is at least 48 years (as determined in paragraph 20 of the Project Certificate attached hereto as Exhibit D). The weighted average maturity of the Bonds is approximately 2.939. Accordingly, the weighted average maturity of the Bonds does not exceed 120 percent of the weighted average reasonably expected economic life of the Project.

**3.9. No Abusive Arbitrage Device.** No abusive arbitrage device is being used in connection with the issuance of the Bonds. Neither the City nor the Borrower has taken or will take any action in connection with the issuance of the Bonds that has the effect of (i) enabling the City or the Borrower to exploit the difference between tax-exempt and taxable interest rates to obtain a material financial advantage or (ii) overburdening the tax-exempt bond market. An action may exploit tax-exempt interest rates as a result of an investment of any portion of the Gross Proceeds of the Bonds over any period of time, notwithstanding that, in the aggregate,

the Gross Proceeds of the Bonds are not invested in higher yielding investments over the term of the Bonds. In addition, an action overburdens the tax-exempt bond market if it results in issuing more bonds, issuing the Bonds earlier, or allowing the Bonds to remain outstanding longer than is otherwise reasonably necessary to accomplish the governmental purposes of the Bonds, based on all the facts and circumstances.

**3.10. No Hedge Bonds.** The City and the Borrower reasonably expect that 85 percent of the Sale Proceeds (excluding Sale Proceeds, if any, invested as part of a minor portion described in Section 4.6 hereof) of the Bonds will be used to carry out the governmental purposes of the Bonds within the three-year period beginning on the Issue Date. Not more than 50 percent of the Sale Proceeds of the Bonds will be invested in Nonpurpose Investments having a substantially guaranteed yield for four years or more.

### **3.11. Reimbursements.**

**3.11.1. In General.** Except for certain architectural fees and other "Preliminary Expenditures" (as defined in Section 3.11.6 below), the Borrower does not currently expect to use Bonds proceeds to reimburse itself for expenditures paid prior to the date hereof. Nevertheless, the Borrower may reimburse such prior expenditures in accordance with the provisions of this Section 3.11.

**3.11.2. Official Intent Requirement.** Except as provided in Section 3.11.6 hereof, with respect to any capital expenditure that is being reimbursed, the payment of such expenditure occurred no earlier than August 15, 2021, the date that is 60 days before the date the City declared in writing that it reasonably expected to reimburse such expenditures with proceeds of an obligation (the "Official Intent Requirement"). This declaration, which was set forth in the Ordinance adopted by the City on October 14, 2021, contained a general description of the Project and the maximum principal amount of obligations expected to be issued for the Project.

**3.11.3. Reimbursement Period Requirement.** With respect to each expenditure being reimbursed, the reimbursement allocation date is not later than 18 months after the later of (i) the date the expenditure was paid or (ii) the date the Project is placed in service or abandoned, but in no event more than three years after the date the expenditure was paid (the "Reimbursement Period Requirement").

**3.11.4. Nature of Expenditure.** Each expenditure being reimbursed is a capital expenditure or a cost of issuing the Bonds.

**3.11.5. No Abusive Arbitrage Device.** Any reimbursed amounts will not be used as part of an abusive arbitrage device to avoid the arbitrage rebate or yield restriction rules. In addition, the reimbursed amounts or amounts corresponding to the reimbursed amounts will not be used (directly or indirectly) within one year after the date of the reimbursement allocation in a manner that results in the creation of Replacement Proceeds of the Bonds or of another issue.

**3.11.6. Exceptions.** The Reimbursement Period Requirement does not apply to (i) Preliminary Expenditures to the extent such expenditures are not in excess of 20 percent of the Sale Proceeds of the Bonds (i.e., \$2,060,020.23), (ii) costs of issuance, and (iii) an amount not in excess of \$100,000. The term "Preliminary Expenditures" includes architectural, engineering, surveying, soil testing, reimbursement bond issuance, and similar costs incurred

prior to commencement of construction, rehabilitation, or acquisition of a project, other than land acquisition, site preparation, and similar costs incident to commencement of construction.

**3.11.7. Program Investment.** The loan of Sale Proceeds of the Bonds under the Trust Indenture will be treated as a "program investment" of the City within the meaning of Treasury Regulation Section 1.148-1(b). The governmental program of the City involves the origination or acquisition of Purpose Investments. At least 95 percent of the cost of the Purpose Investments acquired under the program represents one or more loans to a substantial number of persons representing the general public, states or political subdivisions, 501(c)(3) Organizations, persons who provide housing and related facilities, or any combination of the foregoing. At least 95 percent of the receipts from the Purpose Investments are used by the City (i) to pay principal, interest, or redemption prices on issues that financed the program, (ii) to pay or reimburse administrative costs of those issues or of the program, (iii) to pay or reimburse anticipated future losses directly related to the program, (iv) to finance additional Purpose Investments for the same general purposes of the program, or (v) to redeem and retire City obligations at the next earliest possible date of redemption. Neither the Borrower nor any Related Party shall purchase the City's Bonds in an amount related to the amount of the Trust Indenture.

**3.11.8. Other Payments Relating to the Bonds.** The City will not receive any fees in connection with the issuance of the Bonds except the following: (i) a closing fee equal to \$152,940, which is an amount equal to 1.5% of the aggregate principal amount of the Bonds, payable on the Issue Date, (ii) an administrative fee equal to \$15,294, which is an amount equal to 0.15% of the aggregate principal amount of the Bonds, payable at Closing, and (iii) legal reserve fee equal to \$10,196, which is an amount equal to 0.10% of the aggregate principal amount of the Bonds, payable at Closing. Except for (i) the receipt of payments under the Trust Indentures as described above, and (ii) the payment of issuance costs relating to the Bonds, no consideration, in cash or in kind, is being or will be paid from the proceeds of the Bonds by any person to any person in connection with or relating to issuing, carrying or redeeming the Bonds or issuing, carrying or repaying the Borrower's obligations under the Trust Indenture.

**3.11.9. Yield on the Loan Agreement.** Debt service payments under the Trust Indenture will be due not later than the day and in the same amount as payments are due on the Bonds. The Yield on the Trust Indenture (taking into account the portion of the City's fee that is not allocable to costs incurred and to be incurred by the City in connection with the issuance of the Bonds) described in 3.11.8 does not exceed the Yield on the Bonds by more than 1.5 percent.

## **SECTION 4 YIELD AND YIELD LIMITATIONS**

**4.1. In General.** No Gross Proceeds will be invested at a yield (after taking into account any Yield Reduction Payments) in excess of the Yield on the Bonds, except as expressly set forth below or to the extent the City and the Borrower are permitted to and make yield reduction payments to the United States pursuant to Treasury Regulation Section 1.148-5(c).

The Yield on the Bonds is the discount rate that, when used in computing the present value as of the first day of the Computation Period of all payments of principal, interest and fees for qualified guarantees (if any) on the Bonds that are attributable to the Computation Period, produces an amount equal to the present value, using the same discount rate, of the aggregate

issue price of the Bonds as of the first day of the Computation Period. The yield on Investments purchased with Gross Proceeds of the Bonds is computed using the same compounding interval and financial conventions used to compute yield on the Bonds. The yield on an Investment is the discount rate that, when used in computing the present value as of the date the Investment is first allocated to the Bonds of all unconditionally payable Receipts from the Investment, produces an amount equal to the present value of all unconditionally payable Payments for the Investment.

**4.2. Issue Price; Yield.** The issue price of the Bonds, based on certain information provided by the Representative (see Exhibit E), will be \$10,300,101.16.

The Yield on the Bonds (as defined in Section 4.1 above) will be determined based upon the interest rate on the Bonds in effect from time to time, which will be the fixed rate set forth in the Trust Indenture.

**4.3. Qualified Hedge.** The City is not identifying a qualified hedge for purposes of Treasury Regulation Section 1.148-4(h).

**4.4. Project Fund.** Sale Proceeds deposited in the Project Fund, if any, to pay costs of the Project may be invested without regard to yield restriction for up to three years beginning on the Issue Date and thereafter at a yield not in excess of the Yield on the Bonds plus one-eighth of one percent.

**4.5. Bona Fide Debt Service Fund.** Gross proceeds in a "bona fide debt service fund" may be invested without regard to yield restriction for a period of up to 13 months. Generally, a fund will qualify as a bona fide debt service fund if (i) it is used primarily to achieve a proper matching of revenues with principal and interest payments within each bond year and (ii) the fund is depleted at least once each bond year, except for a reasonable carryover amount not to exceed the greater of (A) the earnings on the fund for the immediately preceding bond year or (B) one-twelfth of the principal and interest payments on the issue for the immediately preceding bond year. If only a portion of a fund qualifies as a bona fide debt service fund, that portion (but only that portion) is entitled to the 13-month temporary period described above. Except as set forth herein, the Borrower is not keeping any interest or principal reserves with respect to debt service on the Bonds and covenants to restrict the yield on the investments in any such reserves established to no more than the Yield on the Bonds if such reserves are ever established (or pay Yield Reduction Payments, if applicable)

**4.6. Tax-Exempt Obligations.** Proceeds of the Bonds invested in Tax-Exempt Obligations (to the extent permitted by the Trust Indenture) may be invested without regard to yield restriction.

**4.7. Minor Portion.** Proceeds of the Bonds in an amount not to exceed the lesser of five percent of the Sale Proceeds of the Bonds or \$100,000 may be invested without regard to yield restriction.

## **SECTION 5 REBATE REQUIREMENT, CALCULATIONS AND PAYMENT**

**5.1. In General.** The Code requires the City to rebate at least 90 percent of any arbitrage earned on the Bonds every five years beginning on the Issue Date. In addition, the City must rebate 100 percent of any arbitrage earned on the Bonds once the Bonds are retired.

Section 148(f) of the Code generally provides that the rebatable arbitrage is the sum of (i) the excess of (A) the amount earned on Nonpurpose Investments (other than Nonpurpose Investments that are attributable to the excess in this clause (i)), over (B) the amount that would have been earned on such Nonpurpose Investments if the yield on such Nonpurpose Investments was equal to the yield on the Bonds; and (ii) any income attributable to the excess described in clause (i). In order to satisfy these requirements of the Code, the City, the Borrower and the Trustee shall comply with the requirements set forth in this Section 5 (the "Rebate Requirement").

**5.2. Computation of Rebatable Arbitrage.** The amount of arbitrage that must be rebated on any Computation Date is the excess of the Future Value of all Receipts over the Future Value of all Payments. The City and the Borrower must determine the Future Value (using the Yield on the Bonds) to a Computation Date all the Receipts and also Future Value all Payments. If the Future Value of the Receipts exceeds the Future Value of the Payments, the excess equals the rebate amount due (the "Rebate Amount"). The Borrower shall make, or cause to be made, calculations of the Rebate Amount on each Computation Date.

On the date of closing, Sale Proceeds of the Bonds in the amount of \$10,300,101.16 will be deposited in the Project Fund (the "Project Fund Deposit") in an amount that, together with other amounts deposited in other funds or accounts and to be used by the Borrower and dedicated to pay costs of the Project, will be sufficient to pay all costs of the Project. \$10,299,191.52 of the Project Fund Deposit will be invested in a portfolio of Government Securities that, together with Sale Proceeds of the Bonds in cash in the amount of \$909.64 and any other moneys to be similarly invested, will produce a stream of payments adequate to pay all debt service on the Bonds. A requisition must be prepared as a condition of the withdrawal, on any date, of any amount from the Project Fund to pay costs of the Project (a "Requisition") and the Borrower must deposit into the Collateral Fund an amount (a "Collateral Deposit") equal to the amount to be withdrawn from the Project Fund on such date. Each such Collateral Deposit will be allocated to Replacement Proceeds of the Bonds immediately upon deposit. On the date of each Requisition, an amount of cash equal to the amount of the Requisition will be deallocated from Replacement Proceeds, allocated to Proceeds of the Bonds, and used to fund the Requisition; simultaneously, a ratable amount of each of the outstanding Government Securities, with aggregate fair market values equal to the amount of the corresponding Requisition, will be deallocated from Proceeds of the Bonds and allocated to Replacement Proceeds of the Bonds. The amounts of the allocations and deallocations described in this Section 5.2 might not correspond to the amount of Government Securities transferred on any particular date to the Collateral Fund pursuant to the Trust Indenture, and for purposes of complying with applicable yield restriction and rebate obligations under Section 148 of the Code, the actual transfers of Government Securities to the Collateral Fund shall be ignored.

For purposes of this Tax Agreement, the reallocation amount with respect to any payment from the Collateral Fund is equal to a fraction whose numerator is equal to the payment from the Collateral Fund and whose denominator is equal to the Remaining Amount of Government Securities. For this purpose, the Remaining Amount of Government Securities is generally equal to the initial purchase price of the Government Securities less the amount of all payments from the Collateral Fund as of the date of the calculation. The amount of Government Securities transferred will be treated as purchased and sold pursuant to the market price of the Government Securities at the time of the reallocation. The amount of Government Securities transferred will be treated as purchased and sold pursuant to the market price of the Government Securities at the time of the reallocation. The Borrower understands that it may be necessary to pay yield reduction payments on the Government Securities pursuant to Treas.

Reg. § 1.148 5, which are permitted because the Bonds are variable rate obligations. The Project Fund and the Collateral Fund are a single class of investment pursuant to Treas. Reg. § 1.148 5(b) because they are yield restricted non purpose investments. No investments in this Section will be allocated to amounts in the Negative Arbitrage Account of the Bond Fund.

**5.3. Relationship to Yield Restriction.** The requirements of this Section 5 relating to the Rebate Requirement apply to all Gross Proceeds, regardless of whether or not such amounts must be yield restricted. Thus, an amount of Gross Proceeds may be unrestricted as to yield but will, notwithstanding that characterization, be subject to the Rebate Requirement. Similarly, an amount of Gross Proceeds may be restricted as to yield but will, notwithstanding that characterization, also be subject to the Rebate Requirement.

**5.4. Gross Proceeds Subject to Rebate.** Except as provided in Section 5.6 hereof, the following funds and accounts contain or will contain Gross Proceeds of the Bonds subject to the Rebate Requirement: the Project Fund. The City and the Borrower acknowledge that, subsequent to the Issue Date, other Gross Proceeds of the Bonds may arise in addition to the Gross Proceeds described in the preceding sentence, and such Gross Proceeds would be subject to the provisions of this Tax Agreement.

**5.5. Rebate Exceptions.** The Code contains the following exceptions to the general application of the Rebate Requirement that may be applicable to the Bonds:

**5.5.1. Six-Month Exception.** If all of the Gross Proceeds of the Bonds (excluding amounts in a bona fide debt service fund) are expended within the six-month period beginning on the Issue Date, the calculation of the Rebate Amount shall be made by treating any Gross Proceeds that arise after the six-month period as the only Gross Proceeds of the Bonds.

**5.5.2. Eighteen-Month Exception.** If all of the Gross Proceeds of the Bonds (excluding amounts in a bona fide debt service fund) are expended within the prescribed spending periods set forth below, the calculation of the Rebate Amount shall be made by treating any Gross Proceeds that arise after the 18-month spending period as the only Gross Proceeds of the Bonds. The Gross Proceeds must be expended in accordance with the following schedule: (i) at least 15 percent within 6 months of the Issue Date; (ii) at least 60 percent within 12 months of the Issue Date; and (iii) 100 percent within 18 months of the Issue Date (or, 95 percent within 18 months and 100 percent within 30 months, if the unexpended amounts at the end of 18 months represent reasonable retainage to ensure completion of a construction contract). Amounts qualify as reasonable retainage if retained by the City and the Borrower for reasonable business purposes relating to the property being financed with the Proceeds of the Bonds. In addition, a de minimis exception is provided from the final spending period requirement if the City and the Borrower exercise due diligence to complete the Project and the unexpended amount does not exceed the lesser of three percent of the issue price of the Bonds or \$250,000. For purposes of determining compliance with each of the first two spending periods, Gross Proceeds of the Bonds include the amount of investment earnings (if any) that the City and the Borrower reasonably expect as of the Issue Date.

**5.5.3. Bona Fide Debt Service Fund.** Under Section 148(f)(4)(A) of the Code; a bona fide debt service fund shall not be taken into account in computing rebate for any bond year if the earnings on the fund for that bond year are less than \$100,000.

**5.5.4. Tax-Exempt Obligation Exception.** To the extent that any Gross Proceeds are invested in Tax-Exempt Obligations, the earnings thereon would not be considered when calculating the Rebate Amount. To the extent that 100 percent of Gross Proceeds are continually invested in Tax-Exempt Obligations, all the Gross Proceeds would be exempt from the Rebate Requirement.

**5.6. No Arbitrage Rebate Elections.** No elections regarding arbitrage rebate computations are being made by the City or the Borrower on the Issue Date.

**5.7. Payment of Rebate Amount.** The City must pay to the United States Department of the Treasury (i) not later than 60 days after each Installment Computation Date, a payment that, when aggregated with any prior payments, ensures that the City has paid to the United States Department of the Treasury an amount that is equal to at least 90 percent of the Rebate Amount as of the Computation Date and (ii) not later than 60 days after the Final Computation Date, an amount that, when aggregated with any prior payments, is equal to 100 percent of the Rebate Amount as of the Final Computation Date. Any such payment will be provided by the Borrower, and the City is not obligated to use any of its own moneys for payment of any Rebate Amount.

**5.8. Procedure for Remittance.** Each payment of the Rebate Amount shall be filed with the Internal Revenue Service Center, Ogden, Utah 84201 on or before the date such payment is due, and shall be accompanied by Form 8038-T, Arbitrage Rebate and Penalty in Lieu of Arbitrage Rebate.

## **SECTION 6 ALLOCATION AND ACCOUNTING RULES**

**6.1. In General.** In applying the provisions of this Tax Agreement, the City and the Borrower must account for Investments and expenditures of Gross Proceeds of the Bonds using a reasonable, consistently applied accounting method. Deviations from this accounting method that occur for bona fide governmental purposes shall be permitted.

**6.2. Investments.** Upon a purchase or sale of an Investment, Gross Proceeds of the Bonds may not be allocated to a payment for that Investment in an amount greater than, or to a receipt from that Investment in an amount less than, the fair market value (adjusted for Qualified Administrative Costs) of the Investment as of the purchase or sale date. To satisfy the requirements of this Section 6.2, the City and the Borrower shall comply with the procedures set forth on Exhibit B. Gross Proceeds of the Bonds should be invested at all times in Investments permitted under this Tax Agreement and the Trust Indenture.

**6.3. Expenditures.** Reasonable methods of accounting for expenditures of Gross Proceeds and other amounts from different sources include any of the following methods if consistently applied: a specific tracing method; a Gross Proceeds spent first method; a first-in, first-out method; or a ratable allocation method. An allocation of Gross Proceeds of the Bonds to an expenditure must involve an outlay of cash reasonably expected to occur not later than five banking days after the date the allocation of Gross Proceeds to the expenditure is made. The City and the Borrower must allocate Proceeds of the Bonds to expenditures not later than 18 months after the later of the date the expenditure is paid or the date the Project is placed in service, but in no event later than the earlier of the date 60 days after the fifth anniversary of the Issue Date or the date 60 days after the retirement of the Bonds.



**6.4. Commingled Funds.** Neither the City nor the Borrower will direct the Trustee to invest any of the Gross Proceeds in a Commingled Fund that does not comply with the requirements set forth on Exhibit B.

**6.5. Grants.** Neither the City nor the Borrower will use any of the Gross Proceeds to make any grants (as defined in Treasury Regulation Section 1.148-6(d)(4)(iii)).

**6.6. Universal Cap.** In general, Gross Proceeds will cease to be allocated to the Bonds if the amount of Gross Proceeds exceeds the value of the outstanding principal amount of the Bonds (the "Universal Cap"). The City and the Borrower reasonably expect as of the Issue Date that the Universal Cap will not reduce the amount of Gross Proceeds allocable to the Bonds during the term of the Bonds. The Universal Cap need not be applied to the Bonds on any date if (i) no Replacement Proceeds are allocable to the Bonds, other than Replacement Proceeds in a bona fide debt service fund or a reasonably required reserve or replacement fund; (ii) the Sale Proceeds of the Bonds are expended within the allowable three-year temporary period or are deposited in a refunding escrow and expended as originally expected; (iii) the Bonds do not refund a prior issue that has unspent proceeds; (iv) no portion of the Bonds is retired prior to the date on which such portion is treated as retired in computing the yield on the Bonds; and (v) no Proceeds of the Bonds are invested in qualified student loans or qualified mortgage loans.

**6.7. Payments to Related Parties.** Any payment of Gross Proceeds of the Bonds to a Related Party of the Borrower is not an expenditure of those Gross Proceeds.

**6.8. Separate Accounts.** In order to perform the calculations required by the Code, it is necessary to separately account for all of the Gross Proceeds and each Investment acquired therewith. The City and the Borrower, as the case may be, shall establish separate sub-accounts or take other accounting measures in order to account fully and with specificity for all Gross Proceeds and Investments acquired therewith.

**6.9. Records.** The Borrower shall keep and retain until six years after the Bonds are paid in full adequate records pertaining to the investment of Gross Proceeds of the Bonds and moneys in the Rebate Fund, including the following with respect to each Investment: (i) purchase price; (ii) purchase date; (iii) type of Investment; (iv) accrued interest paid; (v) interest rate; (vi) principal amount; (vii) maturity date; (viii) interest payment date; (ix) date of liquidation; and (x) receipt upon liquidation. If any Investment becomes Gross Proceeds of the Bonds on a date other than the date such Investment is purchased, the records required to be kept shall include the fair market value of such Investment on the date it becomes Gross Proceeds. If any Investment is retained after the date the Bonds are retired, the records required to be kept shall include the fair market value of such Investment on the date the Bonds are retired.

## **SECTION 7 VALUATION OF INVESTMENTS**

**7.1. Fair Market Value Requirement.** Except as provided in Sections 7.3 and 7.4 hereof, an Investment must be valued at fair market value on the date that it is first allocated to the Bonds or first ceases to be allocated to the Bonds as a consequence of a "deemed" acquisition or "deemed" disposition of such Investment (e.g., if an existing Investment is deposited into the Bond Fund, such Investment must be valued at fair market value as of the

date of deposit into such fund). To satisfy the requirements of this Section 7.1, the City and the Borrower shall comply with the procedures set forth on Exhibit B.

**7.2. Valuation Options.** Except as provided in Section 7.1 hereof, the value of an Investment (including a Payment or Receipt on the Investment) on a date must be determined using one of the following valuation methods consistently for all purposes of Section 148 of the Code to that Investment on that date: (i) a Plain Par Investment may be valued at its outstanding stated principal amount, plus any accrued unpaid interest on that date; (ii) a fixed rate Investment may be valued at its present value on that date; and (iii) an Investment may be valued at its fair market value on that date.

**7.3. Valuation of Yield Restricted Investments.** Any Investment subject to yield restriction must be valued at present value.

**7.4. Other Exceptions to Fair Market Value Requirement.** The fair market value requirement of Section 7.1 hereof does not apply to certain Investment allocations for purposes of the Universal Cap and certain Investments in a Commingled Fund.

## **SECTION 8 OTHER REQUIREMENTS FOR TAX EXEMPTION**

**8.1. Single Issue.** No other obligations of the City sold within 15 days of the Bonds are being issued pursuant to the same plan of financing as the Bonds or are reasonably expected to be paid from substantially the same source of funds as the Bonds.

**8.2. No Federal Guarantee.** No portion of the payment of principal or interest on the Bonds, or any credit enhancement or liquidity device relating to the foregoing is or will be guaranteed, directly or indirectly (in whole or in part), by the United States (or any agency or instrumentality thereof). No portion of the Gross Proceeds has been or will be used to make loans the payment of principal or interest with respect to which is or will be guaranteed (in whole or in part) by the United States (or any agency or instrumentality thereof). No Gross Proceeds shall be invested in federally insured deposits or accounts or in any obligation the payment of principal of or interest on which is (in whole or in part) a direct obligation of, or guaranteed by, the United States (or any agency or instrumentality thereof). Notwithstanding the foregoing, the City or the Borrower may invest the Gross Proceeds of the Bonds in any of the following:

**8.2.1.** Any Investment guaranteed by the Federal Housing Administration, the Veterans Administration, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Government National Mortgage Association, the Student Loan Marketing Association, or the Bonneville Power Authority pursuant to the Northwest Power Act (16 U.S.C. 839d) as in effect on the date of enactment of the Tax Reform Act of 1984;

**8.2.2.** Any Investment described in the following subparagraphs:

**8.2.2.1** Investments during an initial temporary period until such Sale Proceeds are needed for the purpose for which the Bonds were issued;

**8.2.2.2** Investments of amounts in a bona fide debt service fund, including the Bond Fund;

**8.2.2.3** Investments of amounts in a reasonably required reserve fund;

**8.2.2.4** Investments in obligations issued by the United States Treasury;

**8.2.2.5** Investments in obligations issued pursuant to Section 21B(d)(3) of the Federal Home Loan Bank Act (as amended by Section 511 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, or any successor provision); or

**8.2.2.6** Any Investments held in a refunding escrow (as defined in Treasury Regulation Section 1.148-1).

**8.3. Registration Requirement.** The Bonds are being issued in registered form within the meaning of Section 149(a) of the Code.

**8.4. Remedial Actions.** The City and the Borrower hereby (i) acknowledge that the disposition and certain uses of the Project may require remediation in accordance with Treasury Regulation Section 1.142-2, (ii) covenant to track the use and disposition of all Project property as required by the Code and Regulations and to comply with the remediation requirements of Treasury Regulation Section 1.142-2, and (iii) agree that the City may rely on the Borrower to monitor the use and disposition of Project property.

**8.5. Written Procedures.** The execution and delivery of this Tax Agreement by the City and the Borrower will be treated by the City and the Borrower as the establishment of written procedures (i) to ensure that any Bond that becomes a "nonqualified bond" within the meaning of Treasury Regulation Section 1.142-2 is identified and remediated in accordance with the requirements of the Code and Regulations, including the remediation provisions of Treasury Regulation Section 1.142-2, and (ii) to monitor compliance with the arbitrage, yield restriction, and rebate requirements of Code Section 148. By executing this Tax Agreement, the City and the Borrower agree that the City may rely upon the Borrower's compliance with the covenants and procedures described in this Tax Agreement, including all Exhibits hereto, for purposes of maintaining the tax-exempt status of interest on the Bonds and complying with the requirements of Form 8038.

**8.6. Information Reporting.** The City and the Borrower have reviewed the Internal Revenue Service Form 8038, Information Return for Tax-Exempt Private Activity Bond Issues, to be filed in connection with the issuance of the Bonds, a copy of which is attached hereto as Exhibit F, and all the information contained therein is, to the best of the City's and the Borrower's knowledge, true and complete. This form must be filed no later than the fifteenth day of the second calendar month after the close of the calendar quarter in which the Bonds were issued, at the Internal Revenue Service Center, Ogden, Utah 84201.

## **SECTION 9 CERTIFICATE OF BORROWER REGARDING THE PROJECT**

On the Issue Date, the Borrower is executing a Project Certificate, attached as Exhibit D hereto, with respect to the Project that is expected to be financed with proceeds of the Bonds (the "Project Certificate"), which Project Certificate includes representations, certifications and covenants of the Borrower regarding the Project and the use of the Proceeds of the Bonds. The Borrower covenants that it will take all actions that may be necessary to cause all representations, certifications and covenants in the Project Certificate with respect to future

events to be true. The Borrower acknowledges and agrees that the City is relying upon information provided by the Borrower herein and in the Project Certificate as the basis for the City's representations and certifications herein. The Borrower acknowledges that the City has not made an independent investigation as to any such information provided by the Borrower.

**SECTION 10**  
**[Intentionally Deleted]**

**SECTION 11**  
**MISCELLANEOUS PROVISIONS**

**11.1. Notices.** All notices, demands, communications and requests which may or which are required to be given hereunder or by any party hereto shall be deemed given on the date on which the same shall have been mailed by registered or certified mail, postage prepaid, addressed as follows:

If to the City:                      Department of Planning and Development  
   121 North LaSalle Street, 10<sup>th</sup> Floor  
   Chicago, Illinois 60602  
   Attention: Commissioner, Department of Planning and  
   Development  
   Telephone:    (312) 744-4190  
   Facsimile:     (312) 742-2271

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

and with a copy to:                City of Chicago  
   Office of the City Comptroller's Office  
   121 North LaSalle Street, Room 700  
   Chicago, Illinois 60602  
   Attention: City Comptroller  
   Telephone:    (312) 744-7106  
   Facsimile:     (312) 742-6544

If to the Borrower: Covent Apartments, LLC  
c/o The NHP Foundation  
122 East 42nd Street, Suite 4900  
New York, NY 10168  
Attention: Mecky Adnani, Senior Vice President

with a copy to: Applegate & Thorne-Thomsen  
425 South Financial Place, Suite 1900  
Chicago, IL 60605  
Attention: Kim Lawson

The City and the Borrower may, by notice given to the others, designate any different addresses to which subsequent notices, demands, requests or communications shall be sent.

**11.2. Severability.** If any clause, provision or section of this Tax Agreement is ruled invalid by any court of competent jurisdiction, the invalidity of such clause, provision or section shall not affect any of the remaining clauses, sections or provisions hereof.

**11.3. Counterparts.** This Tax 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.

**11.4. Successors and Assigns.** The terms, provisions, covenants and conditions of this Tax Agreement shall bind and inure to the benefit of the respective successors and assigns of the City and the Borrower.

**11.5. Headings.** The headings of this Tax Agreement are inserted for convenience only and shall not be deemed to constitute a part of this Tax Agreement.

**11.6. Governing Law.** This Tax Agreement shall be governed by and construed in accordance with the laws of the State of Illinois.

**11.7. Survival of Payment or Defeasance.** Except as provided in the next sentence, this Tax Agreement shall terminate on the date the Bonds have been fully paid and retired. Notwithstanding anything in this Tax Agreement or the Trust Indenture to the contrary, the obligation of the City and the Borrower to comply with the Rebate Requirement contained in Section 5, the records requirement contained in Section 6.9 and the records requirement described on Exhibit B of this Tax Agreement shall survive the payment or defeasance of the Bonds.

**11.8. Amendments.** This Tax Agreement sets forth the information, representations and procedures necessary for Co-Bond Counsel to render their opinions regarding the exclusion of interest on the Bonds from gross income for purposes of federal income taxation and may be amended or supplemented from time to time to maintain the tax exemption only with the approval of Bond Counsel.

Notwithstanding any other provision herein, the covenants and obligations contained herein may be and shall be deemed modified to the extent the City and the Borrower secure an opinion of Bond Counsel that any action required hereunder is no longer required or that some further action is required in order to maintain the exclusion of interest on the Bonds from gross income for purposes of federal income taxation.

**(Remainder of page intentionally blank)**

IN WITNESS WHEREOF the undersigned have hereunto affixed their official signatures as of the day and year first set forth above.

**CITY OF CHICAGO**

By:   
Name: Jennie Huang Bennett  
Title: Chief Financial Officer

**COVENT APARTMENTS, LLC,**  
an Illinois limited liability company

By: Covent NHPF Manager, LLC,  
an Illinois limited liability company,  
its managing member

By: The NHP Foundation,  
a District of Columbia non-profit corporation,  
its managing member

By:

  
Mecky Adnani  
Senior Vice President

Signature Page to Tax Compliance Agreement



## **EXHIBIT A: DEFINITIONS**

**501(c)(3) Organization** shall mean an organization that is described in Section 501(c)(3) of the Code, which is exempt from federal income taxation under Section 501(a) of the Code, or corresponding provisions of federal income tax laws from time to time in effect.

**Bond Counsel or Co-Bond Counsel** shall mean Ice Miller LLP, Charity & Associates, P.C., or any other nationally recognized firm of attorneys experienced in the field of municipal bonds whose opinions are generally accepted by purchasers of municipal bonds.

**Bond Year** shall mean the one-year period that ends on the day selected by the City and the Borrower. The first and last Bond Years may be short periods. If no day is selected by the City and the Borrower before the earlier of the final maturity date of the Bonds or the date that is five years after the Issue Date, Bond Years end on each anniversary of the Issue Date and on the final maturity date.

**Code** shall mean the Internal Revenue Code of 1986, as amended.

**Computation Date** shall mean an Installment Computation Date or the Final Computation Date.

**Computation Date Credit** shall mean on the last day of each Bond Year with respect to the Bonds during which there are amounts allocated to Gross Proceeds of the Bonds that are subject to the rebate requirement, and on the final maturity date of the Bonds, a credit of \$1,000, as adjusted from time to time.

**Controlled Group** shall mean a group of entities controlled directly or indirectly by the same entity or group of entities. The determination of direct control is made on the basis of all the relevant facts and circumstances. Generally, one entity or group of entities (the "Controlling Entity") controls another entity or group of entities (the "Controlled Entity") if the Controlling Entity possesses either of the following rights or powers and the rights or powers are discretionary and non-ministerial:

- (i) the right or power both to approve and to remove without cause a controlling portion of the governing body of the Controlled Entity; or
- (ii) the right or power to require the use of funds or assets of the Controlled Entity for any purpose of the Controlling Entity.

If a Controlling Entity controls a Controlled Entity under this test, then the Controlling Entity also controls all entities controlled, directly or indirectly, by the Controlled Entity.

**Disbursement Agreement** shall mean that certain Disbursement Agreement among the Title Company named therein, in its capacity as escrow agent, certain subordinate lenders named therein, and Borrower, which shall be entered into on or before the Issue Date, as such agreement may be amended, modified, supplemented and replaced from time to time.

**Final Computation Date** shall mean the date the last obligation that is part of the Bonds is discharged.

**Future Value** shall mean, with respect to a Payment or Receipt, at the end of any period an amount determined using the economic accrual method that equals the value of such Payment or Receipt when paid or received (or treated as paid or received), plus interest assumed to be earned and compounded over such period at a rate equal to the yield on the Bonds, using the same compounding interval and financial conventions used to compute the Yield on the Bonds.

**Government Securities** means the State and Local Government Series securities held and to be held in the Project Fund and the Collateral Fund.

**Gross Proceeds** shall mean any Proceeds and Replacement Proceeds of the Bonds.

**Guaranteed Investment Contract** shall mean any Nonpurpose Investment that has specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate, and also includes any agreement to supply investments on two or more future dates (e.g., a forward supply contract).

**Installment Computation Date** shall mean the last day of the fifth Bond Year and each succeeding fifth Bond Year.

**Investment** shall mean any Investment Property and any Tax-Exempt Obligation.

**Investment Proceeds** shall mean any amounts actually or constructively received from investing Sale Proceeds of the Bonds and investment earnings thereon.

**Investment Property** shall mean any security or obligation (other than Tax-Exempt Obligations), any annuity contract and any other investment-type property.

**Issue Date** shall mean September 23, 2022.

**Nonpurpose Investment** shall mean any Investment Property (other than a Purpose Investment) in which Gross Proceeds are invested or allocated.

**Payments** shall mean:

(i) amounts actually or constructively paid to acquire a Nonpurpose Investment (or treated as paid to a Commingled Fund as described in Exhibit B);

(ii) for a Nonpurpose Investment that is first allocated to the Bonds on a date after it is actually acquired (e.g., an Investment that becomes allocable to Replacement Proceeds) or that becomes subject to the rebate requirement on a date after it is actually acquired the value of the Investment on that date;

(iii) for a Nonpurpose Investment that was allocated to the Bonds at the end of the preceding computation period, the value of that Investment at the beginning of the computation period;

(iv) on the last day of each Bond Year during which there are amounts allocated to Gross Proceeds of the Bonds that are subject to the rebate requirement, and on the final maturity date, a computation credit of \$1,000; and

(v) yield reduction payments on Nonpurpose Investments made pursuant to Treasury Regulation Section 1.148-5(c).

**Plain Par Investment** shall mean an Investment that is an obligation (i) issued with not more than a de minimis amount (as defined in Treasury Regulation Section 1.148-1(b)) of original issue discount or premium, or, if acquired on a date other than the Issue Date, acquired with not more than a de minimis amount of market discount or premium, (ii) issued for a price that does not include accrued interest other than pre-issuance accrued interest, (iii) that bears interest from the Issue Date at a single, stated, fixed rate or that is a variable rate debt instrument under Section 1275 of the Code, in each case with interest unconditionally payable at least annually, and (iv) that has a lowest stated redemption price that is not less than its outstanding stated principal amount.

**Proceeds** shall mean any Sale Proceeds and Investment Proceeds of the Bonds.

**Project Certificate** shall mean the Project Certificate being executed by the Borrower on the Issue Date, wherein the Borrower makes certain representations, certifications and covenants regarding the Project described therein and the Bonds.

**Purpose Investment** shall mean an Investment that is acquired to carry out the governmental purpose of bonds issued by the City.

**Qualified Administrative Costs** shall mean reasonable, direct administrative costs, other than carrying costs, such as separately stated brokerage or selling commissions, but not legal and accounting fees, recordkeeping, custody and similar costs. General overhead costs and similar indirect costs of the City and the Borrower such as employee salaries and office expenses and costs associated with computing the Rebate Amount are not Qualified Administrative Costs. In general, administrative costs are not reasonable unless they are comparable to administrative costs that would be charged for the same investment or a reasonably comparable investment if acquired with a source of funds other than Gross Proceeds of tax-exempt obligations. Qualified Administrative Costs include all reasonable administrative costs, without regard to the limitation on indirect costs described above, incurred by (i) a publicly offered regulated investment company (as defined in Section 67(c)(2)(B) of the Code), and (ii) a widely held commingled fund in which no investor in the fund owns more than ten percent of the beneficial interest in the fund. For a guaranteed investment contract and investments purchased for a yield restricted defeasance escrow, a broker's commission or similar fee paid on behalf of either an issuer, conduit borrower, or the provider is a Qualified Administrative Cost to the extent that the present value of the commission does not exceed a reasonable amount or qualifies for the safe harbor set forth in Treasury Regulation § 1.148-5(e)(2)(iii).

**Receipts** shall mean:

(i) amounts actually or constructively received from a Nonpurpose Investment (including amounts treated as received from a Commingled Fund), such as earnings and return of principal;

(ii) for a Nonpurpose Investment that ceases to be allocated to the Bonds before its disposition or redemption date (e.g., an Investment that ceases to be allocable to the Bonds pursuant to the universal cap under Treasury Regulation Section 1.148-6) or that ceases to be subject to the rebate requirement on a date earlier than its

disposition or redemption date (e.g., an Investment allocated to a fund initially subject to the rebate requirement but that subsequently qualifies as a bona fide debt service fund), the value of that Nonpurpose Investment on that date; and

(iii) for a Nonpurpose Investment that is held at the end of a computation period, the value of that Investment at the end of that period.

**Regulations and Treasury Regulations** shall mean the Federal Income Tax Regulations, as in effect from time to time, together with temporary and proposed regulations issued under the Code.

**Related Party** shall mean, in reference to a governmental unit or a 501(c)(3) Organization, any member of the same Controlled Group, and in reference to any person that is not a governmental unit or 501 (c)(3) Organization, a related person (as defined in Section 144(a)(3) of the Code).

**Replacement Proceeds** shall mean (i) amounts in debt service funds, redemption funds, reserve funds, replacement funds or any similar funds, to the extent reasonably expected to be used directly or indirectly to pay principal of or interest on the Bonds, (ii) any amounts held in funds or otherwise for which there is provided, directly or indirectly, a reasonable assurance that such amounts will be available to pay principal or interest on the Bonds or the obligations under any credit enhancement or liquidity device with respect to the Bonds, even if the City and the Borrower encounter financial difficulties, including any negative pledge to the extent described in Treasury Regulation Section 1.148-1 (c)(3)(ii), and (iii) any other amounts treated as Replacement Proceeds under Treasury Regulation Section 1.148-1(c).

**Representative** shall mean RBC Capital Markets, LLC.

**Tax Agreement** shall mean this Tax Compliance Agreement.

**Tax-Exempt Obligations** shall mean (i) obligations described in Section 103(a) of the Code, the interest on which is excludable from gross income of any owner thereof for federal income tax purposes, (ii) interests in regulated investment companies to the extent that at least 95 percent of the income to the holder of the interest is interest that is excludable from the gross income of any owner thereof for federal income tax purposes and (iii) certificates of indebtedness issued by the United States Treasury pursuant to the Demand Deposit State and Local Government Series program described in 31 C.F.R. part 344.

**Trust Indenture** shall mean the Bond Indenture, dated as of September 1, 2022, between the City and The Bank of New York Mellon Trust Company, N.A., as trustee.

**Yield on the Bonds** shall mean the yield on the Bonds as defined in Section 4.1 of this Tax Agreement.

**Yield Reduction Payment** shall mean a rebate payment or any other amount paid to the United States in the same manner as rebate amounts are required to be paid or at such other time or in such manner as the Internal Revenue Service may prescribe that will be treated as a reduction in yield of an investment under the Regulations.

**EXHIBIT B:  
FAIR MARKET VALUE PROCEDURES;  
COMMINGLED FUNDS**

**General Rules.** The fair market value of any Investment Property is the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's-length transaction. Fair market value generally is determined on the date on which a contract to purchase or sell the Investment Property becomes binding (i.e., the trade date rather than the settlement date). In general, an investment that is not of a type traded on an established securities market, within the meaning of Section 1273 of the Code, is rebuttably presumed to be acquired or disposed of for a price that is not equal to its fair market value. The fair market value of a United States Treasury obligation that is purchased directly from the United States Treasury is its purchase price.

**Certificates of Deposit.** In the case of a certificate of deposit that has a fixed interest rate, a fixed principal schedule and a substantial penalty for early withdrawal, the purchase price of the certificate of deposit shall be considered its fair market value if the yield on the certificate of deposit is not less than (A) the yield on reasonably comparable direct obligations of the United States and (B) the highest yield that is published or posted by the provider to be currently available from the provider on reasonably comparable certificates of deposit offered to the public.

**Guaranteed Investment Contracts.** The purchase price of a Guaranteed Investment Contract is treated as its fair market value on the purchase date if:

(1) the Borrower makes a bona fide solicitation for the purchase of a specified Guaranteed Investment Contract;

(2) the bid specifications are in writing, include all material terms of the bid (a term is material if it may directly or indirectly affect the yield on the Guaranteed Investment Contract) and are timely forwarded to potential providers;

(3) the bid specifications include a statement notifying potential providers that submission of a bid is a representation that the potential provider did not consult with any other provider about its bid, that the bid was determined without regard to any other formal or informal agreement that the potential provider has with the Borrower or any other person (whether or not in connection with the Bonds) and that the bid is not being submitted solely as a courtesy to the Borrower or any other person for purposes of satisfying the federal income tax requirements relating to the bidding for the Guaranteed Investment Contract;

(4) the terms of the bid specifications are commercially reasonable (a term is commercially reasonable if there is a legitimate business purpose for the term other than to reduce the yield on the Guaranteed Investment Contract);

(5) the terms of the solicitation take into account the Borrower's reasonably expected deposit and drawdown schedule for the amounts to be invested;

(6) all bidders for the Guaranteed Investment Contract have an equal opportunity to bid so that, for example, no bidder is given the opportunity to review others bids (i.e., a last look) before bidding;

(7) at least three of the entities solicited for bids for the Guaranteed Investment Contract are reasonably competitive providers of investments of the type purchased (a reasonably competitive provider is a provider that has an established industry reputation as a competitive provider of the type of investments being purchased);

(8) the Borrower receives at least three bids from entities that do not have a material financial interest in the Bonds;

(9) at least one of the entities that provide a bid is a reasonably competitive provider;

(10) if the Borrower uses an agent to conduct the bidding process, the agent did not bid to provide the Guaranteed Investment Contract;

(11) the Borrower purchases the highest-yielding Guaranteed Investment Contract for which a bona fide bid is made (determined net of broker's fees);

(12) the obligor on the Guaranteed Investment Contract certifies the administrative costs that it is paying or expects to pay to third parties in connection with the Guaranteed Investment Contract; and

(13) the Borrower retains the following records with the Bonds documents until three years after the last outstanding Bond is redeemed:

(i) a copy of the Guaranteed Investment Contract;

(ii) the receipt or other record of the amount actually paid by the Borrower for the Guaranteed Investment Contract, including a record of any administrative costs paid by the Borrower, and the certification under paragraph (12) of this section;

(iii) for each bid that is submitted, the name of the person and entity submitting the bid, the time and date of the bid, and the bid results; and

(iv) the bid solicitation form and, if the terms of the purchase agreement or the guaranteed investment contract deviated from the bid solicitation form or a submitted bid is modified, a brief statement explaining the deviation and stating the purpose for the deviation.

**Commingled Funds.** Neither the City nor the Borrower shall direct the Servicer to invest any of the Gross Proceeds in a Commingled Fund (other than the Bond Fund) unless the requirements of this paragraph are satisfied. For purposes of this Tax Agreement, a "Commingled Fund" is any fund or account containing both Gross Proceeds of the Bonds and amounts in excess of \$25,000 that are not Gross Proceeds of the Bonds if the amounts in the fund or account are invested and accounted for collectively, without regard to the source of funds deposited in the fund or account. An open-end regulated investment company under Section 851 of the Code, however, is not a Commingled Fund. Not less frequently than as of the close of each fiscal period, all payments and receipts (including deemed payments and receipts) on investments held by a Commingled Fund must be allocated (but not necessarily distributed) among the different investors in the fund. This allocation must be based on a consistently applied, reasonable ratable allocation method. Reasonable ratable allocation methods include, without limitation, methods that allocate these items in proportion to either (A) the average daily balances of the amounts in the Commingled Fund from different investors

during a fiscal period or (B) the average of the beginning and ending balances of the amounts in the Commingled Fund from different investors for a fiscal period that does not exceed one month. An investor means each different source of funds invested in a Commingled Fund. The fiscal year of a Commingled Fund is the calendar year unless the fund adopts another fiscal year. A Commingled Fund may use any consistent fiscal period that does not exceed three months (e.g., a daily, weekly, monthly or quarterly fiscal period).

In the case of a Commingled Fund in which the City and the Borrower and any Related Party own more than 25 percent of the beneficial interest in the fund (an "internal" Commingled Fund), the Commingled Fund must treat all its investments as if sold at fair market value either on the last day of the fiscal year or the last day of each fiscal period. The net gains or losses from these deemed sales of investments must be allocated to all investors of the Commingled Fund during the period since the last allocation. However, if the remaining weighted average maturity of all investments held by a Commingled Fund during a particular fiscal year does not exceed 18 months, and the investments by the Commingled Fund during that fiscal year consist exclusively of obligations, the mark-to-market requirement described in the preceding sentence does not apply. Additionally, the mark-to-market requirement does not apply to a Commingled Fund that operates exclusively as a reserve fund, sinking fund or replacement fund for two or more issues of the City or the Borrower. Special rules apply for purposes of allocating a Commingled Fund that serves as a common reserve fund, replacement fund or sinking fund for two or more issues.

## **EXHIBIT C:**

### **SOURCES AND USES OF MONEY ON ISSUE DATE**

All of the proceeds of the Bonds will be used for "capital expenditures" (as defined in Treasury Regulation Section 1.150-1(b)) relating to the Project, as further set forth in the schedules to Exhibit D hereto.



**EXHIBIT D**  
**PROJECT CERTIFICATE**  
**(COVENT APARTMENTS PROJECT)**

The undersigned hereby certifies as of this 23rd day of September 2022, that the undersigned is the managing member of Covent Apartments, LLC, an Illinois limited liability company (the "Borrower"), and as such that the undersigned is familiar with (i) the properties, affairs and records of the Borrower, (ii) the issuance of the Bonds (as hereinafter defined) and the use of the proceeds thereof ("Proceeds") and (iii) the acquisition, construction and equipping of the Project (as hereinafter defined) and the use and intended use of the Project. The Project consists solely and exclusively of the assets listed on Schedule 1 hereto, which consist of all of the assets related to the Project to be financed or reimbursed from Proceeds of the Bonds.

This Certificate is delivered in connection with the issuance by the City of Chicago (the "City") of its \$10,196,000 Multi-Family Housing Revenue Bonds (Covent Apartments Project), Series 2022 (the "Bonds") under that certain Bond Indenture dated as of September 1, 2022 (the "Trust Indenture"), between the City and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), the proceeds of which are being lent to the Borrower pursuant to the terms of the Trust Indenture and the Loan Agreement, dated as of September 1, 2022, among the City, the Borrower and the Trustee. The Proceeds of the Bonds will be used solely and exclusively to provide the funds necessary to finance or reimburse a portion of the costs of acquiring, constructing, and equipping the Project. All terms not defined herein shall have the same meaning as set forth in the Trust Indenture or the Tax Compliance Agreement, executed by the City and the Borrower on the date hereof.

On February 23, 2022, the City adopted its Ordinance (the "Ordinance") approving the issuance of the Bonds in an aggregate principal amount not to exceed \$12,000,000 to finance the Project. Pursuant to Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"), the issuance of the Bonds was approved on February 23, 2022 by the City Council of the City, acting as the "applicable elected representative" of the City, following a public hearing held on February 17, 2022. The City is allocating to the Borrower private activity bond volume cap from 2019 in an amount equal to the principal amount of the Bonds, as required by Section 146 of the Code.

I have reviewed this Certificate with counsel to the Borrower ("Counsel"), and in the course of such review have reviewed with Counsel (i) all agreements and understandings (whether written or oral) relating to the use and intended use of the Project by any Person (as hereinafter defined) other than the Borrower, (ii) the use and intended use of the Project by any Person other than the Borrower and (iii) the Borrower's use and intended use of the Project. I have identified to Counsel all agreements and understandings (whether written or oral) pertaining to the use and intended use of the Project. "Person" means any natural person, firm, joint venture, association, partnership, business trust, corporation, limited liability company, public body, agency or political subdivision thereof or any other similar entity.

This Project Certificate may be relied upon by Ice Miller LLP and Charity & Associates, P.C. for purposes of establishing the facts, circumstances and expectations which form the basis for their opinions that interest on the Bonds is excludable from the gross income of the owners thereof for purposes of federal income taxation, including, without limitation, the requirement that not less than 95 percent of the Proceeds of the Bonds will be used to provide a qualified residential rental project within the meaning of Section 142(d) of the Code.

In connection with the issuance of the Bonds, the undersigned authorized party of member does hereby represent, certify and covenant on behalf of the Borrower as follows:

1. The Borrower will acquire, construct, and equip an approximately 64-unit multifamily housing rental apartment complex being deconverted to approximately 30 units and located at 2653 North Clark Street, Chicago, Illinois (the "Project"). All of the units in the Project will be used for rental to residents, and the Project does not include any facilities other than the residential units and related common areas along with parking lot facilities.

2. In no event will continual or frequent nursing, medical or psychiatric services be made available at the Project, within the meaning of Revenue Ruling 98-47, 1998-2 C.B. 397, or any successor thereto.

3. All of the costs on Schedule 1 will be used solely to construct certain buildings defined as the "Residential Project" in the Land Use Restriction Agreement between the City and the Borrower dated as of September 1, 2022 composed entirely of (i) similarly constructed dwelling units containing separate and complete facilities for living, sleeping, eating, cooking (including a refrigerator, sink, oven and range top) and sanitation, which will be used on other than a transient basis by one or more persons and which will be available on a regular basis for use by members of the general public, (ii) residential common areas and recreational facilities to be used solely and exclusively by residential tenants in the Project and their guests, and (iii) "community service facilities" as defined in Section 42(d)(4)(C)(ii) of the Code to serve primarily individuals whose income is 60 percent or less of area median income (within the meaning of § 42(g)(1)(B)). The residential common areas and recreational facilities are of a character and size commensurate with the number and size of the residential units and are not functionally related and subordinate to any other facilities

4. A description of the components of the Project and the aggregate cost of the components is listed on Schedule 1 attached hereto. The costs on Schedule 1 are the Borrower's best current estimates of such costs. In developing these cost estimates, the Borrower has used architectural, engineering and accounting data and methods of such detail, accuracy and completeness as are generally used in their experience in developing plans and specifications and a budget for a development similar in size and scope to the Project.

5. The Borrower has been and will be the only owner, for federal income tax purposes, of all facilities and properties constituting the Project.

6. The Borrower has no present plan or intention to sell, transfer, lease, or otherwise dispose of, whether voluntarily or involuntarily, or for consideration or otherwise, any facilities or properties constituting the Project or any portion thereof or interest therein prior to the final maturity date of the Bonds.

7. Except for certain architectural, engineering, surveying, soil testing, and other "preliminary expenditures" (as such term is defined in Section 1.150-2(f)(2) of the Treasury Regulations), if any, all of the costs of the Project were, or will be, paid by the Borrower on or after August 15, 2021 (the date 60 days prior to October 14, 2021, the date the City declared in writing that it reasonably expected to reimburse such expenditures with proceeds of an obligation (the "Official Intent Requirement").

8. The Project is expected to be Placed in Service (as hereinafter defined) by the Completion Date (as defined in the Loan Agreement). For purposes of this Certificate, the term

"Placed in Service" means, with respect to a facility, the date on which, based on all the facts and circumstances, (i) the facility has reached a degree of completion which would permit its operation at substantially its design level, and (ii) the facility is, in fact, in operation at such level. No portion of the Proceeds of the Bonds will be used to pay construction period interest, taxes, or insurance accruing subsequent to the date each separate project is Placed In Service.

9. All costs listed on Schedule 1 with respect to the Project will constitute expenditures for property qualifying for depreciation under Section 168 of the Code which are or will be chargeable to the Project's capital account or would be so chargeable either with a proper election by the Borrower or but for a proper election by the Borrower to deduct such amounts.

10. The Borrower will not use more than two percent of the Sale Proceeds of the Bonds to pay costs relating to the issuance of the Bonds (within the meaning of Section 147(g) of the Code).

11. Less than 25 percent of the Proceeds of the Bonds will be used for the cost of acquiring land (or an interest therein) or any costs capitalizable as expenditures for the acquisition of land (or an interest therein).

12. No portion of each separate project, considered separately, including any personal property attached thereto or installed therein, will be first placed in service prior to the use of such property by the Borrower.

13. No portion of the Proceeds of the Bonds will be used to provide any airplane, skybox, or other 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.

14. Any office to be financed with Proceeds of the Bonds will be located on the premises of the project, as the case may be. Not more than a de minimis amount of the functions to be performed at any office financed with Proceeds of the Bonds is not directly related to the day-to-day operations of any such project, as the case may be.

15. No portion of the Proceeds of the Bonds will be used to provide working capital for the Borrower.

16. No portion of the Proceeds of the Bonds will be used to provide depreciable farm property or for the acquisition of land (or an interest therein) used for farming purposes.

17. Other than the Bonds, the Borrower will not use the proceeds of any tax-exempt obligations to finance any portion of the Project while the Bonds are outstanding.

18. The Borrower will not use any portion of the Proceeds of the Bonds to make payments to any member of the Borrower or Related Party of the Borrower or any such member.

19. The Bonds satisfy the public approval requirement of Section 147(f) of the Code.

20. The weighted average of the reasonably expected economic life of the assets constituting the Project, determined as of the date hereof, is not less than 40 years. In

calculating such economic life, the individual items of property that together constitute the Project have each been assigned an estimated economic life by the Borrower. The actual economic life of each item is reasonably expected to equal or exceed the estimate assigned to such item by the Borrower, based upon the historical experience of the Borrower with substantially similar property, taking into account obsolescence caused by technological changes. Based on the foregoing, the weighted average maturity of the Bonds is less than, and in the case of any substitutions of property for assets constituting the Project will continue to be, less than 120 percent of the weighted average of the reasonably expected economic life of the Project (i.e., at least 48 years).

All of the proceeds of the Bonds will be used to finance building construction costs of property having a reasonably expected economic life of at least 40 years.

21. No use will be made of the Proceeds of the Bonds and no changes will be made in the Project or in the operation or beneficial use thereof (including, without limiting the generality of the foregoing, the use of the Project by any Person, or any use of the Project by the Borrower or any Related Party) without an opinion of Bond Counsel that such a use or change will not adversely affect the exclusion of the interest on the Bonds from the gross income of the owners thereof for federal income tax purposes.

22. The Borrower shall comply with all provisions of this Certificate from the date hereof until the final maturity date of the Bonds, except upon the issuance of an opinion of Bond Counsel to the effect that any failure to comply with such provisions will not adversely affect the exclusion of the interest on the Bonds from the gross income of the owners thereof for federal income tax purposes.

The undersigned on behalf of the Borrower has examined and is familiar with this Certificate and all of the attachments hereto, and hereby certifies that all of the statements, facts and information contained herein and therein are true, complete, and correct and do not omit to state a material fact required to be stated herein or therein or necessary to make the statements, facts, or information contained herein and therein, in light of the circumstances under which they were made, not misleading.

WITNESS my signature as of the day and year first set forth above.

**COVENT APARTMENTS, LLC,**  
an Illinois limited liability company

By: Covent NHPF Manager, LLC,  
an Illinois limited liability company,  
its managing member

By: The NHP Foundation,  
a District of Columbia non-profit corporation,  
its managing member

By:

  
Mecky Adnani  
Senior Vice President

Signature Page to Project Certificate

## **Schedule 1**

### **Project Costs to be Financed with Proceeds of the Bond**

<b>Total Bond Amount</b>	<b>\$10,300,000</b>
<b><u>Collateral Sources</u></b>	
City HOME Fund	\$5,000,000
IHDA PSH Funds	\$3,097,846
First Mortgage	\$4,808,000

[illegible]







## **Overall Sources and Uses**

1) This effect is thoroughly familiar with all the facts and circumstances surrounding this development.

2) That if going the route of construction played the only work done or materials furnished in connection with the development are listed below:

3) That the only contracts for the furnishing of labor and/or materials payable in the completed structure passed as agent by the Agency, the only work done or materials incorporated are listed below:

4) That the contract to be a lease and complete statement of all such contracts, payments, payments and balances due, if any.

[illegible]

DONORS - TO CONTRIBUTION ACCOUNT		PROMO SOURCE		ORIGINAL TOTAL	ADJUSTMENTS	COUNTERPARTY AMT WITH DEDUCTIONS	PREVIOUSLY PAID	NET AMOUNT DUE	BALANCE TO BECOME PAID
LONDON									
Meredith Capital	2nd Mortgage			\$4,300,000.00	\$4.00	\$4,300,000.00		\$4,300,000.00	\$182,240.00
Elmhurst Housing Development Authority	HOA PM Fund			\$3,000,000.00	\$0.00	\$3,000,000.00	\$4,750,000.00	\$745,100.00	\$3,745,100.00
City of Chicago	City Soft Funds			\$3,000,000.00	\$0.00	\$3,000,000.00		\$3,000,000.00	\$0.00
Convent HRPF Manager, LLC	Cash from Operations			\$44,870.00	\$0.00	\$44,870.00		\$44,870.00	\$44,870.00
Convent HRPF Manager, LLC	Convent Energy Funds			\$44,870.00	\$0.00	\$44,870.00		\$44,870.00	\$44,870.00
IN Capital, LLC	INTEC Partners			\$4,400,000.00	\$0.00	\$4,400,000.00	\$1,100,000.00	\$3,300,000.00	\$4,400,000.00
IN Capital, LLC	Prudent Partners			\$4,400,000.00	\$0.00	\$4,400,000.00	\$1,100,000.00	\$3,300,000.00	\$4,400,000.00
Convent HRPF Manager, LLC	Managing Member Equity			\$100.00	\$0.00	\$100.00	\$100.00	\$0.00	\$0.00
			Sub Total	\$11,111,110.00	\$4.00	\$11,111,114.00	\$5,950,000.00	\$5,161,114.00	\$5,161,114.00

DONORS - THROUGH THE TRUST ACCOUNT (OUTSIDE THE CONTRIBUTION ACCOUNT)		SOURCE		ORIGINAL TOTAL	ADJUSTMENTS	COUNTERPARTY AMT WITH DEDUCTIONS	PREVIOUSLY PAID	NET AMOUNT DUE	BALANCE TO BECOME PAID
			Sub Total	\$407,440.00	\$0.00	\$407,440.00	\$0.00	\$407,440.00	\$407,440.00

TOTAL SOURCES: \$11,518,554.00

THE UNDERSIGNED HEREBY APPROVES THE ABOVE AMOUNTS FOR PAYMENT.

SIGNED: Bridget A White  
 ADDRESS: 122 E. 42nd St., Suite 4900 NY NY 10168

Subscribed and sworn to before me this 21st day of Sept, 2022  
Bridget A White

OFFICIAL SEAL  
 BRIDGET A WHITE  
 NOTARY PUBLIC - STATE OF ILLINOIS  
 MY COMMISSION EXPIRES: 07/22/24

**EXHIBIT E:**  
**Certificate of Representative**

## ISSUE PRICE CERTIFICATE

**\$10,196,000**  
**City of Chicago**  
**Multi-Family Housing Revenue Bonds**  
**(Covent Apartments Project)**  
**Series 2022**

The undersigned, on behalf of RBC Capital Markets, LLC (the “Underwriter”), on behalf of itself, hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”).

1. Sale of the Bonds. As of the date of this certificate, for each Maturity of the Bonds, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in Schedule I attached to the Bond Purchase Agreement dated September 19, 2022 between the Underwriter, Covent Apartments, LLC, an Illinois limited liability company (the “Borrower”), and City of Chicago (the “Issuer”).

2. Defined Terms.

(a) “*Issuer*” means 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, or its successor.

(b) “*Maturity*” means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(c) “*Public*” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than the Underwriter or a related party to the Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(d) “*Underwriter*” means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Underwriter’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer and the Borrower with respect to certain of the representations set forth in the Tax Compliance Agreement and with respect to compliance with the federal income tax rules

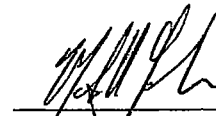
affecting the Bonds, and by Ice Miller LLP and Charity & Associates, P.C., Co-Bond Counsel, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038, and other federal income tax advice that it may give to the Issuer and the Borrower from time to time relating to the Bonds.

Dated: September 23, 2022

[Signature page to Issue Price Certificate]

**RBC CAPITAL MARKETS, LLC**

By:

A handwritten signature in black ink, appearing to read 'MGallo', is written over a horizontal line.

Mitchell Gallo  
Director



**EXHIBIT F:**  
**Form 8038**

**Information Return for Tax-Exempt Private Activity Bond Issues**

(Under Internal Revenue Code section 149(e))  
▶ See separate instructions.

OMB No. 1545-0047

▶ Go to [www.irs.gov/Form8038](http://www.irs.gov/Form8038) for instructions and the latest information.

**Part I Reporting Authority**

Check box if **Amended Return** ☐

<b>1</b> Issuer's name <i>City of Chicago, Illinois</i>		<b>2</b> Issuer's employer identification number <i>38-8005820</i>
<b>3a</b> Name of person (other than issuer) with whom the IRS may communicate about this return (see instructions)		<b>3b</b> Telephone number of other person shown on 3a
<b>4</b> Number and street (or P.O. box if mail is not delivered to street address) <i>121 North LaSalle Street</i>	Room/suite	<b>5</b> Report number (For IRS Use Only) <div><input checked="" type="checkbox"/> 1 <input type="checkbox"/> <input type="checkbox"/></div>
<b>6</b> City, town, or post office, state, and ZIP code <i>Chicago, Illinois 60602</i>		<b>7</b> Date of issue (MM/DD/YYYY) <i>09/23/2022</i>
<b>8</b> Name of issue <i>Multifamily Housing Revenue Bonds (Covant Apartments Project), Series 2022</i>		<b>9</b> CUSIP number <i>187570 177</i>
<b>10a</b> Name and title of officer or other employee of the issuer whom the IRS may call for more information <i>James Snyder, Ice Miller LLP (Bond Counsel)</i>		<b>10b</b> Telephone number of officer or other employee shown on 10a <i>(312) 726-7127</i>

**Part II Type of Issue (Enter the issue price.)**

Issue Price

<b>11</b> Exempt facility bond:		
<b>a</b> Airport (sections 142(a)(1) and 142(c))	<b>11a</b>	
<b>b</b> Docks and wharves (sections 142(a)(2) and 142(c))	<b>11b</b>	
<b>c</b> Water furnishing facilities (sections 142(a)(4) and 142(e))	<b>11c</b>	
<b>d</b> Sewage facilities (section 142(a)(5))	<b>11d</b>	
<b>e</b> Solid waste disposal facilities (section 142(a)(6))	<b>11e</b>	
<b>f</b> Qualified residential rental projects (sections 142(a)(7) and 142(d)) (see instructions)	<b>11f</b>	<i>18,300,101.18</i>
Meeting 20–50 test (section 142(d)(1)(A))		<input type="checkbox"/>
Meeting 40–60 test (section 142(d)(1)(B))		<input checked="" type="checkbox"/>
Meeting 25–60 test (NYC only) (section 142(d)(6))		<input type="checkbox"/>
Has an election been made for deep rent skewing (section 142(d)(4)(B))? <input type="checkbox"/> Yes <input type="checkbox"/> No		
<b>g</b> Facilities for the local furnishing of electric energy or gas (sections 142(a)(8) and 142(f))	<b>11g</b>	
<b>h</b> Facilities allowed under a transitional rule of the Tax Reform Act of 1986 (see instructions)	<b>11h</b>	
Facility type _____		
1986 Act section _____		
<b>i</b> Qualified enterprise zone facility bonds (section 1394) (see instructions)	<b>11i</b>	
<b>j</b> Qualified empowerment zone facility bonds (section 1394(f)) (see instructions)	<b>11j</b>	
<b>k</b> Other (see instructions) _____	<b>11k</b>	
<b>l</b> Qualified public educational facility bonds (sections 142(a)(13) and 142(k))	<b>11l</b>	
<b>m</b> Mass commuting facilities (sections 142(a)(3) and 142(c))	<b>11m</b>	
<b>n</b> Qualified highway or surface freight transfer facilities (sections 142(a)(15) and 142(m))	<b>11n</b>	
<b>o</b> Other (see instructions) _____		
<b>p</b> Local district heating or cooling facilities (sections 142(a)(9) and 142(g))	<b>11p</b>	
<b>q</b> Other (see instructions) _____	<b>11q</b>	
<b>12a</b> Qualified mortgage bond (section 143(a))	<b>12a</b>	
<b>b</b> Other (see instructions) _____	<b>12b</b>	
<b>13</b> Qualified veterans' mortgage bond (section 143(b)) (see instructions) ▶	<b>13</b>	
Check the box if you elect to rebate arbitrage profits to the United States <input type="checkbox"/>		
<b>14</b> Qualified small issue bond (section 144(a)) (see instructions) ▶	<b>14</b>	
Check the box for \$10 million small issue exemption <input type="checkbox"/>		
<b>15</b> Qualified student loan bond (section 144(b))	<b>15</b>	
<b>16</b> Qualified redevelopment bond (section 144(c))	<b>16</b>	
<b>17</b> Qualified hospital bond (section 145(c)) (attach schedule—see instructions)	<b>17</b>	
<b>18</b> Qualified 501(c)(3) nonhospital bond (section 145(b)) (attach schedule—see instructions)	<b>18</b>	
Check box if 95% or more of net proceeds will be used <b>only</b> for capital expenditures ▶ <input type="checkbox"/>		
<b>19</b> Nongovernmental output property bond (treated as private activity bond) (section 141(d))	<b>19</b>	
<b>20a</b> Other (see instructions) _____		
<b>b</b> Reissuance (see instructions) _____	<b>20b</b>	
<b>c</b> Other. Describe (see instructions) ▶ _____	<b>20c</b>	

**Part III Description of Bonds** (Complete for the entire issue for which this form is being filed.)

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
<b>21</b>	02/01/2025	\$ 10,300,101.18	\$ 10,198,802.08	2.939 years	VAR %

**Part IV Uses of Proceeds of Issue** (including underwriters' discount)

	Amount
<b>22</b> Proceeds used for accrued interest	<b>22</b>
<b>23</b> Issue price of entire issue (enter amount from line 21, column (b))	<b>23</b> 10,300,101.18
<b>24</b> Proceeds used for bond issuance costs (including underwriters' discount)	<b>24</b>
<b>25</b> Proceeds used for credit enhancement	<b>25</b>
<b>26</b> Proceeds allocated to reasonably required reserve or replacement fund	<b>26</b>
<b>27</b> Proceeds used to refund prior tax-exempt bonds. Complete Part VI	<b>27</b>
<b>28</b> Proceeds used to refund prior taxable bonds. Complete Parts V and VI	<b>28</b>
<b>29</b> Add lines 24 through 28	<b>29</b> 0
<b>30</b> Nonrefunding proceeds (subtract line 29 from line 23, enter amount here, and complete Part V)	<b>30</b> 10,300,101.18

**Part V Description of Property Financed**

**Caution:** Do not complete for qualified student loan bonds, qualified mortgage bonds, or qualified veterans' mortgage bonds.

<b>31</b>		<b>Type of Property Financed:</b>				<b>Amount</b>			
<b>a</b>	Land . . . . .					<b>31a</b>			
<b>b</b>	Buildings and structures . . . . .					<b>31b</b>	10,300,101.18		
<b>c</b>	Equipment with recovery period of more than 5 years . . . . .					<b>31c</b>			
<b>d</b>	Equipment with recovery period of 5 years or less . . . . .					<b>31d</b>			
<b>e</b>	Other. Describe (see instructions)					<b>31e</b>			
<b>32</b>		North American Industry Classification System (NAICS) of the projects financed.							
	NAICS Code		Amount of nonrefunding proceeds			NAICS Code		Amount of nonrefunding proceeds	
<b>a</b>	531110		\$ 10,300,101.18		<b>c</b>			\$	
<b>b</b>			\$		<b>d</b>			\$	

**Part VI Description of Refunded Bonds** (Complete this part only for refunding bonds.)

<b>33</b> Enter the remaining weighted average maturity of the tax-exempt bonds to be refunded	years
<b>34</b> Enter the remaining weighted average maturity of the taxable bonds to be refunded	years
<b>35</b> Enter the last date on which the refunded tax-exempt bonds will be called (MM/DD/YYYY)	/ /
<b>36</b> Enter the date(s) the refunded bonds were issued (MM/DD/YYYY)	/ /

**Part VII Miscellaneous**

- 37** Name of governmental unit(s) approving issue (see the instructions) ► Public Hearing held on February 17, 2022; City of Chicago  
City Council Approved on February 23, 2022
- 38** Check the box if you have designated any issue under section 265(b)(3)(B)(i)(III) . . . . . ☐
- 39** Check the box if you have elected to pay a penalty in lieu of arbitrage rebate . . . . . ☐
- 40a** Check the box if you have identified a hedge and enter the following information . . . . . ☐
- b** Name of hedge provider \_\_\_\_\_
- c** Type of hedge ► \_\_\_\_\_
- d** Term of hedge ► \_\_\_\_\_
- 41** Check the box if the hedge is superintegrated . . . . . ☐
- 42a** Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (GIC) ► \_\_\_\_\_
- b** Enter the final maturity date of the GIC (MM/DD/YYYY) . . . . . ► / /
- c** Enter the name of the GIC provider ► \_\_\_\_\_
- 43** Check the box if the issuer has established written procedures to ensure that all nonqualified bonds of this issue are remediated in accordance with the requirements under the Code and Regulations (see instructions) . . . . . ☐
- 44** Check the box if the issuer has established written procedures to monitor the requirements of section 148 . . . . . ☒
- 45a** Enter the amount of reimbursement if some portion of the proceeds was used to reimburse expenditures . . . . . 0
- b** Enter the date the official intent was adopted (MM/DD/YYYY) . . . . . ► 10 / 14 / 2021
- 46** Check the box if the issue is comprised of qualified redevelopment, qualified small issue, or exempt facilities bonds, and provide name and EIN of the primary private user . . . . . ☒

Name ► Covent Apartments, LLC

EIN

89-2579407

<b>Part VIII Volume Caps</b>		Amount
<b>47</b>	Amount of state volume cap allocated to the issuer. <b>Attach copy of state certification</b>	<b>47</b>
<b>48</b>	Amount of issue subject to the unified state volume cap	<b>48</b>
<b>49</b>	Amount of issue not subject to the unified state volume cap or other volume limitations:	<b>49</b>
<b>a</b>	Of bonds for governmentally owned solid waste facilities, airports, docks, wharves, environmental enhancements of hydroelectric generating facilities, or high-speed intercity rail facilities	<b>49a</b>
<b>b</b>	Under a carryforward election. Attach a copy of Form 8328 to this return	<b>49b</b> 10,186,000
<b>c</b>	Under transitional rules of the Tax Reform Act of 1986. Enter Act section ▶	<b>49c</b>
<b>d</b>	Under the exception for current refunding (section 146(f)) and section 1313(a) of the Tax Reform Act of 1986	<b>49d</b>
<b>50a</b>	Amount of issue of qualified veterans' mortgage bonds	<b>50a</b>
<b>b</b>	Enter the state limit on qualified veterans' mortgage bonds	<b>50b</b>
<b>51a</b>	Amount of section 1394(f) volume cap allocated to issuer. <b>Attach copy of local government certification</b>	<b>51a</b>
<b>b</b>	Name of empowerment zone ▶	
<b>52</b>	Amount of section 142(k)(5) volume cap allocated to issuer. <b>Attach copy of state certification</b>	<b>52</b>

Under penalties of perjury, I declare that I have examined this return, and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that I consent to the IRS's disclosure of the issuer's return information, as necessary to process this return, to the person(s) that I have authorized above.

Signature of issuer's authorized representative: *Jennie Huang Bennett* Date: *9-23-2022* Type or print name and title: **Jennie Huang Bennett, CFO**

**Paid Preparer Use Only**

Print/Type preparer's name <b>James M. Snyder</b>	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	Preparer's PTIN <b>P01067455</b>
Firm's name ▶ <b>Ice Miller LLP</b>	Firm's EIN ▶ <b>35-0874435</b>			
Firm's address ▶ <b>200 West Madison Street, Suite 3500, Chicago, Illinois 60606</b>	Phone no. <b>(312) 726-7127</b>			

**EXHIBIT F**

**LAND USE RESTRICTION AGREEMENT**

This Instrument was Prepared by and When Recorded Send to:  
James Snyder  
Ice Miller LLP  
200 West Madison Street  
Chicago, Illinois 60606

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**LAND USE RESTRICTION AGREEMENT**

between

**CITY OF CHICAGO**

And

**COVENT APARTMENTS, LLC**

an Illinois limited liability company

Dated as of September 1, 2022

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## TABLE OF CONTENTS

	<u>Page</u>
Section 1. Term of Restrictions .....	1
Section 2. Project Restrictions .....	3
Section 3. Occupancy Restrictions .....	4
Section 4. Rental Restrictions .....	5
Section 5. Transfer Restrictions .....	6
Section 6. Enforcement .....	6
Section 7. Covenants to Run with the Land .....	7
Section 8. Recording .....	7
Section 9. Agents of the Issuer .....	8
Section 10. No Conflict with Other Documents .....	8
Section 11. Interpretation .....	8
Section 12. Amendment .....	8
Section 13. Severability .....	8
Section 14. Notices .....	8
Section 15. Governing Law .....	8
Section 16. Limited Liability of Owner .....	8
 EXHIBIT A - LEGAL DESCRIPTION OF SITE	
EXHIBIT B - INCOME COMPUTATION AND CERTIFICATION	
EXHIBIT C - CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE	
APPENDIX 1 - HUD-REQUIRED PROVISIONS	

## LAND USE RESTRICTION AGREEMENT

**THIS LAND USE RESTRICTION AGREEMENT** (this “**Agreement**”), entered into as of September 1, 2022, between the **CITY OF CHICAGO**, a municipal corporation and home rule unit of local government duly organized and validly existing under the Constitution and laws of the State of Illinois (the “**Issuer**”), and **COVENT APARTMENTS, LLC**, an Illinois limited liability company (the “**Owner**”),

### WITNESSETH:

**WHEREAS**, the Issuer has issued, sold and delivered its \$10,196,000 Multi-Family Housing Revenue Bonds (Covent Apartments Project), Series 2022 (the “**Bonds**”); and

**WHEREAS**, the Bonds are issued pursuant to the Bond Indenture of even date herewith (the “**Bond Indenture**”), between the Issuer and The Bank of New York Mellon Trust Company, N.A., a national banking association having its principal corporate trust office in Chicago, Illinois, as bond trustee (the “**Bond Trustee**”); and

**WHEREAS**, the proceeds derived from the issuance and sale of the Bonds are being lent by the Issuer to the Owner pursuant to the Loan Agreement of even date herewith (the “**Loan Agreement**”), between the Issuer and the Owner for the purpose of financing a portion of the costs of the acquisition, rehabilitation and equipping of an approximately 64-unit multifamily housing rental apartment complex being deconverted to approximately 30 residential units (the “**Units**” or “**Unit**”) and located at 2653 North Clark Street, Chicago, Illinois (as further described in **Exhibit A** hereto, the “**Site**”) to be known as Covent Apartments (collectively, the Site and the Units are referred to herein as the “**Project**”) (the Units specifically exclude the commercial space located within the Project); and

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

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

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

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



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

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

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

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

(f) **Hud-Required Language.** The parties hereby incorporate into this Agreement the provisions set forth in **Appendix I** attached hereto to the same extent and effect as if the provisions set forth in Appendix I were fully set forth and made a part hereof.

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

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

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

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

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

(e) All of the Units in the Project will be leased or rented, or available for lease or rental, on a continuous basis to members of the general public (other than (i) Units for resident managers or maintenance personnel, (ii) Units for Qualifying Tenants as provided for in Section 3 hereof, and (iii) Units which may be rented under the Section 8 assistance program, which Units (subject to the Section 8 assistance program) shall be leased to eligible tenants in accordance with Section requirements), subject, however, to the requirements of Section 3(a) hereof. Each Qualifying Tenant (as hereinafter defined) occupying a Unit in the Project shall be required to execute a written lease with a stated term of not less than 30 days nor more than one year.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Section 4. Rental Restrictions.** The Owner represents, warrants and covenants with respect to the Project that once available for occupancy, each Unit in the Project will be rented or available for rental on a continuous basis to members of the general public (other than (a) Units for resident managers or maintenance personnel, (b) Units for Qualifying Tenants as provided for in Section 3 hereof, and (c) Units which may be rented under the Section 8 assistance program, which Units (subject to the Section 8 assistance program) shall be leased to eligible tenants in accordance with Section 8 requirements). If a Housing Assistance Payments Contract is

subsequently entered into with respect to the Project under the Section 8 assistance program, in administering the restrictions hereunder with respect to the Project the Owner will comply with all Section 8 requirements.

**Section 5. Transfer Restrictions.** The Owner covenants and agrees that no conveyance, transfer, assignment or any other disposition of title to any portion of the Project (a “**Transfer**”) shall be made prior to the termination of the Rental Restrictions and Occupancy Restrictions hereunder with respect to the Project, unless the transferee pursuant to the Transfer assumes in writing (the “**Assumption Agreement**”), in a form reasonably acceptable to the Issuer, all of the executory duties and obligations hereunder of the Owner with respect to such portion of the Project, including those contained in this Section 5, and agrees to cause any subsequent transferee to assume such duties and obligations in the event of a subsequent Transfer by the transferee prior to the termination of the Rental Restrictions and Occupancy Restrictions hereunder with respect to the Project. The Owner shall deliver the Assumption Agreement to the Issuer at least 30 days prior to a proposed Transfer. This Section 5 shall not apply to any involuntary transfer pursuant to Section 1(c) hereof. This Section shall not be deemed to restrict the transfer of any membership interest in the Owner or a transfer by foreclosure or deed in lieu of foreclosure.

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

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

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

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

(d) The Owner covenants and agrees to inform the Issuer by written notice of any violation of its obligations hereunder within five days of first discovering any such violation. If any such violation is not corrected to the satisfaction of the Issuer within the period of time specified by the Issuer, which shall be (i) the lesser of (A) 60 days after the effective date of any notice to or from the Owner, or (B) 75 days from the date such violation would have been

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

(e) The Owner and the Issuer each acknowledges that the primary purposes for requiring compliance with the restrictions provided in this Agreement are to preserve the exclusion of interest on the Bonds from gross income for purposes of federal income taxation, and that the Issuer, on behalf of the owners of the Bonds, who are declared to be third-party beneficiaries of this Agreement, shall be entitled for any breach of the provisions hereof, to all remedies both at law and in equity in the event of any default hereunder.

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

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

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

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

**Section 8. Recording.** The Owner shall cause this Agreement and all amendments and supplements hereto to be recorded in the conveyance and real property records of Cook County, Illinois, and in such other places as the Issuer may reasonably request. The Owner shall pay all fees and charges incurred in connection with any such recording.

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

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

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

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

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

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

**Section 15. Governing Law.** The laws of the State of Illinois shall govern the construction of this Agreement, without reference to its conflicts of laws principles.


**Section 16. Limited Liability of Owner.** Notwithstanding any other provision or obligation stated in or implied by this Agreement to the contrary, any and all undertakings and agreements of the Owner contained herein shall not (other than as expressly provided hereinafter in this paragraph) be deemed, interpreted or construed as the personal undertaking or agreement of, or as creating any personal liability upon, any past, present or future member of the Owner, and no recourse (other than as expressly provided hereinafter in this paragraph) shall be had against the property of the Owner or any past, present or future member of the Owner, personally or individually for the performance of any undertaking, agreement or obligation, or the payment of any money, under this Agreement or any document executed or delivered by or on behalf of the Owner pursuant hereto or in connection herewith, or for any claim based thereon. It is expressly understood and agreed that the Issuer and the registered owner of the Bonds, and its

respective successors and assigns, shall have the right to sue for specific performance of this Agreement and to otherwise seek equitable relief for the enforcement of the obligations and undertakings of the Owner hereunder, including, without limitation, obtaining an injunction against any violation of this Agreement or the appointment of a receiver to take over and operate all or any portion of the Project in accordance with the terms of this Agreement. This Section shall survive termination of this Agreement.



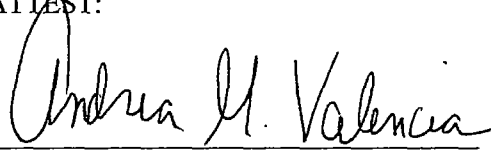
IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed and sealed by their respective, duly authorized representatives, as of the day and year first above written.

**CITY OF CHICAGO**

By:   
Jennie Huang Bennett, Chief Financial Officer

(SEAL)

ATTEST:

  
Andrea M. Valencia, City Clerk

Acknowledged and agreed to:

**COVENT APARTMENTS, LLC,**  
an Illinois limited liability company

By: Covent NHPF Manager, LLC,  
an Illinois limited liability company, its  
managing  
member

By: The NHP Foundation, a District  
of Columbia non-profit corporation, its  
managing  
member

By: 

Name: Mecky Adnani

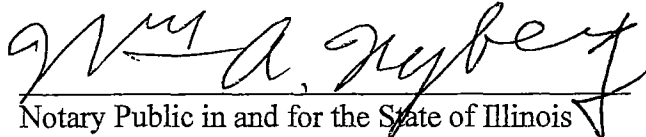
Title: Senior Vice President

STATE OF ILLINOIS )  
 ) ss:  
COUNTY OF COOK )

BEFORE ME, the undersigned authority, on this day personally appeared JENNIE HUANG BENNETT and ANDREA M. VALENCIA, the CHIEF FINANCIAL OFFICER and CITY CLERK, respectively, of the CITY OF CHICAGO, a municipal corporation and home rule unit of local government duly organized and validly existing under the Constitution and laws of the State of Illinois (the "Issuer"), known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that each executed the same for the purposes and consideration therein expressed and in the capacity therein stated, as the act and deed of said Issuer.

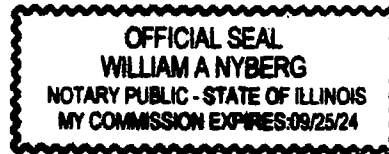
GIVEN UNDER MY HAND and seal of office, this the \_\_\_\_\_ day of \_\_\_\_\_, 2022.

[SEAL]

  
Notary Public in and for the State of Illinois

My commission expires on:

09/25/24

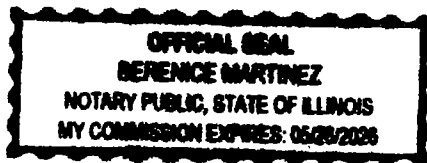


STATE OF ILLINOIS )  
 ) ss  
COUNTY OF COOK )

I, the undersigned, a Notary Public in and for the county and State aforesaid, do hereby certify that Mecky Adnani, personally known to me to be the Senior Vice President of The NHP Foundation, the managing member of Covent NHPF Manager, LLC, the managing member of Covent Apartments, LLC, an Illinois limited liability company (the "Limited Liability Company"), and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that as such officer, she signed and delivered the said instrument, as the free and voluntary act of such person, and as the free and voluntary act and deed of the Limited Liability Company, for the uses and purposes therein set forth.

Given under my hand and official seal this 16<sup>th</sup> day of September, 2022.

(SEAL)



*Berenice Martinez*  
Notary Public

My commission expires on:

05/26/2026

**EXHIBIT A**

**LEGAL DESCRIPTION OF THE SITE**

PARCEL 1:

SUB AREA A

THAT PART OF THE FOLLOWING DESCRIBED PROPERTY TAKEN AS A TRACT, LYING SOUTHWESTERLY OF A LINE DRAWN PERPENDICULARLY TO THE NORTH LINE OF LOT 47 AT A POINT 79.34 FEET NORTHEASTERLY OF THE NORTHWEST CORNER OF LOT 47 AS MEASURED ALONG THE NORTH LINE THEREOF, SAID PROPERTY BEING DESCRIBED AS:

LOTS THIRTY-EIGHT (38) TO FORTY-SEVEN (47) (BOTH INCLUSIVE), TOGETHER WITH THAT PART OF THE ALLEY BETWEEN LOT FORTY-TWO (42) AND LOTS FORTY-THREE (43) TO FORTY-SEVEN (47), AFORESAID, VACATED BY ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CHICAGO RECORDED AS DOCUMENT NUMBER 5273135 AND THAT PART OF THE ALLEY VACATED BY ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CHICAGO RECORDED AS DOCUMENT NUMBER 5710013, (EXCEPT THE 10 FOOT PUBLIC ALLEY RECORDED SEPTEMBER 26, 1913 AS DOCUMENT NUMBER 5273136) IN LEHMAN'S DIVERSEY BOULEVARD ADDITION IN THE SOUTH WEST QUARTER OF SECTION TWENTY-EIGHT (28), TOWNSHIP FORTY (40) NORTH, RANGE FOURTEEN (14), EAST OF THE THIRD MERIDIAN, IN COOK COUNTY, ILLINOIS.

PARCEL 2:

FOR THE BENEFIT OF PARCEL 1, A TEMPORARY NON-EXCLUSIVE EASEMENT, IDENTIFIED AS THE DRUMMOND CONSTRUCTION EASEMENT, FOR THE SOLE PURPOSE OF CONSTRUCTION ACTIVITIES, AS SET FORTH IN ACCESS AND TEMPORARY CONSTRUCTION EASEMENT AGREEMENT RECORDED APRIL 14, 2022 AS DOCUMENT NO. 2210412103.

Property address: 2653 North Clark Street & 537 Drummond Place, Chicago, IL 60614  
Tax Number: 14-28-307-001-0000

## EXHIBIT B

### INCOME COMPUTATION AND CERTIFICATION\*

**NOTE TO APARTMENT OWNER:** This form is designed to assist you in computing Annual Income in accordance with the method set forth in the Department of Housing and Urban Development ("HUD") Regulations (24 CFR Part 5). You should make certain that this form is at all times up to date with HUD Regulations. All capitalized terms used herein shall have the meanings set forth in the Land Use Restriction Agreement, dated as of September 1, 2022, among the City of Chicago and Covent Apartments, LLC, an Illinois limited liability company (the "Owner").

Re: Covent Apartments  
Chicago, IL

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

Name of Members of the Household	Relationship to Head of Household	Age	Social Security Number	Place of Employment
	HEAD			
	SPOUSE			

6. **Total Anticipated Income.** The total anticipated income, calculated in accordance with this paragraph 6, of all persons listed above for the 12-month period beginning the date that I/we plan to move into a unit (i.e., \_\_\_\_\_) is \$ \_\_\_\_\_. Included in the total anticipated income listed above are:

(a) the full amount, before payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services;

(b) the net income from operation of a business or profession or net income from real or personal property (without deducting expenditures for business expansion or amortization or capital indebtedness); an allowance for depreciation of capital assets used in a business or profession may be deducted, based on

\* The form of Income Computation and Certification shall be conformed to any amendments made to 24 CFR Part 5, or any regulatory provisions promulgated in substitution therefor.

straight-line depreciation, as provided in Internal Revenue Service regulation; include any withdrawal of cash or assets from the operation of a business or profession, except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the above persons;

(c) interest and dividends (see 7(C) below);

(d) the full amount of periodic payments received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits, and other similar types of periodic receipts, including a lump sum payment for the delayed start of a periodic payment;

(e) payments in lieu of earnings, such as unemployment and disability compensation, workmen's compensation and severance pay;

(f) the amount of any public welfare assistance payment; if the welfare assistance payment includes any amount specifically designated for shelter and utilities that is subject to adjustment by the welfare assistance agency in accordance with the actual cost of shelter and utilities, the amount of welfare assistance income to be included as income shall consist of:

(i) the amount of the allowance or grant exclusive of the amount specifically designated for shelter or utilities, plus

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

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

(h) all regular pay, special pay and allowances of a member of the Armed Forces.

Excluded from such anticipated total income are:

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

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

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

- (d) amounts received by the family that are specifically for, or in reimbursement of, the cost of medical expenses for any family member;
- (e) income of a live-in aide;
- (f) the full amount of student financial assistance paid directly to the student or to the educational institution;
- (g) special pay to a family member serving in the Armed Forces who is exposed to hostile fire;
- (h) amounts received under training programs funded by the Department of Housing and Urban Development ("HUD");
- (i) amounts received by a disabled person that are disregarded for a limited time for purposes of Supplemental Security Income eligibility and benefits because they are set aside for use under a Plan to Attain Self-Sufficiency (PASS);
- (j) amounts received by a participant in other publicly assisted programs which are specifically for or in reimbursement of out-of-pocket expenses incurred (special equipment, clothing, transportation, child care, etc.) and which are made solely to allow participation in a specific program;
- (k) a resident service stipend in a modest amount (not to exceed \$200 per month) received by a resident for performing a service for the Owner, on a part-time basis, that enhances the quality of life in the Project, including, but not limited to, fire patrol, hall monitoring, lawn maintenance and resident initiatives coordination (no resident may receive more than one stipend during the same period of time);
- (l) compensation from state or local employment training programs in training of a family member as resident management staff, which compensation is received under employment training programs (including training programs not affiliated with a local government) with clearly defined goals and objectives, and which compensation is excluded only for the period during which the family member participates in the employment training program;
- (m) reparations payment paid by a foreign government pursuant to claims filed under the laws of that government for persons who were persecuted during the Nazi era;
- (n) earnings in excess of \$480 for each full-time student, 18 years or older, but excluding the head of household and spouse;
- (o) adoption assistance payments in excess of \$480 per adopted child;



(p) deferred periodic payments of supplemental security income and social security benefits that are received in a lump sum payment;

(q) amounts received by the family in the form of refunds or rebates under state or local law for property taxes paid on the dwelling unit;

(r) amounts paid by a state agency to a family with a developmentally disabled family member living at home to offset the cost of services and equipment needed to keep the developmentally disabled family member at home;

(s) temporary, nonrecurring or sporadic income (including gifts); and

(t) amounts specifically excluded by any other federal statute from consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that includes assistance under any program to which the exclusions set forth in 24 CFR 5.609(c) apply.

**7. Assets**

(a) Do the persons whose income or contributions are included in Item 6 above:

(i) have savings, stocks, bonds, equity in real property or other form of capital investment (excluding the values of necessary items of personal property such as furniture and automobiles, equity in a housing cooperative unit or in a manufactured home in which such family resides, and interests in Indian trust land)? \_\_\_\_\_ Yes \_\_\_\_\_ No.

(ii) have they disposed of any assets (other than at a foreclosure or bankruptcy sale) during the last two years at less than fair market value? \_\_\_\_\_ Yes \_\_\_\_\_ No.

(b) If the answer to (i) or (ii) above is yes, does the combined total value of all such assets owned or disposed of by -all such persons total more than \$5,000? \_\_\_\_\_ Yes \_\_\_\_\_ No.

(c) If the answer to (b) above is yes, state:

(i) the total value of all such assets: \$\_\_\_\_

(ii) the amount of income expected to be derived from such assets in the 12-month period beginning on the date of initial occupancy of the unit that you propose to rent: \$\_\_\_\_; and

(iii) the amount of such income, if any, that was included in Item 6 above: \$\_\_\_\_\_.

**8. Full-time Students**

(a) Are all of the individuals who propose to reside in the unit full-time students? \_\_\_\_\_ Yes \_\_\_\_\_ No.

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

(b) If the answer to 8(a) is yes, are at least two of the proposed occupants of the unit a husband and wife entitled to file a joint federal income tax return? \_\_\_\_\_ Yes \_\_\_\_\_ No.

9. **Relationship to Project Owner.** Neither I nor any other occupant of the unit I/we propose to rent is the Owner, has any family relationship to the Owner, or owns directly or indirectly any interest in the Owner. For purposes of this paragraph, indirect ownership by an individual shall mean ownership by a family member; ownership by a corporation, partnership, estate or trust in proportion to the ownership or beneficial interest in such corporation, partnership, estate or trust held by the individual or a family member; and ownership, direct or indirect, by a partner of the individual.

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

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

12. **Misrepresentation.** I/We acknowledge that I/we have been advised that the making of any misrepresentation or misstatement in this declaration will constitute a material breach of my/our agreement with the Owner to lease the unit, and may entitle

the Owner to prevent or terminate my/our occupancy of the unit by institution of an action for ejection or other appropriate proceedings.

I/We declare under penalty of perjury that the foregoing is true and correct. Executed this \_\_\_\_\_ day of \_\_\_\_\_ in \_\_\_\_\_, Illinois.

\_\_\_\_\_  
Applicant

\_\_\_\_\_  
Applicant

\_\_\_\_\_  
Applicant

\_\_\_\_\_  
Applicant

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

SUBSCRIBED AND SWORN to before me this \_\_\_\_\_ day of \_\_\_\_\_

(NOTARY SEAL)

Notary Public in and for the State of \_\_\_\_\_

My Commission Expires: \_\_\_\_\_

**FOR COMPLETION BY APARTMENT OWNER ONLY:**

**1. Calculation of eligible income:**

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

**2. The amount entered in 1.c is:**

\_\_\_\_\_ Less than 80% of Median Gross Income for Area. (\*\*  
\_\_\_\_\_ More than 80% of Median Gross Income for the Area." \*\*\*

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

\_\_\_\_\_  
Owner or Manager

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

\*\*\* See footnote 2.

## INCOME VERIFICATION

(for employed persons)

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

Annual wages

\_\_\_\_\_

Overtime

\_\_\_\_\_

Bonuses

\_\_\_\_\_

Commissions

\_\_\_\_\_

Total current income

\_\_\_\_\_

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

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Title

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

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

Please send to:

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

## **INCOME VERIFICATION**

**(for self-employed persons)**

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

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

## EXHIBIT C

### CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE

The undersigned, on behalf of Covent Apartments, LLC, an Illinois limited liability company (the "Owner"), hereby certifies as follows:

1. The undersigned has read and is thoroughly familiar with the provisions of the Land Use Restriction Agreement, dated as of September 1, 2022 (the "Land Use Restriction Agreement"), between the City of Chicago and the Owner. All capitalized terms used herein shall have the meanings given in the Land Use Restriction Agreement.

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

Occupied by Qualifying Tenants\*\*\*\*: \_\_\_\_\_ No. of Units

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

3. The total number of completed Units in the Project is \_\_\_\_\_.

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

---

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



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

**COVENT APARTMENTS, LLC,**  
an Illinois limited liability company

By: Covent NHPF Manager, LLC,  
an Illinois limited liability company, its managing  
member

By: The NHP Foundation, a District  
of Columbia non-profit corporation, its managing  
member

By: \_\_\_\_\_  
Name: Mecky Adnani  
Title: Senior Vice President

## **APPENDIX I**

### **HUD RIDER TO RESTRICTIVE COVENANTS**

## HUD RIDER TO RESTRICTIVE COVENANTS

This RIDER TO RESTRICTIVE COVENANTS is made as of September 1, 2022, by Covent Apartments, LLC, an Illinois limited liability company ("Borrower") and The City of Chicago ("Agency").

WHEREAS, Borrower has obtained financing from Merchants Capital Corp., an Indiana corporation ("Lender") for the benefit of the project known as the Covent Apartments ("Project"), which loan is secured by a Multifamily Mortgage, Assignment of Leases and Rents and Security Agreement ("Security Instrument") dated as of September 1, 2022, and recorded in the Recorder's Office of Cook County, Illinois ("Records") on \_\_\_\_\_ as Document Number \_\_\_\_\_, and is insured by the United States Department of Housing and Urban Development ("HUD");

WHEREAS, Borrower has received a tax-exempt bond financing from the Agency, which Agency is requiring certain restrictions be recorded against the Project; and

WHEREAS, HUD requires as a condition of its insuring Lender's financing to the Project, that the lien and covenants of the Restrictive Covenants be subordinated to the lien, covenants, and enforcement of the Security Instrument; and

WHEREAS, the Agency has agreed to subordinate the Restrictive Covenants to the lien of the Mortgage Loan in accordance with the terms of this Rider.

NOW, THEREFORE, in consideration of the foregoing and for other consideration the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

(a) In the event of any conflict between any provision contained elsewhere in the Restrictive Covenants and any provision contained in this Rider, the provision contained in this Rider shall govern and be controlling in all respects as set forth more fully herein.

(b) The following terms shall have the following definitions:

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

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

"HUD Regulatory Agreement" means the Regulatory Agreement between Borrower and HUD with respect to the Project, as the same may be supplemented, amended or modified from time to time.

"Lender" means Merchants Capital Corp., an Indiana corporation, its successors and assigns.

"Mortgage Loan" means the mortgage loan made by Lender to the Borrower pursuant to the Mortgage Loan Documents with respect to the Project.

“Mortgage Loan Documents” means the Security Instrument, the HUD Regulatory Agreement and all other documents required by HUD or Lender in connection with the Mortgage Loan.

“National Housing Act” means the National Housing Act of 1934, as amended.

“Program Obligations” has the meaning set forth in the Security Instrument.

“Residual Receipts” has the meaning specified in the HUD Regulatory Agreement.

“Security Instrument” means the mortgage or deed of trust from Borrower in favor of Lender, as the same may be supplemented, amended or modified.

“Surplus Cash” has the meaning specified in the HUD Regulatory Agreement.

(c) Notwithstanding anything in the Restrictive Covenants to the contrary, the provisions hereof are expressly subordinate to (i) the Mortgage Loan Documents, including without limitation, the Security Instrument, and (ii) Program Obligations (the Mortgage Loan Documents and Program Obligations are collectively referred to herein as the “HUD Requirements”). Borrower covenants that it will not take or permit any action that would result in a violation of the Code, HUD Requirements or Restrictive Covenants. In the event of any conflict between the provisions of the Restrictive Covenants and the provisions of the HUD Requirements, HUD shall be and remains entitled to enforce the HUD Requirements. Notwithstanding the foregoing, nothing herein limits the Agency’s ability to enforce the terms of the Restrictive Covenants, provided such terms do not conflict with statutory provisions of the National Housing Act or the regulations related thereto. The Borrower represents and warrants that to the best of Borrower’s knowledge the Restrictive Covenants impose no terms or requirements that conflict with the National Housing Act and related regulations.

(d) In the event of foreclosure (or deed in lieu of foreclosure), the Restrictive Covenants (including without limitation, any and all land use covenants and/or restrictions contained herein) shall automatically terminate.

(e) Borrower and the Agency acknowledge that Borrower’s failure to comply with the covenants provided in the Restrictive Covenants does not and shall not serve as a basis for default under the HUD Requirements, unless a default also arises under the HUD Requirements.

(f) Except for the Agency’s reporting requirement, in enforcing the Restrictive Covenants the Agency will not file any claim against the Project, the Mortgage Loan proceeds, any reserve or deposit required by HUD in connection with the Security Instrument or HUD Regulatory Agreement, or the rents or other income from the property other than a claim against:

- i. Available surplus cash, if the Borrower is a for-profit entity;
- ii. Available distributions of surplus cash and residual receipts authorized for release by HUD, if the Borrower is a limited distribution entity; or

iii. Available residual receipts authorized by HUD, if the Borrower is a non-profit entity.

(g) For so long as the Mortgage Loan is outstanding, Borrower and Agency shall not further amend the Restrictive Covenants, with the exception of clerical errors or administrative correction of non-substantive matters, without HUD's prior written consent.

(h) Subject to the HUD Regulatory Agreement, the Agency may require the Borrower to indemnify and hold the Agency harmless from all loss, cost, damage and expense arising from any claim or proceeding instituted against Agency relating to the subordination and covenants set forth in the Restrictive Covenants, provided, however, that Borrower's obligation to indemnify and hold the Agency harmless shall be limited to available surplus cash and/or residual receipts of the Borrower.

(i) No action shall be taken in accordance with the rights granted herein to preserve the tax exemption of the interest on the notes or bonds, or prohibiting the owner from taking any action that might jeopardize the tax-exemption, except in strict accord with Program Obligations.

BORROWER:

**COVENT APARTMENTS, LLC**, an Illinois  
limited liability company

By: Covent NHPF Manager, LLC, an Illinois  
limited liability company, Its Managing Member

By: The NHP Foundation, a District of Columbia  
non-profit corporation, Its Managing Member

By:

Name: Mecky Adnani

Its: Senior Vice President

STATE OF ILLINOIS )

) SS.

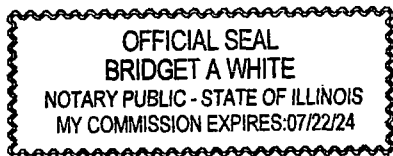
COUNTY OF COOK )

I, the undersigned, a Notary Public in and for the county and State aforesaid, do hereby certify that Mecky Adnani, personally known to me to be the Senior Vice President of The NHP Foundation, a District of Columbia non-profit corporation (the "Managing Member"), the Managing Member of Covent NHPF Manager, LLC, an Illinois limited liability company and managing member of Covent Apartments, LLC, (the "Mortgagor"), an Illinois limited liability company, 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 as such Senior Vice President she signed and delivered the said instrument pursuant to authority given by the Board of Directors of the Managing Member, and as her respective free and voluntary act and deed and as the free and voluntary act and deed of the Managing Member and the Mortgagor for the uses and purposes therein set forth.

GIVEN under my hand and official seal this 7th day of July, 2022.

Bridget A. White

Notary Public

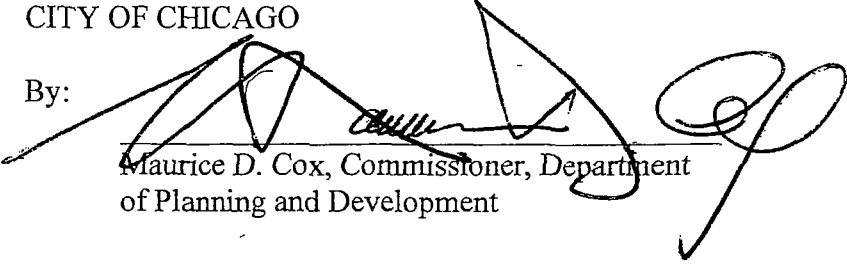


(SEAL)

AGENCY:

CITY OF CHICAGO

By:



Maurice D. Cox, Commissioner, Department  
of Planning and Development

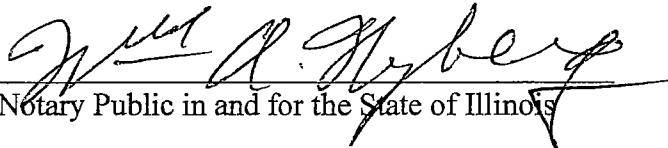


STATE OF ILLINOIS )  
 ) ss:  
COUNTY OF COOK )

BEFORE ME, the undersigned authority, on this day personally appeared Maurice D. Cox, the COMMISSIONER, DEPARTMENT OF PLANNING AND DEVELOPMENT of the CITY OF CHICAGO, a municipal corporation and home rule unit of local government duly organized and validly existing under the Constitution and laws of the State of Illinois (the "Issuer"), known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that each executed the same for the purposes and consideration therein expressed and in the capacity therein stated, as the act and deed of said Issuer.

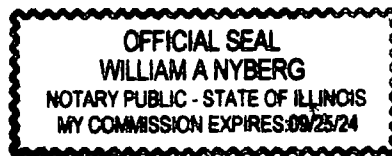
GIVEN UNDER MY HAND and seal of office, this the \_\_\_\_ day of \_\_\_\_\_, 2022.

[SEAL]

  
Notary Public in and for the State of Illinois

My commission expires on:

09/25/24



## Exhibit A – Legal Description

### PARCEL 1:

#### SUB AREA A

THAT PART OF THE FOLLOWING DESCRIBED PROPERTY TAKEN AS A TRACT, LYING SOUTHWESTERLY OF A LINE DRAWN PERPENDICULARLY TO THE NORTH LINE OF LOT 47 AT A POINT 79.34 FEET NORTHEASTERLY OF THE NORTHWEST CORNER OF LOT 47 AS MEASURED ALONG THE NORTH LINE THEREOF, SAID PROPERTY BEING DESCRIBED AS:

LOTS THIRTY-EIGHT (38) TO FORTY-SEVEN (47) (BOTH INCLUSIVE), TOGETHER WITH THAT PART OF THE ALLEY BETWEEN LOT FORTY-TWO (42) AND LOTS FORTY-THREE (43) TO FORTY-SEVEN (47), AFORESAID, VACATED BY ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CHICAGO RECORDED AS DOCUMENT NUMBER 5273135 AND THAT PART OF THE ALLEY VACATED BY ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CHICAGO RECORDED AS DOCUMENT NUMBER 5710013, (EXCEPT THE 10 FOOT PUBLIC ALLEY RECORDED SEPTEMBER 26, 1913 AS DOCUMENT NUMBER 5273136) IN LEHMAN'S DIVERSEY BOULEVARD ADDITION IN THE SOUTH WEST QUARTER OF SECTION TWENTY-EIGHT (28), TOWNSHIP FORTY (40) NORTH, RANGE FOURTEEN (14), EAST OF THE THIRD MERIDIAN, IN COOK COUNTY, ILLINOIS.

### PARCEL 2:

FOR THE BENEFIT OF PARCEL 1, A TEMPORARY NON-EXCLUSIVE EASEMENT, IDENTIFIED AS THE DRUMMOND CONSTRUCTION EASEMENT, FOR THE SOLE PURPOSE OF CONSTRUCTION ACTIVITIES, AS SET FORTH IN ACCESS AND TEMPORARY CONSTRUCTION EASEMENT AGREEMENT RECORDED APRIL 14, 2022 AS DOCUMENT NO. 2210412103.

Property address: 2653 North Clark Street & 537 Drummond Place, Chicago, IL 60614  
Tax Number: 14-28-307-001-0000

