

No. 98-1807

Defendants.

Chief Judge Marvin E. Aspen

Volume IV

**INDEX OF EXHIBITS SUBMITTED IN SUPPORT
OF RECEIVER'S STATEMENT IN RESPONSE
TO THE CHA' STAY MOTIONS**

EXHIBIT

TAB

Exhibits Attached to Response

Order of August 14, 1987	1
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Exhibits Separately Bound

Volume I

Affidavit of Phillip Hickman dated 3/18/98
(with attached Exhibits)

A

EXHIBIT

TAB

Affidavit of Phillip Hickman dated 3/30/98
(with Exhibits 1-14, 16-24 and 26-29 attached and
Exhibits 15 and 25 bound
separately in Volumes III - VII)

B

Affidavit of Phillip Hickman dated 4/7/98
(with attached Exhibits)

C

Affidavit of Phillip Hickman dated 5/21/98
(with attached Exhibits)

D

Volume II

Declaration of Daniel Levin dated 3/17/98
(with attached Exhibits)

E

Affidavit of Daniel Levin dated 3/30/98
(with attached Exhibits)

F

Affidavit of Barry Miller dated 3/31/98
(with attached Exhibits)

G

Affidavit of Michael Shakman dated 4/15/98
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H

63 Fed. Reg. Pp.15577-15584
(SuperNOFA)

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Excerpts from prior HOPE VI Applications
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Affidavit of Valerie Jarrett dated 3/31/98
(with attached Exhibits)

K

Affidavit of Valerie Jarrett dated 5/27/98
(with attached Exhibits)

L

Receiver's Emergency Motion for Entry of Order Implementing
CHA's Duty of Cooperation dated May 18, 1998

M

EXHIBIT

TAB

Horner HOPE VI and ABLA/Brooks Extension HOPE VI
Development Management Agreement
(with April 30, 1997 cover letter)

N

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Volume IV

Exhibit 25 to Affidavit of Phillip Hickman dated 3/30/98 (1 of 4)

Volume V

Exhibit 25 to Affidavit of Phillip Hickman dated 3/30/98 (2 of 4)

Volume VI

Exhibit 25 to Affidavit of Phillip Hickman dated 3/30/98 (3 of 4)

Volume VII

Exhibit 25 to Affidavit of Phillip Hickman dated 3/30/98 (4 of 4)

CERTIFICATE OF SERVICE

The undersigned, an attorney, hereby certifies that on May 27, 1998 he served a copy of the *Appendix of Exhibits Submitted in Support of Receiver's Statement in Response to the CHA's Stay Motions – Volume IV* on the parties listed below by causing a true and correct copy to be delivered to them via messenger delivery at their respective addresses as indicated below:

Susan Getzendanner, Esq.
Nancy Eisenhower, Esq.
Skadden, Arps, Slate,
Meagher & Flom (Illinois)
333 West Wacker Drive
Suite 2100
Chicago, IL 60606

Alexander Polikoff, Esq.
Business and Professional
People for the Public Interest
17 E. Monroe Street
Suite 212
Chicago, IL 60603

Dated: May 27, 1998



Edward W. Feldman

RECEIVED
MAR 31 1993
Judge [illegible] - Aspen
U.S. District Court

**THE HABITAT COMPANY
AS RECEIVER FOR
THE CHICAGO HOUSING AUTHORITY

SCATTERED SITES PROGRAM**

**PHA DEVELOPMENT PROPOSAL
CABRINI EXTENSION (IL2-20) REPLACEMENT UNITS

44 UNITS**

**CABRINI EXTENSION
IL06-P002-182
CHICAGO, ILLINOIS**

Volume 1 of 2

THE HABITAT COMPANY
AS RECEIVER FOR
THE CHICAGO HOUSING AUTHORITY's
SCATTERED SITES PROGRAM

PHA DEVELOPMENT PROPOSAL
CABRINI EXTENTION (IL2 - 20) REPLACEMENT UNITS
44 UNITS

CABRINI EXTENSION
IL 06-P002-182
CHICAGO, ILLINOIS



THE HABITAT COMPANY

October 24, 1997

Mr. P. David Sowell
Office of Public Housing Partnerships
Department of HUD
451 7th Street SE
Washington, D.C. 20410

RE Development Plan for the long-term lease of 44 units at Mohawk-North and Old Town Square / Cabrini Homes Extension IL06-P002-182

Dear Mr. Sowell:

Attached please find the development proposal as requested under section 941.606 of the regulations for the mixed finance development referenced above. We are also sending a copy of this submission to Mr. Louis Berra here in Chicago in an effort to expedite the site acquisition approval process with HUD. We met with Mr. Berra and his staff on Friday, October 17, 1997, and identified the following issues:

1. There is still the outstanding issue of CMHDC's independence from CHA. Mr. Rafael Leon was in attendance at the meeting and will supply HUD with a copy of a legal opinion that he has received regarding this issue. For purposes of calculating TDC, CMHDC's loan is a contribution to the project. However, the loan is a debt obligation that the property owner, MCL/ASD III, L.P., is obligated to repay according to the amortization schedule which is part of the note and mortgage.
2. There is still the issue of whether or not these units will be granted tax exempt status from the State of Illinois. The owners of the units have submitted a budget which demonstrates that they can operate these units paying full real estate taxes. However, an exemption would allow the owners to build a reserve for future maintenance of the units or to accelerate the repayment of the debt to the extent allowed by law. Mr. Leon indicates that a plan exists to pay real estate taxes should exemption status not be granted. He will submit a plan to deal with the issue.
3. There is an issue of what should be appraised and what the values should be. The appraisals contained in this package (Exhibit VII) have two figures, one for the value of the property as if it were being acquired, and the other value is that of the front-end lump sum payment.

Page 2

Mr. P. David Sowell

October 24, 1997

4. Enclosed as Exhibit VIII is the "final" draft of the lease as received from CMHDC.
5. Because this is the first leasehold program, a question was raised as to what certifications, if any, would be needed on the designed construction to meet the review of the A&E Department of HUD. Habitat will provide a "draft" based on previous certifications made for the Scattered Sites Program.
6. In terms of meeting the requirements of Fair Housing and Equal Opportunity (FHEO), Economic Marketing Analysis Study (EMAS), certain census data regarding race and income needs to be reviewed. This will be submitted to each of the individual departments under separate cover.
7. Old Town Square is being built adjacent to an elevated Chicago Transit Authority train line. Therefore, a sound attenuation study needs to be completed. Habitat staff will work with HUD Environmental Staff to complete this study.
8. With this submission, CHA is requesting a waiver of any 10-year affordability requirements of HUD in excess of the 40-year term.

At this time, the twenty-eight (28) units at Old Town Square are beginning construction, and the sixteen (16) units at Mohawk-North are ready for occupancy. Therefore, we would like to obtain HUD approval as soon as possible so we are able to draw down the necessary money to close the transaction within a short period of time.

Please contact me or Matt Nielson at (312) 527-5400, if you have any further questions.

Sincerely,



Valerie B. Jarrett
Executive Vice President

cc: Louis A. Berra, HUD
Andrew Rodriguez, CHA
Rafael Leon, CMHDC
James Castner, THC
Matt Nielson, THC

PHA DEVELOPMENT PROPOSAL

CABRINI HOME EXTENTION REPLACEMENT UNITS

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EXHIBITS:

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- I. Site Plans, Floor Plans, List of Amenities for all units;
- II. Area map and Zoning Map;
- III. Correspondence between HUD, CHA and Habitat in regards to HUD's requirements to consider the Leases as Mixed Income;
- IV. Letter Agreement between MCL/ASD III and CHA outlining term of lease and mortgage agreements;
- V. Mohawk North RFP issued by the City of Chicago, and the Redevelopment Agreement between the City of Chicago and MCL/ASD II;
- VI. Near North Tax Increment Redevelopment Plan and Project;
- VII. Appraisal;
- VIII. Draft Lease;
- IX. Outline specifications for Mohawk North and Old Town Square;
- X. Draft construction schedule for Old Town Square;
- XI. Draft Budget for Mohawk North;
- XII. Phase I Environmental Report and IEPA "all clear" letter on Old Town Square;
- XIII. Letter to James B. Mitchell at HUD - Finance Policy Division dated July 16, 1997, from CMHDC requesting approval of use of FAF moneys for a loan. Reply letter from HUD on August 13, 1997, approving the use of the funds;
- XIV. An Analysis of the Potential for Market Rate Residential Development - Cabrini HOPE VI Urban Revitalization Demonstration Program (Tracy Cross Market Study); and
- XV. Documents Governing the Townhome Associations at Mohawk North and Old Town Square;
- XVI. Letter requesting Section 213 Clearance and the Cooperation Agreement between the City of Chicago and CHA regarding the Cabrini Green Development.
- XVII. Previous Participation Certificate from the Lessor.

EXECUTIVE SUMMARY

The Habitat Company ("Habitat"), as Receiver for the Chicago Housing Authority's ("CHA") Scattered Site Program is pleased to submit the following development plan for the "acquisition" of 44 units of public housing through long term leases in two private developments. The units are located in private, market rate developments in the neighborhood immediately north of the Cabrini Extension Development. The units will be used as replacement housing for the units which have been demolished at 1117-19 N. Sedgwick, 1157-59 N. Sedgwick, and for the units that will be demolished at 1150-60 N. Sedgwick and 1158 N. Cleveland, part of the Cabrini Extension.

This request is for \$4,446,728 in development funds from program IL06-P002-182 (formerly IL2-20).

History of Funding Application IL06-P002-182:

CHA submitted the initial application for FY 1993 Public Housing Development funds for 190 units to replace the building at 1117-19 N. Cleveland (262 units), which was part of the Cabrini Extension on August 12, 1993. Approval for 107 units was issued on September 30, 1993, under the condition that HUD approve a Demolition Application for the building. An additional 83 units were approved under FY 1995 Public Housing Funds in program IL06-P802-192. The remaining 72 replacement units were included as part of the 303 units which were funded under CHA's Urban Revitalization Demonstration Grant (HOPE VI) which was granted in 1994.

In 1994, the Joint Venture -- consisting of the Chicago Metropolitan Housing Development Corporation (CMHDC), and Habitat -- was formed to develop the replacement units. As a result, on August 12, 1994, Habitat submitted the required Public Housing Authority Proposal which completed the application process for the 107 units.

The Demolition Application for 1117-19 N. Cleveland was submitted by CHA to HUD on August 11, 1993, and approved by HUD on March 1, 1995. Demolition Applications for 1157-59 N. Cleveland and 1150-60 N. Sedgwick were approved on June 23, 1995. The CHA is currently waiting approval for its demolition application for 1158 N. Cleveland. Approval for the Public Housing Authority Development Proposal was given on June 30, 1995.

1. Project Description: Sec.941.606 (d)

The overall plan for the revitalization of the Cabrini - Green development is multifaceted. This proposal focuses on the first 44 units which will be leased on a long term basis from a private entity - MCL/ASD III. Sixteen of the units are ready for occupancy. The remaining 28 are still in the pre-construction, planning phase. Below is a brief description of the two developments from which the units will be leased.

Mohawk- North - is a new development of single family homes, and condominiums on Mohawk and Larrabee Streets in Chicago, just south of North Ave. The developers acquired the land for the Development from the City of Chicago ("City"), which required that units be set aside for use by low and moderate income households. The total development consists of 91 units, of which 16 have been set aside for CHA's use. The units are located in three flat buildings on the 1400 Block of North Larrabee, and are all 2 bedroom units, ready for occupancy. There is only one unit per building and the units are dispersed through out the buildings on different floors: garden, first or second. Attached in Exhibit I is a location map, site plan, and floor plans for the units.

Old Town Square - is a new development of single family homes, townhouses and condominiums and commercial facilities located just north of Division Street and just west of Wells. It will have total of 113 units of which 28 will be leased to CHA. The CHA units will be 2 bedroom units with one bath, 1100 square feet. Construction on these units is anticipated to commence in the spring of 1998. Exhibit I. contains a site plan and floor plans for the units.

The outline specifications for both projects are attached in Exhibit IX for review.

2. Description of Development Method:

The development method proposed for these 44 units does not strictly conform to any one of the typical development methods. It most closely resembles a modified mixed finance model. Attached in Exhibit III is correspondence from HUD to CHA with regards to their consideration of the development method for these leases. Also in Exhibit III is a letter from Habitat to HUD further clarifying the structure for the leases.

3. Site Information: Sec. 941.606 (e)

The two developments are located in the Near North Side community area of the City of Chicago. They are all within the boundaries of West Division Street on the south, North Clybourn Ave. on the west, West North Ave. on the north, and North Wells Street on the east. The community area just to the north is Lincoln Park, which has the second highest per capita income in the City. Atrium Village, one of the country's most successful mixed income developments is located south of the subject sites. The area just to the east is the neighborhood referred to as the Gold Coast. The area to the west contains the remainder of the Cabrini-Green properties. See Exhibit II for a site map.

Each development site is described below:

Mohawk-North: Mohawk-North is located on the 1400 and 1500 blocks of North Mohawk and North Larrabee Streets. It is an irregular shaped site containing 3.5 acres. The land was previously owned by the City of Chicago and sold through an RFP process which stipulated that the development on this site must contain units for use as public housing units. (The RFP which the City issued is attached in Exhibit IV.) The units are located in three flat buildings which are being sold as condominium to the public. MCL/ASD III will purchase 16 of the units and will in turn, lease them to CHA. In addition, there are 21 single family homes, 4 townhomes, and 50 market rate condominiums which were built as part of the development. All of the units will be part of a homeowners association which will maintain the common areas of the development. All of the private market units have been constructed, sold and are occupied.

Old Town Square: Old Town Square is located on the site of the old Oscar Meyer meat processing plant, just west of North Wells Street, flanking Goethe and Scott Streets. It is located on an irregular shape site which contains 6 acres part of which has been set aside for commercial use. The residential portion of the development contains a mix of single family homes, townhouses and condominiums. At this time the first phase of construction is nearing completion. The second phase is scheduled to begin in the spring of 1998. The managing partners of MCL/ASD III have reached an agreement with the developers of Old Town Square to purchase 28 of the units, which they will in turn lease to CHA under a 40 year lease.

Exhibit I contains site plans for each of the developments which have the units CHA is leasing highlighted.

Exhibit IV contains a letter agreement between MCL/ASD III and CHA outlining the terms of agreement to lease the units at Mohawk- North and Old Town Square. In Exhibit V is the RFP issued by the City and the Redevelopment Agreement between MCL/ASD II and the City of Chicago governing the land sale at Mohawk-North.

4. Project Costs: Sec. 941.606 (b)

a) Categories of Costs:

	<u>Acct. No.</u>	<u>Total</u>	<u>Per Unit</u>
Administrative Cost	1410.00	\$ 35,000	\$ 795
Initial Operating Deficit	1425.00	\$ 35,200	\$ 800
Planning	1430.00	\$ 7,206	\$ 164
Property Purchase	1440.1	\$5,500,000	\$125,000
Appraisal Report	1440.5	\$ 3,500	\$ 80
Title Information	1440.6	\$ 0	\$ 0
Legal Cost	1440.7	\$ 0	\$ 0
Receiver Fee	1490.00	\$ 35,000	\$ 795
TOTAL COSTS:		\$5,615,906	\$127,634

SOURCES OF FUNDS:

Development Funds Pgm IL06-P002-182(1)	\$4,446,750	\$101,062
CMHDC FAF Loan	\$1,056,000	\$ 24,000
CMHDC	\$ 113,156	\$ 2,572
TOTAL SOURCES:	\$5,615,906	\$127,634

(1) The TDC for these units is \$96,250, and 1.05% of TDC is \$101,062.

ONGOING OPERATIONS:

\$400/unit/month increased
annually at the lesser of 2% or
CPI(2)

(2) CPI shall mean the Revised Consumer Price Index for Urban Wage Earners and Clerical Workers, All Items (base year index 1982-84 =100) as published by the United States Department of Labor, Bureau of Labor Statistics.

b) Budget and Payment Schedules:

The payments will be drawn down in two phases.

Phase I: 16 units at Mohawk-North are ready for occupancy and /or are occupied. Funds for these units will be drawn immediately.

Phase II: The 28 units at Old Town Square will be built within a future phase of construction. The developers anticipate that construction should be complete within eighteen months.

5. Appraisal:

An appraisal of the market value of the proposed leases and any residual values by the firm of Meyer-Muriello, which is a state-certified independent appraisal firm, has been attached as Exhibit VII for review.

6. Financial Feasibility:

Leases are structured such that, no funds are released until the units are accepted by CHA as ready for occupancy. Therefore, construction risk is the developers, not HUD's. The major risk to HUD, is in the event of default. This issue is covered in the lease under Section 12. See Exhibit VIII.

7. Zoning:

Attached in Exhibit II is the pertinent map from the 1997 Title 17 Municipal Code of Chicago Zoning Ordinance map with the subject developments highlighted. All the developments are zoned either R-4 or R-5 General Residence District or have had a special Planned Development passed as part of the project. All the units are or will be constructed in accordance with the appropriate zoning.

8. Facilities: Sec. 941.606 (h)

The 44 units referenced in this proposal will be placed on sites other than the original Cabrini Extension site. The Mohawk North site and the Old Town Square site have adequate facilities and services for the occupants. The public improvements needed to insure the viability of the project will be provided by the developers and the City of Chicago.

In the new developments, each unit will have either a private entrance or will share with no more than seven other units. Each unit will be built with the same amenities as the units being sold at market rates. Attached in Exhibit I are the list of amenities for each unit at Old Town Square and Mohawk-North.

These developments are being built as part of an overall plan which the City has developed called the Near North Redevelopment Initiative (NNRI). The overall plan will encompass the area bounded by North Avenue on the north, Chicago Avenue on the south, the Chicago River on the west and Wells Street on the east. The Plan will encompass new housing development including public housing, parks, schools, new transit facilities, infrastructure improvements and commercial facilities. Attached in Exhibit VI is the full proposal with the funding sources identified. Below is a brief outline of the planned new and/or expanded facilities:

Commercial: In addition to housing, the plan includes a new "Town Center", which will be located at the northwest corner of Division and Sedgwick and developed by a private developer who currently controls the site. The Town Center will include a new commercial district, which will provide community residents with a major grocery store, a bank and other shopping facilities.

Parks/Green Space: The existing City-owned Seward Park, located at Division and Clybourn, will be improved and expanded. The historic field house will remain as a focal point of the Town Center. The expanded Seward Park will include baseball fields, basketball courts, a spray pool for children as well as other amenities. The park will also provide facilities to the newly constructed Byrd elementary school.

Stanton Park, located near Halsted and the vacated Ogden Avenue, will also be enhanced and directly linked to the programs and services offered by the nearby YMCA.

New Schools: The NNRI plan also calls for the construction of a new Byrd Elementary School. Byrd Elementary is currently located at 363 W. Hill Street within the development and has been serving Cabrini residents for over thirty years. The new Byrd Elementary school will be a larger, state of the art facility located only steps from its current site—on land currently owned by the CHA. The existing Byrd School will not be closed until the new facility has been completed; the Board of Education estimates that the new Byrd Academy will be opened in 1998.

A new high school will also be built to replace the Near North Magnet High School. The existing facility will not be closed until the new facility is built. The Board anticipates that the new high school will open in 1999. The site of the original high school will be made available for private development. Proceeds from the land sale will be used to build the new school, to be located at the northwest corner of Halsted and Division Streets.

Public Safety: Creating a safer, more stable Near North Community for all residents is an important goal of the redevelopment initiative. A new 18th District Police Station will be built along Division Street between Clybourn and Larrabee. It will be linked to the existing fire station to create a neighborhood safety center. This new district police station will include a community center providing a range of neighborhood services. Through programs such as community policing (CAPS), officers and community liaisons will work hand-in-hand with families, businesses and organizations to ensure safety and security.

New Library: A new library has recently opened on Division Street, east of the proposed Town Center.

Jobs: Providing job opportunities for community residents is one of the most important elements of the Near North Redevelopment Initiative. The City's early estimates indicate that this initiative will create approximately 2,500 new construction jobs and 900 permanent jobs. The City has committed to instituting hiring standards that will maximize opportunities for community residents to obtain construction and permanent jobs. A One-Stop Career Services "Care" Center sponsored by the Mayor's Office of Employment and Training, the Illinois Department of Employment Securities, the City Colleges and community based organizations has already been opened. The Care Center will provide job search resources, job counseling, job matching and other services for community residents. This program will be linked to the CHA's Resident Employment Development Initiative (REDI) center, which is located on-site at Cabrini; to date, over 300 residents of Cabrini have been put to work through REDI.

9. Relocation: Sec. 941.606 (i)

CHA hereby certifies that it has complied with the Uniform Relocation Act and all other applicable Federal relocation requirements.

10. Life-cycle Analysis: Sec. 941.606 (j)

Attached in Exhibit VIII are the Outline Specifications for Mohawk North and Old Town Square. The Life Cycle Cost Analysis of Utility Combination, HUD for 51994 for both projects is in the process of being prepared, and will be forwarded under separate cover.

13. Occupancy and Operations Policies:

Exhibit D to the Lease which is in Exhibit VIII of this proposal contains that Occupancy and Operations Policies.

12. Environmental Assessment:

Attached in Exhibit IX please find the final Environmental Reports for the developments. Mohawk-North has a completed Phase I study which found the site to be in compliance with all environmental laws as of the date of completion of the report. Old Town Square had environmental hazards on the site, however Kraft Foods, the original owner of the site, had completed the remediation prior to the sale of the land to the current developers and received an "all clear" letter from the Illinois Environmental Protection Agency which is attached.

13. Occupancy and Operations Policies:

Exhibit D to the Lease which is in Exhibit VIII of this proposal contains that Occupancy and Operations Policies.

14. New Construction Certification: Sec. 941.606 (m)

The Section 6(h) analysis was completed as part of the original Application for Public Housing Development FY95 for the Cabrini Homes Extension (IL02-20). The program number was later changed to IL06-P002-192. The application was approved by HUD on September 29, 1995.

15. Section 213 Clearance: Sec. 941.606 (l)

Attached in Exhibit XVI is a letter addressed to Rosanna Marquez, Director of Programs, Office of the Mayor requesting comments on the proposed leasing of the units at Mohawk North and Old Town Square.

16. Intergovernmental Review:

Attached is SF - 424 for each development which was sent to the State of Illinois for review.



U.S. Department Housing and Urban Development

Illinois State Office
Office of Public Housing
77 W. Jackson Blvd., Room 2401
Chicago, Illinois 60604-3507

JUN 30 1995

Philip A. Hickman
Program Director
The Habitat Company
350 West Hubbard Street
Chicago, Illinois 60610

Dear Mr. Hickman:

SUBJECT: Public Housing Authority Proposal
 Frances Cabrini Homes Extension (Formerly: IL2-20)
 Project IL06-P002-182

This is to notify you of our approval of the siteless Public Housing Authority (PHA) Proposal in the amount of \$9,856,000 for the subject. The Joint Venture, The Chicago Metropolitan Housing Development Corporation (CMHDC) and the Habitat Company (THC) will develop 107 replacement units in the area of 1117-1119 North Cleveland. The units will be developed utilizing the modified turnkey method. The 107 units, under the demolition replacement program, will be replaced by newly constructed semi-detached and row houses. The bedroom configuration will be as follows:

- 13 one-bedroom units (row-houses)
- 46 two-bedroom units (semi-detached)
- 46 three-bedroom units (semi-detached)
- 2 four-bedroom units (semi-detached)

Site selection shall be based on site and neighborhood standards dealing with concentration of low-income persons and purchase and/or rehabilitation costs being within the allowable total development cost (TDC). Also, compliance with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 is required.

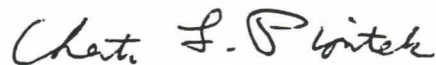
The Total Development Cost Analysis indicates an increase in the TDC of \$593,550 (\$10,449,550) of the amount initially reserved for this project. We wish to remind you that a budget shall not be approved for an amount greater than the reserved amount.

We note that the administrative expenses are 6.13% of the project's TDC. The budget should reflect the current approved fee of 3.9% for administrative expenses and 2% for the Receiver's fee on turnkey projects.

The PHA proposal indicates The Habitat Company as the Receiver rather than the Joint Venture. We understand that these units will be developed by the Joint Venture, CMHDC and THC. The Joint Venture is herewith authorized to execute the PHA architect's contract. Please be reminded that the PHA has thirty (30) months from the fund reservation date to start and/or complete construction of the subject development.

If you should have any questions regarding this matter, please contact Eleanor Peyton, Public Housing Development Specialist, at (312) 886-9801.

Sincerely,

A handwritten signature in cursive script, reading "Chester L. Piontek".

Chester L. Piontek, Director
Facilities Management Division
Office of Public Housing



THE HABITAT COMPANY

September 23, 1997

Ms. Virginia Bova
Illinois Department of Commerce
& Community Affairs
James R. Thompson Center
100 West Randolph - Suite 3-400
Chicago, Illinois 60601

**Re: Application for Federal Assistance
IL06-P002-182
Scattered Site Program
Chicago, Illinois**

Dear Ms. Bova:

The purpose of this letter is to request Illinois State Clearinghouse review and approval of the Application for Federal Assistance for the properties listed. Please see attached list.

If you need additional information or have any questions, please contact me at
(312) 527-7462.

Sincerely,

SCATTERED SITE PROGRAM

Anne M. Sedjo
Administrative Assistant

Enclosure

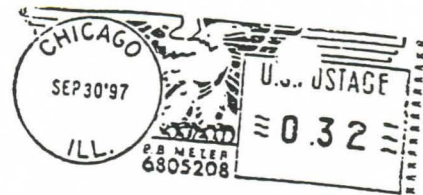
cc: chron
prop

HUD/CHA RENTAL UNITS
MOHAWK NORTH

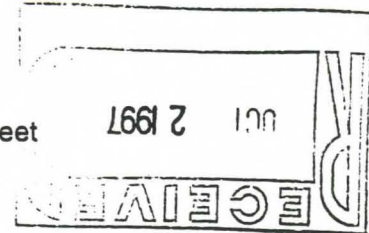
<u>Rental #</u>	<u>Building #</u>	<u>Common Address</u>
1	27	1441 N. Larrabee, Unit B
2	28	1443 N. Larrabee, Unit A
3	30	1449 N. Larrabee, Unit C
4	31	1451 N. Larrabee, Unit B
5	32	1453 N. Larrabee, Unit C
6	33	1455 N. Larrabee, Unit A
7	34	1459 N. Larrabee, Unit A
8	36	1463 N. Larrabee, Unit B
9	37	1465 N. Larrabee, Unit C
10	39	1471 N. Larrabee, Unit B
11	40	1473 N. Larrabee, Unit B
12	41	1475 N. Larrabee, Unit C
13	42	1479 N. Larrabee, Unit B
14	45	1485 N. Larrabee, Unit A
15	46	1487 N. Larrabee, Unit A
16	47	1491 N. Larrabee, Unit A



ILLINOIS DEPARTMENT OF
COMMERCE AND COMMUNITY AFFAIRS
JAMES R. THOMPSON CENTER
100 W. RANDOLPH, SUITE 3-400
CHICAGO, IL 60601



The Habitat Company
Ms. Anne Sedjo
350 West Hubbard Street
Chicago IL 60610



SAI #: 97092628

SAI#:

97092628

Scattered Site Program/IL06-P002-182

TITLE:

THE ILLINOIS STATE CLEARINGHOUSE HAS RECEIVED A "NOTICE OF INTENT" FOR THE ABOVE PROJECT.

THE REVIEW OF YOUR PROPOSAL HAS BEGUN AS REQUIRED BY LAW. YOU SHOULD RECEIVE ADDITIONAL CORRESPONDENCE ON THIS PROJECT IN APPROXIMATELY 30 DAYS. PLEASE REFER TO THE SAI NUMBER IN FUTURE CORRESPONDENCE ON THIS PROPOSAL. FOR FURTHER INFORMATION CONTACT MS. VIRGINIA BOVA AT 312/814-6028 (TDD NUMBER: 800/419-0667).



THE HABITAT COMPANY

October 24, 1997

Ms. Virginia Bova
Illinois Department of Commerce
& Community Affairs
James R. Thompson Center
100 West Randolph - Suite 3-400
Chicago, Illinois 60601

**Re: Application for Federal Assistance
IL06-P002-182
Replacement Housing Program
Chicago, Illinois**

Dear Ms. Bova:

The purpose of this letter is to request Illinois State Clearinghouse review and approval of the Application for Federal Assistance for the properties listed below. (Please see attached list.)

If you need additional information or have any questions, please contact me at
(312) 527-7462.

Sincerely,

SCATTERED SITE PROGRAM

Anne M. Sedjo
Administrative Assistant

Enclosure

cc: chron
prop

**OLD TOWN SQUARE
CHA DESIGNATED UNITS**

301B W. Goethe Street #201
301B W. Goethe Street #202
301B W. Goethe Street #203
301B W. Goethe Street #204

301A W. Scott Street #701
301A W. Scott Street #702
301A W. Scott Street #703
301A W. Scott Street #704

301C W. Scott Street #901
301C W. Scott Street #902
301C W. Scott Street #903
301C W. Scott Street #904

279A W. Scott Street #1101
279A W. Scott Street #1102
279A W. Scott Street #1103
279A W. Scott Street #1104

279B W. Scott Street #1201
279B W. Scott Street #1202
279B W. Scott Street #1203
279B W. Scott Street #1204

249B W. Scott Street #1401
249B W. Scott Street #1402
249B W. Scott Street #1403
249B W. Scott Street #1404

249D W. Scott Street #1601
249D W. Scott Street #1602
249D W. Scott Street #1603
249D W. Scott Street #1604

Application for Federal Assistance

OMB Approval No. 0345-004

1. Type of Submission: Application ☒ Construction ☐ Non-Construction Preapplication ☐ Construction ☐ Non-Construction		2. Date Submitted 10/24/97	Applicant Identifier Scattered Site Program
3. Date Received by State		State Application Identifier	
4. Date Received by Federal Agency		Federal Identifier	

5. Applicant Information Legal Name The Habitat Company, as Receiver for the CHA Scattered Site Program Address (give city, county, State, and zip code): 350 W. Hubbard Chicago, Illinois 60610 Cook County		Organizational Unit Scattered Site Program Name, telephone number, and facsimile number of the person to be contacted on matters involving this application (give area codes) Philip Hickman Program Director (312) 527-5400
--	--	---

6. Employer Identification Number (EIN): 3 6 — 2 7 2 5 2 5 9	7. Type of Applicant: (enter appropriate letter in box) N
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8. Type of Application: ☒ New ☐ Continuation ☐ Revision If Revision, enter appropriate letter(s) in box(es): A. Increase Award B. Decrease Award C. Increase Duration D. Decrease Duration Other (specify):	A. State B. County C. Municipal D. Township E. Interstate F. Intermunicipal G. Special District H. Independent School Dist. I. State Controlled Institution of Higher Learning J. Private University K. Indian Tribe L. Individual M. Profit Organization N. Other (Specify): <u>Court Appointed Receiver</u>
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10. Catalog of Federal Domestic Assistance Number: Title: 1 4 — 8 5 0	9. Name of Federal Agency: U.S. Department of Housing and Urban Development 11. Descriptive Title of Applicant's Project: Replacement Housing Program (28 X 2BR) IL06-P002-182
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12. Areas Affected by Project (cities, counties, States, etc.): Chicago, Illinois		13. Proposed Project: Start Date: Unknown Ending Date: Unknown	
14. Congressional Districts of:		a. Applicant:	
b. Project: Various-City of Chicago		15. Estimated Funding:	

<table style="width:100%;"> <tr> <td style="width:20%;">a. Federal</td> <td style="width:60%;">\$ 9,856,000</td> <td style="width:20%;">.00</td> </tr> <tr> <td>b. Applicant</td> <td>\$</td> <td>.00</td> </tr> <tr> <td>c. State</td> <td>\$</td> <td>.00</td> </tr> <tr> <td>d. Local</td> <td>\$</td> <td>.00</td> </tr> <tr> <td>e. Other</td> <td>\$</td> <td>.00</td> </tr> <tr> <td>f. Program Income</td> <td>\$</td> <td>.00</td> </tr> <tr> <td>g. Total</td> <td>\$ 9,856,000</td> <td>.00</td> </tr> </table>	a. Federal	\$ 9,856,000	.00	b. Applicant	\$	.00	c. State	\$	.00	d. Local	\$	.00	e. Other	\$	.00	f. Program Income	\$	.00	g. Total	\$ 9,856,000	.00	16. Is Application Subject to Review by State Executive Order 12372 Process? a. Yes This preapplication/application was made available to the State Executive Order 12372 Process for review on: Date: 10/31/88 b. No ☐ Program is not covered by E.O. 12372 or ☐ Program has not been selected by State for review.
a. Federal	\$ 9,856,000	.00																				
b. Applicant	\$	.00																				
c. State	\$	.00																				
d. Local	\$	.00																				
e. Other	\$	.00																				
f. Program Income	\$	.00																				
g. Total	\$ 9,856,000	.00																				

17. Is the Applicant Delinquent on Any Federal Debt? ☐ Yes If "Yes," explain below or attach an explanation ☒ No	18. To the best of my knowledge and belief, all data in this application/preapplication are true and correct, the document has been duly authorized by the governing body of the applicant and the applicant will comply with the attached assurances if the assistance is awarded.
--	--

a. Typed Name of Authorized Representative Philip A. Hickman	b. Title Program Director	c. Telephone Number 312/527-5400
c. Signature of Authorized Representative 	e. Date Signed 10/24/97	

17. Activities; Relationship of Participating Parties: Sec. 941.606 (a)

The basic relationship which governs the parties in this transaction is that of Lessee and Lessor. Below is an outline of the various parties, the undertaking each party has agreed to, and the legal and business relationships and the rights and liabilities (financial and otherwise) between the parties.

Mohawk - North and Old Town Square:

The units at Mohawk - North and Old Town Square are being developed by MCL/ASD II Limited Partnership and MELK Development/MCL Scott Sedgwick L.P., respectively. Several of the principals of the developing partnerships have formed a Partnership MCL/ASD III which will purchase all 44 units in both developments. It is this partnership which will sign a lease with CHA for a term of 40 years for the use of these units for public housing eligible families. MCL/ASD III will own the units and will hire a management company which CHA has approved to manage the units.

The land at Mohawk -North was owned by the City of Chicago and one of the stipulations for selling the land at a discounted price, was a covenant in the Redevelopment Agreement which required the developer to set aside 16 units for low and moderate income families (see Exhibit 4, Section 11).

The land under Old Town Square was acquired through a private sale, however the developers have agreed to set aside 25% of the total units for low and moderate income households. (see Exhibit 3, Letter Agreement.)

The lease between MCL/ASD III and CHA will be structured as follows:

1. A fair market monthly rent has been determined by appraisal.
2. CHA has agreed to make a payment of \$400 per month which increases at the lesser of 2% or CPI, based on the operating subsidy available to CHA at this time, to MCL/ASD III for a term of 40 years. The CHA requests a waiver of any 10- year affordability requirement of HUD in excess of the 40-year term.
3. The difference between the fair market monthly rent and \$400 a month for the next 40 years will be paid at its net present value today (i.e. in a lump sum).
4. There will be a residual payment to CHA at the end of the lease term of 25% of the unit's fair market value at that time.

The units at Mohawk-North are complete and ready for occupancy. Upon approval of this Plan, funds will be drawn, the lease signed and the units occupied.

The units at Old Town Square are in the late planning phase. It is expected that with an eighteen month construction schedule (which is based on current sales of market rate condominiums), the last units should be ready for occupancy by spring of 1999.

18. Financing: Sec. 941.606 (g)

Mohawk - North and Old Town Square:

Since these units will be owned by MCL/ASD III, they have permanently financed these units as follows:

	<u>TOTAL</u>	<u>Per Unit</u>
Acquisition by MCL/ASD III	\$5,500,000	\$125,000
Sources of Funds:		
Loan from CMHDC (1)	\$1,056,000	\$ 24,000
Lump sum payment on Lease	<u>\$4,444,000</u>	<u>\$101,000</u>
Total Sources:	\$5,500,000	\$125,000

- (1) CMHDC will use moneys derived from the refinancing of bonds -McKinney Act Savings; governed by the Refunding Agreement for FAF/Ethics #268A-P, #397, and #417A-B. See attached letter of approval in Exhibit X, along with the Note and Mortgage for this loan. These funds may be reimbursed at least partly through the "donation" of proceeds from the sale of the units at the end of 40 years.

19. Operating Assistance: Sec.941.606 (c)

The operating subsidy per unit per month which CHA has requested that HUD fund in 1997 is approximately \$360 (including allowances for utilities). The average tenant contribution per unit is approximately \$90. Therefore, CHA would have, in an average situation, \$450 for operating expenses and utilities per unit per month.

The Mohawk North and Old Town Square situations are not average situations because a private developer owns the land and the units are part of a market rate development. Nonetheless, the CHA has agreed to pay \$358 to MCL/ASD III, from CHA's operating subsidy and tenant contributions.

The projected needs of CHA's other public housing developments will be met through the operating subsidy and Tenant Rent provided by HUD for those units.

Any future shortfall in operating subsidy will be offset by Tenant Rent and an operating reserve, which will be funded by any excess of Tenant Rent over the estimated \$90 per unit per month and/or savings resulting from operating costs below \$358 per unit per month (which could result from a tax exemption action which the CHA will initiate). The CHA notes that because 50% of the units will be occupied by working families and because of the quality of these units, the CHA expects Tenant Rent to be higher than average at existing CHA properties.

The number of units at Mohawk North and Old Town Square (44) is too small to affect the average tenant rent calculation CHA-wide (based on over 30,000 units) or the operating subsidy received by CHA from HUD. The 44 units will constitute 0.1% of CHA's inventory of public housing units.

20. Operating Feasibility: Sec. 941.606 (j)

Attached in Exhibit XI is a draft budget which William Moorehead & Associates has developed to show the operating feasibility of Mohawk North. Also attached in Exhibit XI is a ten year operating pro forma showing how the property should perform over the next 10 years. The appraiser has analyzed the expense numbers as to their relevancy in today's market. Please see Section Two of the Appraisal, Exhibit VI.

21. Development Description: Sec. 941.606 (d)

	Total Units	Bedroom Counts					
		0	1	2	3	4	5+
<u>Mohawk - North</u>							
Public Housing	16			16			
Non Public Housing	75			50	25		
Total	91			66	25		
 <u>Old Town Square</u>							
Public Housing (Condos)	28			28			
Non Public Housing:							
Condos	36			36			
Townhouses*	87			87			
Single Family*	30					30	
Total	181			151	30		

*Please note that Townhouse and Single Family Home purchasers have the option to increase bedroom counts by choosing alternative floor plans, etc. Final counts will not be known until all the units are sold and construction is complete. To date, 30% of all townhouse and single family home purchasers are choosing to increase the number of bedrooms in their units.

Both of the developments are built into the original grid pattern of Chicago city streets. All the units are being sold as condominiums, therefore the exterior of the units are considered to be common elements. The exterior of the units include the roofs, the walls, and the landscaping outside of the units. Condominium Associations have been formed to maintain the common areas. All of the documents which govern each development is attached in Exhibit XV.

22. Market Analysis: Sec. 941.606 (f)

Attached in Exhibit XI please find a study done by Tracy Cross and Associates which analyzes the market in and around the new developments, The study was commissioned by Habitat to assist the City and CHA in their redevelopment efforts.

23. Cooperation Agreement:

Attached in Exhibit XVI please find the Cooperation Agreement between the City and CHA. An opinion from City of Chicago's Corporation Counsel stating that this program fits within the Cooperation Agreement will be forwarded under separate cover.

24. Compliance with Program Requirements:

CHA hereby certifies, makes assurances and warrants to HUD in accordance with section 941.606 (n) of the Regulations:

- That it has the legal authority under State and local law to develop public housing units through the establishment or selection of an owner entity, and to enter into all agreements and provide all assurances required under the Regulations. In addition, the CHA warrants that it has the legal authority necessary to enter into any proposed lease and to fulfill its obligations as a lessee thereunder, and that it has obtained all necessary approvals for this purpose. (See Exhibit III for correspondence from HUD in regards to their opinion on the concept of the lease.)
- CHA will be responsible to HUD for ensuring that the public housing units are developed and operated in accordance with all applicable public housing requirements, including the ACC, and all pertinent statutory, regulatory, and executive order requirements, as those requirements may be amended from time to time. CHA also warrants that it will provide for a mechanism to assure, to HUD's satisfaction that the public housing units will remain available for use by low-income families for the maximum period required by law. In addition, CHA warrants that the management agreement which will provide for the management of the public housing units by a private management company will require that the units be operated in accordance with all applicable requirements for the full term of any low-income use restrictions.



Artist's Impression

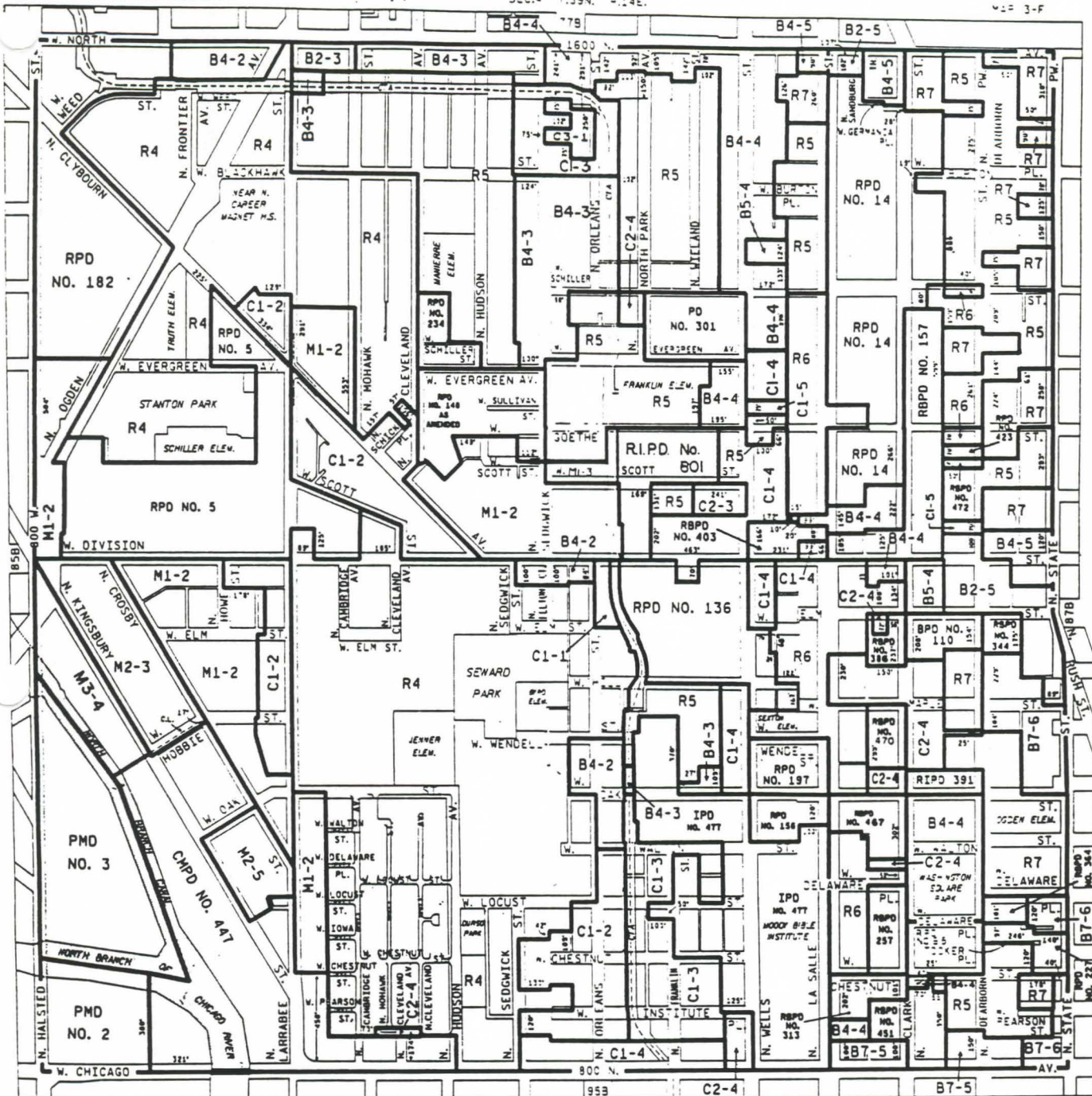
PLAN III

The Terrace Home

THE HOMES OF
MOHAWK NORTH

HUD/CHA RENTAL UNITS
MOHAWK NORTH

<u>Rental #</u>	<u>Building #</u>	<u>Common Address</u>
1	27	1441 N. Larrabee, Unit B
2	28	1443 N. Larrabee, Unit A
3	30	1449 N. Larrabee, Unit C
4	31	1451 N. Larrabee, Unit B
5	32	1453 N. Larrabee, Unit C
6	33	1455 N. Larrabee, Unit A
7	34	1459 N. Larrabee, Unit A
8	36	1463 N. Larrabee, Unit B
9	37	1465 N. Larrabee, Unit C
10	39	1471 N. Larrabee, Unit B
11	40	1473 N. Larrabee, Unit B
12	41	1475 N. Larrabee, Unit C
13	42	1479 N. Larrabee, Unit B
14	45	1485 N. Larrabee, Unit A
15	46	1487 N. Larrabee, Unit A
16	47	1491 N. Larrabee, Unit A

**RESIDENCE DISTRICTS**

- R1 SINGLE-FAMILY RESIDENCE DISTRICT
- R2 SINGLE-FAMILY RESIDENCE DISTRICT
- R3 GENERAL RESIDENCE DISTRICT
- R4 GENERAL RESIDENCE DISTRICT
- R5 GENERAL RESIDENCE DISTRICT
- R6 GENERAL RESIDENCE DISTRICT
- R7 GENERAL RESIDENCE DISTRICT
- R8 GENERAL RESIDENCE DISTRICT

BUSINESS DISTRICTS

- B1-1 TO B1-5 LOCAL RETAIL DISTRICTS
- B2-1 TO B2-5 RESTRICTED RETAIL DISTRICTS
- B3-1 TO B3-5 GENERAL RETAIL DISTRICTS
- B4-1 TO B4-5 RESTRICTED SERVICE DISTRICTS
- B5-1 TO B5-5 GENERAL SERVICE DISTRICTS
- B6-6 AND B6-7 RESTRICTED CENTRAL BUSINESS DISTRICTS
- B7-5 TO B7-7 GENERAL CENTRAL BUSINESS DISTRICTS

COMMERCIAL DISTRICTS

- C1-1 TO C1-5 RESTRICTED COMMERCIAL DISTRICTS
- C2-1 TO C2-5 GENERAL COMMERCIAL DISTRICTS
- C3-5 TO C3-7 COMMERCIAL-MANUFACTURING DISTRICTS
- C4 MOTOR FREIGHT TERMINAL DISTRICT

MANUFACTURING DISTRICTS

- M1-1 TO M1-5 RESTRICTED MANUFACTURING DISTRICTS
- M2-1 TO M2-5 GENERAL MANUFACTURING DISTRICTS
- M3-1 TO M3-5 HEAVY MANUFACTURING DISTRICT

FOR USE AND BULK REGULATIONS, RESIDENCE DISTRICTS, SEE ARTICLE 7.

FOR USE AND BULK REGULATIONS, BUSINESS DISTRICTS, SEE ARTICLE 8.

FOR USE AND BULK REGULATIONS, COMMERCIAL DISTRICTS, SEE ARTICLE 9.

FOR USE AND BULK REGULATIONS, MANUFACTURING DISTRICTS, SEE ARTICLE 10



West Superior Street; a line 383 feet east of North Hoyne Avenue; the alley next south of and parallel to West Superior Street; and a line 191 feet east of North Hoyne Avenue,

to those of an R5 General Residence District and a corresponding use district is hereby established in the area above described.

SECTION 2. This ordinance shall be in force and effect from and after its passage and due publication.

*Reclassification Of Area Shown On Map Number 3-F.
(As Amended)*

601

Be It Ordained by the City Council of the City of Chicago:

SECTION 1. That the Chicago Zoning Ordinance be amended by changing all the M1-2 Restricted Manufacturing District and M1-3 Restricted Manufacturing District symbols and indications as shown on Map No. 3-F in the area bounded by:

West Goethe Street; a line 868.42 feet east of North Sedgwick Street; West Scott Street; a line 465 feet west of North Wells Street; West Division Street; and the westerly right-of-way line of the Chicago Transit Authority elevated structure,

to those of an R4 General Residence District and a corresponding use district is hereby established in the area above described.

SECTION 2. That the Chicago Zoning Ordinance be amended by changing all the R4 General Residence District symbols and indications established in Section 1 above to the designation of a Residential/Institutional Planned Development which is hereby established in the area above described, subject to such use and bulk regulations as are set forth in the Plan of Development herewith attached and made a part thereof and to no others.

SECTION 3. The ordinance shall be in force and effect from and after its passage and due publication.

Plan of Development referred to in this ordinance reads as follows:

*Residential/Institutional Planned Development No. 601.**Plan Of Development Statements.*

1. The area delineated herein as Residential/Institutional Planned Development consists of approximately 214,479.9 square feet (4.93 acres) and is owned or controlled by the Applicant, Melk Development/MCL Scott Sedgwick L.P.
2. All applicable official reviews, approvals or permits are required to be obtained by the Applicant or its successors, assignees, or grantees. Any dedication, vacation or closure of streets or alleys, or easements, or adjustments of right-of-way, or consolidation or resubdivision of parcels, shall require a separate submittal on behalf of the Applicant or its successors, assignees, or grantees and approval by the City Council.
3. The requirements, obligations and conditions contained within this Planned Development shall be binding upon the Applicant, its successors and assigns and, if different than the Applicant, the legal title holder and any ground lessors. All rights granted hereunder to the Applicant shall inure to the benefit of the Applicant's successors and assigns and, if different than the Applicant, including any homeowner's association(s) formed to succeed the Applicant, the legal title holder or any ground lessors. Furthermore, pursuant to the requirements of Section 11.11-1 of the Chicago Zoning Ordinance, the Property, at the time applications for amendments, modifications or changes (administrative, legislative or otherwise) to this Planned Development are made, shall be under single ownership or under single designated control. Single designated control for purposes of this paragraph shall mean that any application to the City for any amendment to this Planned Development or any other modification or change thereto (administrative, legislative or otherwise) shall be made or authorized by all the owners of the Property or any homeowners association which may be formed to represent the owners with respect to zoning matters and any ground lessors. Nothing herein shall be construed to mean that any individual owner, or any ground lessors of the Property or any portion thereof is relieved of obligations imposed hereunder or rights granted herein or is not subject to City action pursuant to this Planned Development. In addition, nothing herein shall prohibit or in any way restrict the alienation, sale or any other transfer of all or any portion of the Property or any rights, interests or obligations therein. Upon any alienation, sale or any other transfer of all or any portion of the Property or the rights therein, except any assignment or transfer of rights pursuant to a mortgage or otherwise as collateral for any

indebtedness, and solely with respect to the portion of the Property so transferred, the term Applicant shall be deemed amended to apply to the transferee thereof (and its beneficiaries if such transferee is a land trust) and the seller or transferor thereof (and its beneficiaries if such seller or transferor is a land trust) shall thereafter be released from any and all obligations or liability hereunder.

4. This Plan of Development consists of fourteen (14) Statements; a Bulk Regulations and Data Table; an Existing Zoning Map; a Planned Development Property Line; a Boundary and Right-of-Way Adjustment Map; a Subarea Boundary and Generalized Land-Use Map; an Existing Land-Use Map; a Site Plan, Landscape Plan and Building Elevations, dated February 8, 1996 prepared by Pappageorge/Haymes. Full size sets of the Site Plan, Landscape Plan and Building Elevations are on file with the Department of Planning and Development. The Planned Development is applicable to the area delineated hereto and these and no other zoning controls shall apply. The Planned Development conforms to the intent and purpose of the Chicago Zoning Ordinance, Title 17 of the Municipal Code of Chicago, and all requirements thereof, and satisfies the established criteria for approval as a Planned Development.
5. The following uses shall be permitted within the area delineated herein as "Residential/Institutional Planned Development":
 - (a) Subarea A: attached or detached single-family residential dwelling units, accessory parking and related uses;
 - (b) Subarea B: attached or detached single-family residential dwelling units, walk-up apartments, accessory parking and related uses;
 - (c) Subarea C: accessory parking, public transit facilities and related uses;
 - (d) Subarea D: accessory parking, public transit facilities and related uses;
 - (e) Subarea E: public libraries, accessory parking and related uses;
 - (f) Subarea F: public transit facilities, accessory parking to uses permitted in Subarea E and related uses.
6. Identification signs shall be permitted within the Planned Development subject to the review and approval of the Department of Planning and Development. Temporary signs, such as construction and marketing signs shall be permitted, subject to the

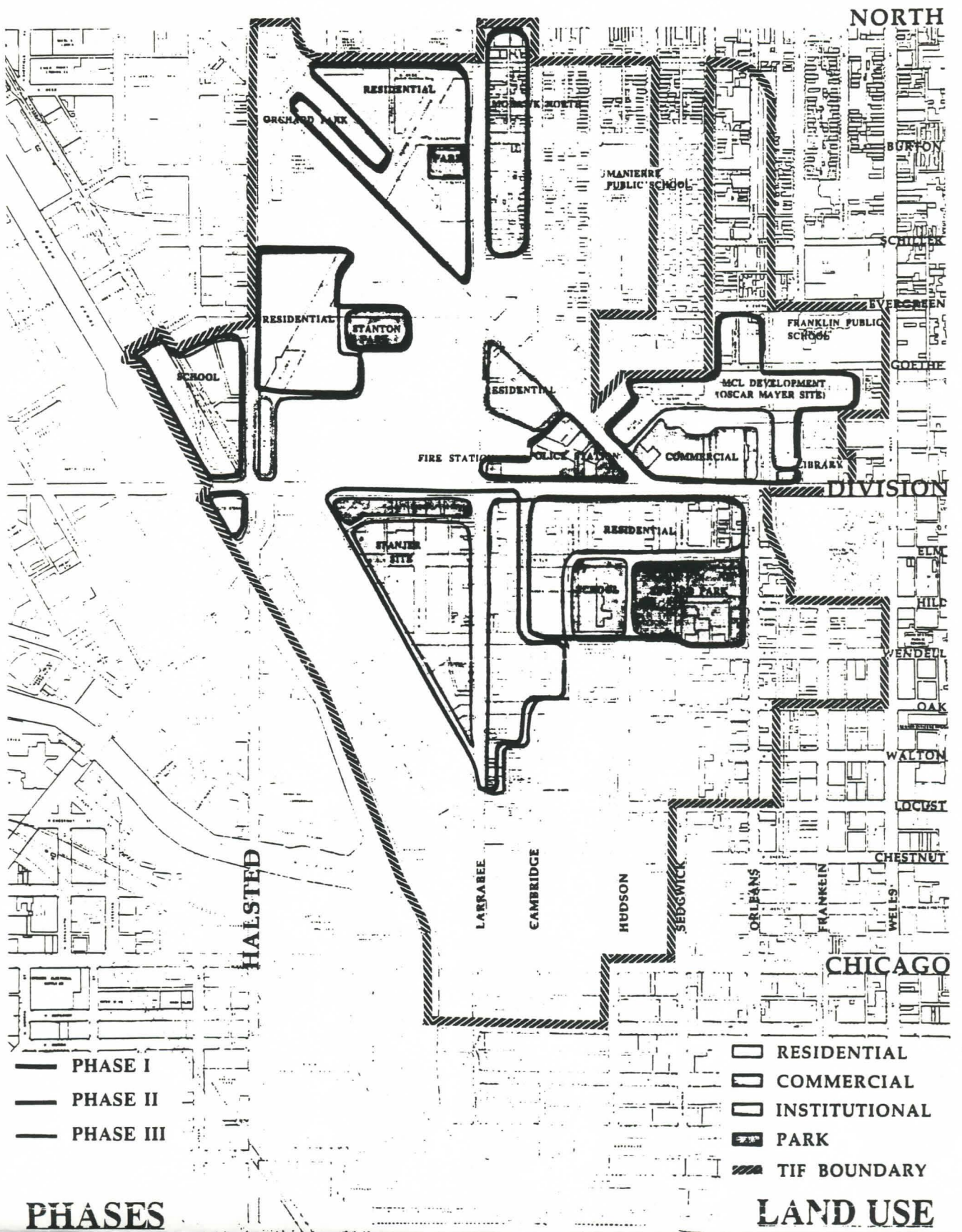
- review and approval of the Department of Planning and Development.
7. Any service drives or other ingress or egress shall be adequately designed and paved in accordance with the regulations of the Department of Transportation in effect at the time of construction and in compliance with the Municipal Code of the City of Chicago, to provide ingress and egress for motor vehicles, including emergency vehicles. There shall be no parking within such emergency areas. Ingress and egress shall be subject to the review and approval of the Department of Transportation and of the Department of Planning and Development. Closure of all or part of any public streets or alleys shall be subject to the review and approval of the Chicago Department of Transportation. Parking beneath the elevated structure shall be subject to the review and approval of the Chicago Transit Authority.
 8. Height restrictions of any building or any appurtenance thereto shall, in addition to the attached Building Elevations, be subject to:
 - a. height limitations as certified on form FAA-117 or successor forms involved in the same subject matter and approved by the Federal Aviation Administration; and
 - b. airport zoning regulations as established by the Department of Planning and Development, Department of Aviation, and Department of Law, and approved by the City Council.
 9. For purposes of Floor Area Ratio (F.A.R.) calculations, the definitions in the Chicago Zoning Ordinance shall apply.
 10. The improvements in Subareas A and B shall be designed, installed and maintained in substantial conformance with the Bulk Regulations and Data Table, the Site Plan, Landscape Plan and Building Elevations attached hereto. The landscaping in all subareas (including street trees in the adjacent right-of-way) shall be designed, installed and maintained in accordance with the parking lot landscaping and parkway tree provisions of the Chicago Zoning Ordinance and corresponding regulations and guidelines.
 11. Prior to the issuance by the Department of Planning and Development of a determination pursuant to Section 11.11-3(b) of the Chicago Zoning Ordinance ("Part II Approval") for development of a public library within Subarea C, a site plan and building elevations for the proposed library shall be submitted to the Commissioner of the Department of Planning and Development (the "Commissioner") for approval. Review and approval of the site plan

and elevations by the Commissioner is intended to assure that the specific development proposal conforms with the following design parameters:

1. proposed landscaping shall comply with the provisions of the Chicago Landscape Ordinance and to the extent any yards are provided, such yards are well landscaped with a variety of plant materials exhibiting seasonal color;
 2. appropriate fencing shall be provided along the site perimeter. Along the public right-of-way the fencing shall be decorative and transparent in nature;
 3. the height of any proposed structure shall be compatible with the building height of other buildings within the Planned Development;
 4. all visible facades shall exhibit architectural interest through massing, architectural detail and fenestration;
 5. the principal entrance to the building shall face the public way;
 6. any curb-cuts shall be located to reduce traffic hazards;
 7. parking shall be provided in conformance with the R4 Residence District requirements for libraries; and
 8. the Chicago Public Library shall cooperate with the Chicago Transit Authority regarding any future rapid transit station structure which may be proposed for a portion of the site.
12. The terms, conditions and exhibits of this Planned Development Ordinance may be modified administratively by the Commissioner of the Department of Planning and Development, upon the application for such a modification by the Applicant and after a determination by the Commissioner of the Department of Planning and Development that such a modification is minor, appropriate and consistent with the nature of the improvements contemplated in this Planned Development and the purposes underlying the provisions hereof. Any such modification of the requirements of this Statement by the Commissioner of the Department of Planning and Development shall be deemed to be a minor change in the Planned Development as contemplated by Section 11.11-3(c) of the Chicago Zoning Ordinance.

13. The Applicant acknowledges that it is in the public interest to design, construct and maintain all buildings in a manner which promotes and maximizes the conservation of energy resources. The Applicant shall use best and reasonable efforts to design, construct and maintain all buildings located within this Planned Development in an energy efficient manner, generally consistent with most current energy efficiency standards published by the American Society of Heating, Refrigerating and Air-Conditioning Engineers ("A.S.H.R.A.E.") and the Illuminating Engineering Society ("I.E.S."). Copies of these standards may be obtained from the Department of Planning and Development.
14. Unless substantial construction has commenced within ten (10) years following adoption of this Planned Development, and unless completion is thereafter diligently pursued, then this Planned Development shall expire; provided, however, that if the City Council amends the Chicago Zoning Ordinance to provide for a shorter expiration period which is applicable to all planned developments, then this Planned Development shall expire upon the expiration of such shorter time period as provided by said amendatory ordinance (the first day of which as applied to this Planned Development shall be the effective date of the amendatory ordinance). If this Planned Development expires under the provisions of this section, then the zoning of the property shall automatically revert to the R4 General Residence District classification.

[Bulk Regulations and Data Table; Existing Zoning Map; Planned Development Property Line, Boundary and Right-of-Way Adjustment Map; Subarea Boundary and Generalized Land-Use Plan; Existing Land-Use Map; Site Plan; Landscape Plan; and Building Elevation Drawings referred to in these Plan of Development Statements printed on pages 19844 through 19854 of this Journal.]




 CITY OF CHICAGO
 RICHARD M. DALEY, Mayor
 DEPARTMENT OF PLANNING
 AND DEVELOPMENT
 J. F. BOYLE, JR., Commissioner

NEAR NORTH PLANNING AREA

Residential/Institutional Planned Development No. 601
Bulk Regulations And Data Table.

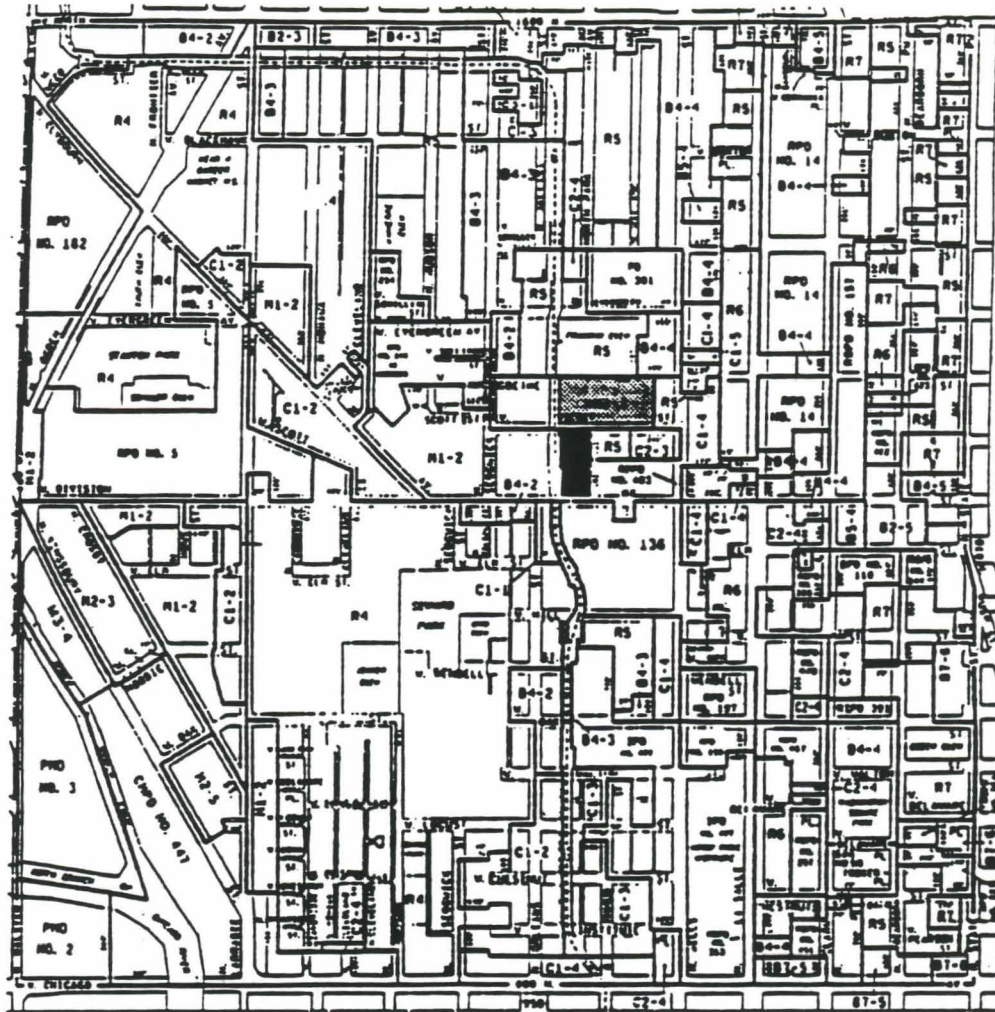
	Site Area		Max. F.A.R.	Max. # Dwelling Units	Parking On Site	Max % Site Coverage
	Square Feet	Acre				
Sub-area A	122319.4	2.81	1.09	83	70	Per Site Plan
Sub-area B	31314.0	0.72	1.31	30	10	Per Site Plan
Sub-area C	30011.5	0.69	0.40	0	40	40%*
Sub-area D	3894.0	0.09	0	0	4	0
Sub-area E	23000.0	0.53	0.60	0	7	See Smt. #11
Sub-area F	3941.0	0.09	0.40	0	9	40%*
Total	214479.9	4.93	1.06	113	140	

	Square Feet	Acres
Development Site Area:	176633.4	4.06
Public R.O.W. to be Vacated	3,894.0	0.09
CTA R.O.W.	33,952.5	0.78
Net Site Area	214,419.9	4.93
Public Rights of Way:	44,565.3	1.02
Gross Site Area:	259,045.2	5.95
* for transit facilities only		
Maximum Building Floor Area Ratio of Total Net Site Area		1.06
Minimum Number of Off Street Parking Spaces		140 **
** (If approval from the CTA to park beneath the elevated structure is revoked, then substitute parking within 300 feet from an entrance to this planned development shall be provided)		
Minimum Number of Off Street Loading Spaces (Parcel E)		1
Maximum Percent of Site Coverage:	Per Site Plan	
Minimum Required Building Setbacks	Per Site Plan	
Maximum Building Height:	Per Building Elevations	

Applicant: Melk Development/MCL Scott Sedgwick L.P.
Address: 212-310 West Scott Street
213-311 West Goethe Street
247-311 West Scott Street
304-320 West Division Street

Date Revised: February 8, 1996

Existing Zoning Map.



LEGEND



Subject Property (M L2)

Subject Property (M L3)

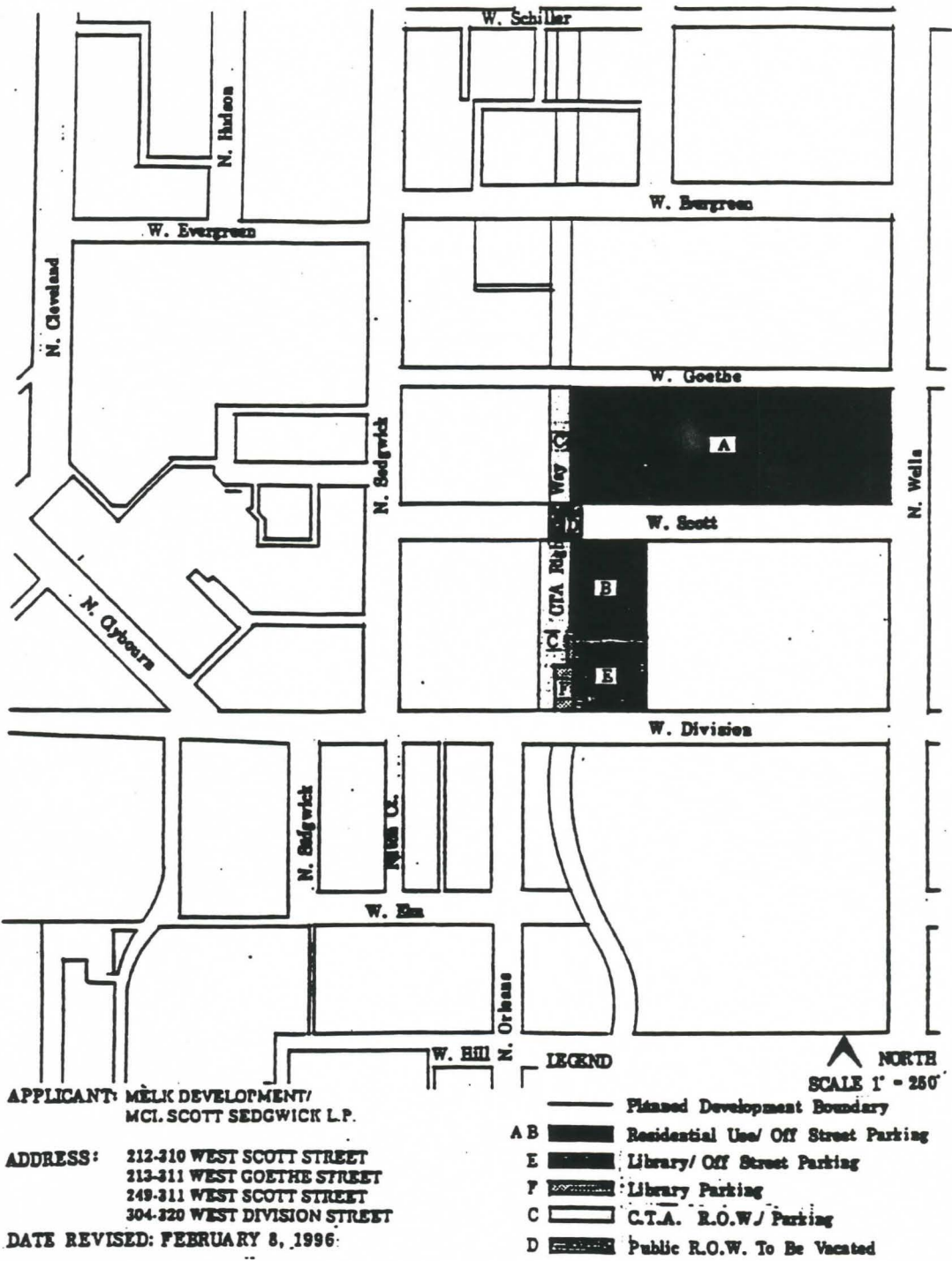
APPLICANT MELK DEVELOPMENT/
MCL SCOTT SEDGWICK L.P.ADDRESS 212-310 WEST SCOTT STREET
213-311 WEST GOETHE STREET
249-311 WEST SCOTT STREET
304-320 WEST DIVISION STREET

DATE REVISED: FEBRUARY 8, 1996

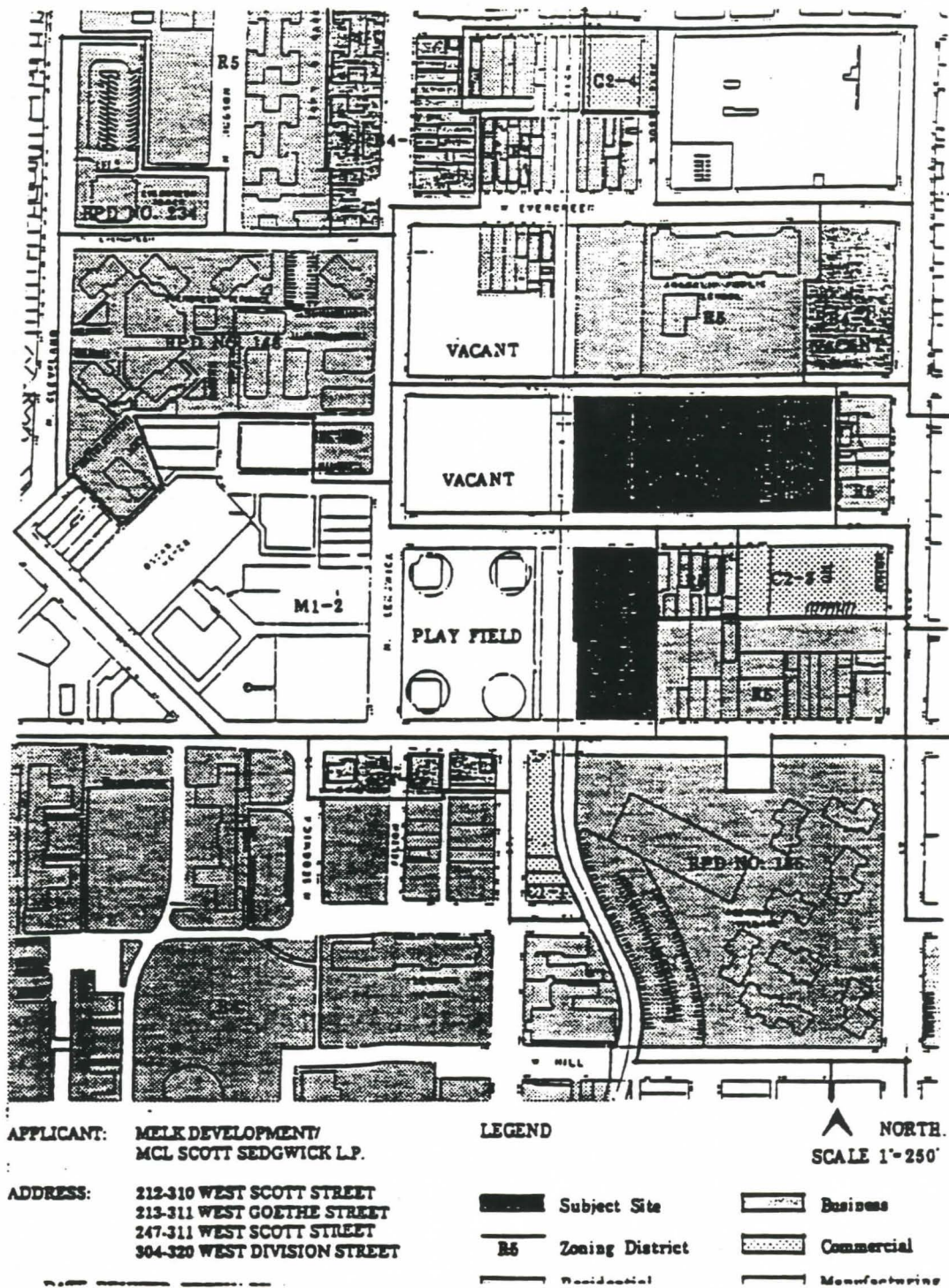


NORTH

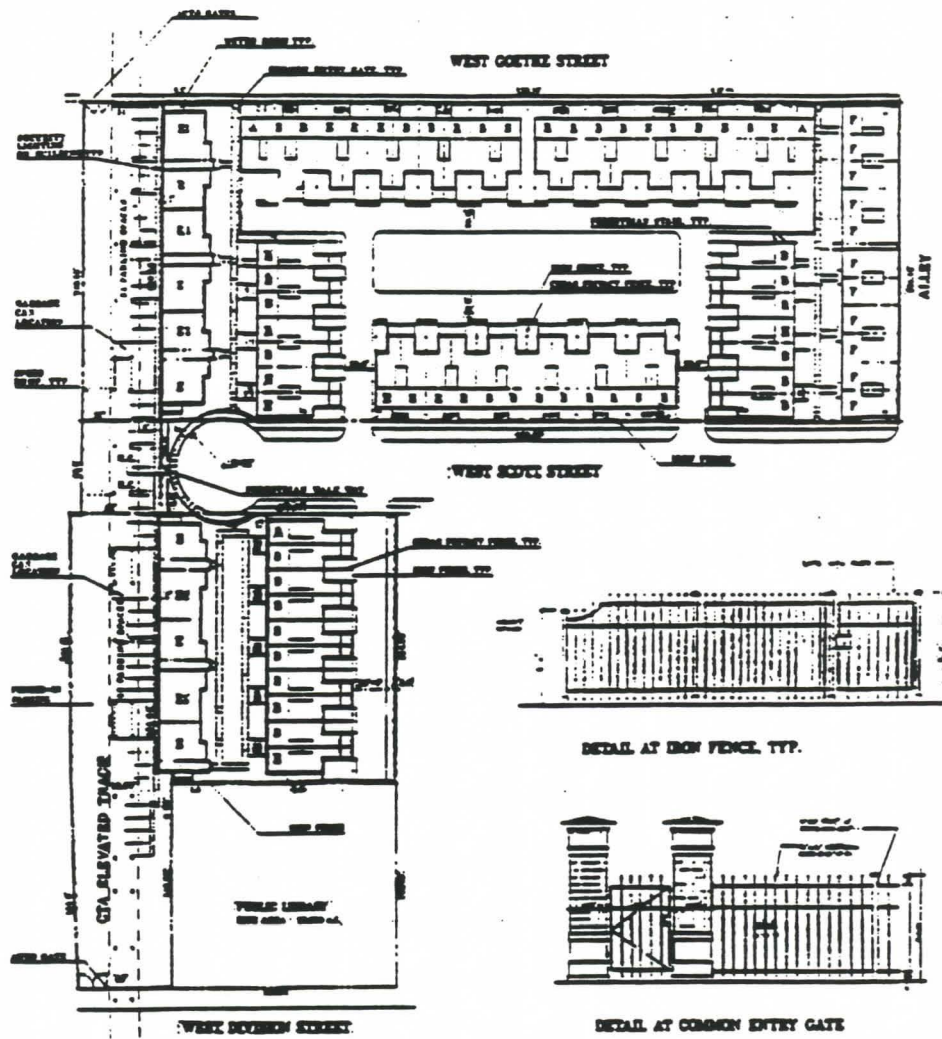
Planned Development Subarea Boundary
And Generalized Use Plan.



Existing Land-Use Map.



Site Plan.



SITE PLAN

⊕

SCOTT, SEDGWICK REDEVELOPMENT
CHICAGO, ILLINOIS

PAFFENBARGER HAYMER LTD.
LANDMAN/ARCHITECT

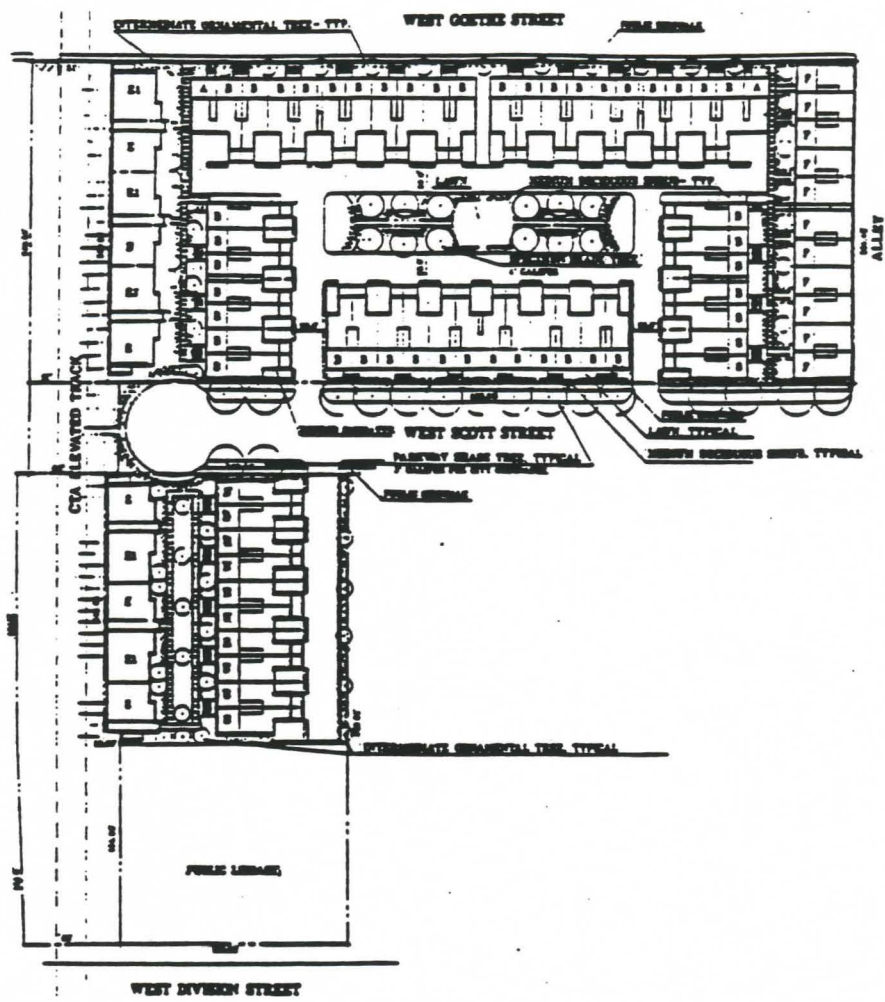
SCOTT, SEDGWICK REDEVELOPMENT
CHICAGO, ILLINOIS

DATE REVISED: FEBRUARY 1, 1995

SCOTT, SEDGWICK REDEVELOPMENT
CHICAGO, ILLINOIS

DATE REVISED: FEBRUARY 1, 1995

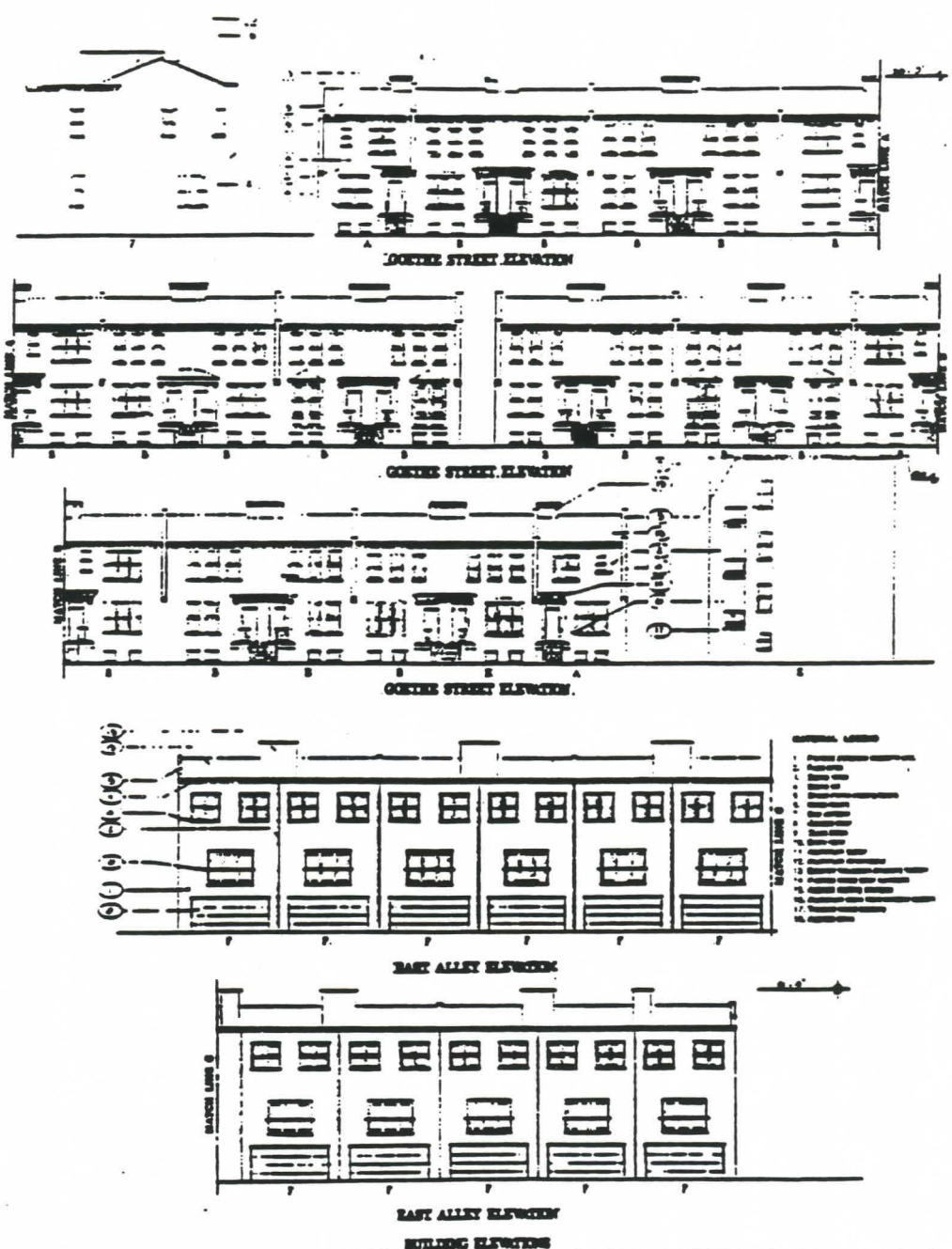
Landscape Plan.



LANDSCAPE PLAN

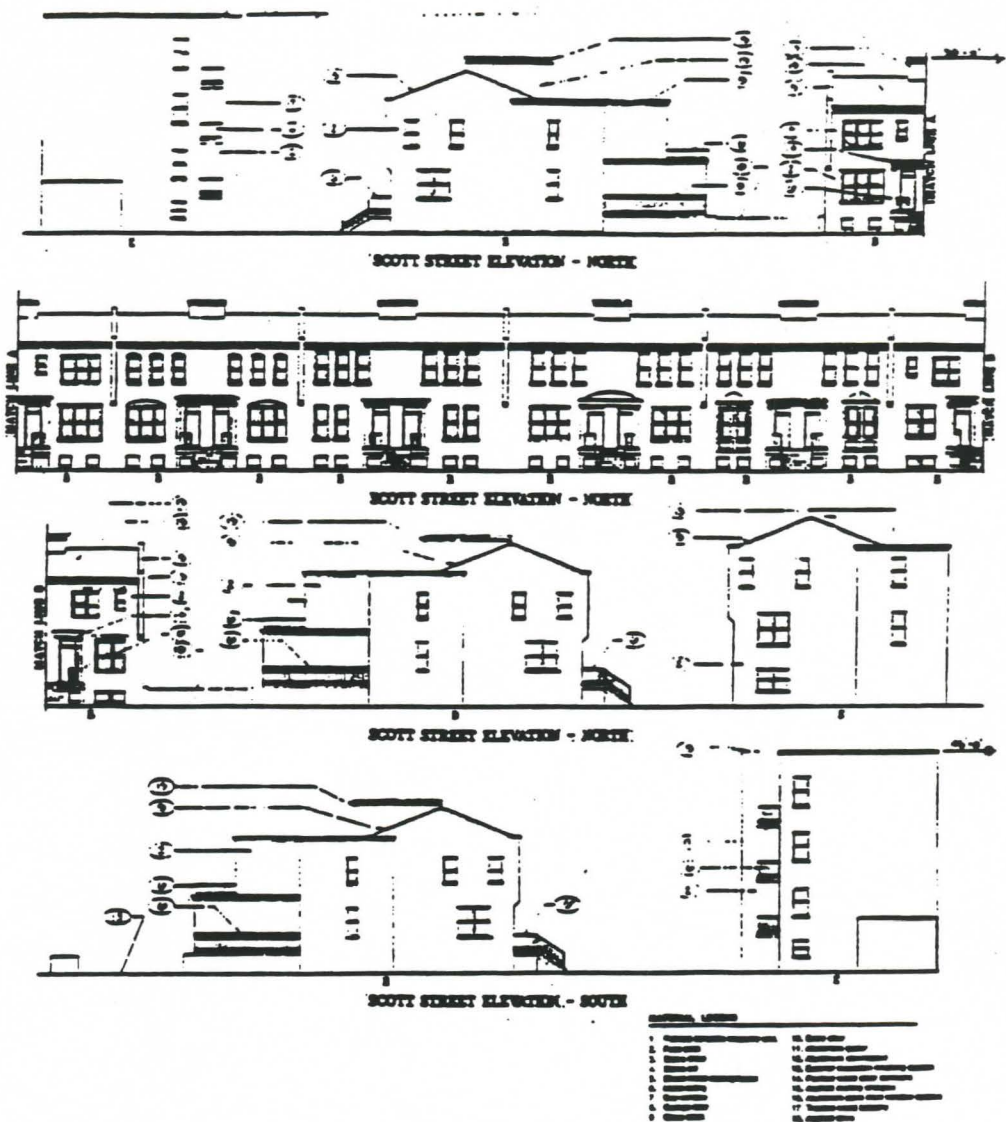
PAPPAGEORGE HAYNES LTD. PLANNERS/ARCHITECTS	SCOTT, SEDGWICK REDEVELOPMENT CHICAGO, ILLINOIS	MCL DEVELOPMENT / MCL SUPT. SEDGWICK L.P.
DATE REVISION FEBRUARY 1, 1995		

Building Elevation Drawings.
(1 of 4)



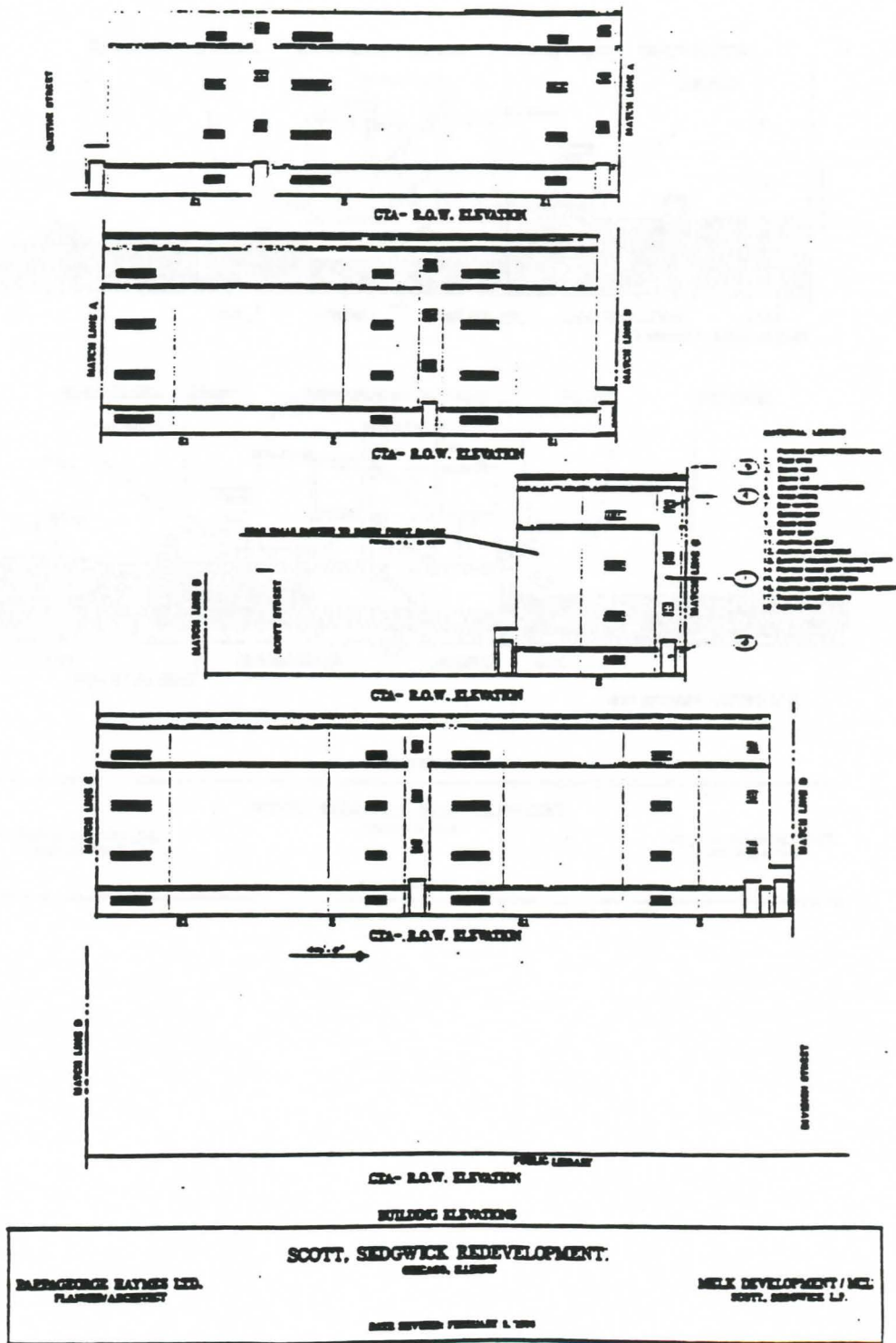
SCOTT, SEDGWICK REDEVELOPMENT CHAND. PLANS		
DAFFAGE & BAYNES LTD. PLANNING ARCHITECTS	DATE ISSUED FEBRUARY 6, 1993	WELLS DEVELOPMENT/RECL. SCOTT, SEDGWICK LTD.

Building Elevation Drawings.
(2 of 4)



BUILDING ELEVATIONS		
SCOTT, SEDGWICK REDEVELOPMENT		
CHICAGO, ILLINOIS		
PAPAGEORGE HAYNES LTD. PLANNING ARCHITECTS		WELK DEVELOPMENT / MCL SCOTT, SEDGWICK ILL.
DATE SUBMITTED FEBRUARY 4, 1997		

Building Elevation Drawings.
(3 of 4)





U. S. Department of Housing and Urban Development
Washington, D.C. 20410-6000

OFFICE OF THE ASSISTANT SECRETARY
FOR PUBLIC AND INDIAN HOUSING

JUL 14 1997

Mr. Richard Monocchio
Senior Advisor
The Chicago Housing Authority
626 West Jackson Boulevard
Chicago, IL 60661-5601

Dear Mr. Monocchio:

This letter summarizes the Department's current position with regard to proposals advanced by the Chicago Housing Authority (CHA) for innovative replacement housing. This letter will respond to your letters of March 31, April 22 and April 25, as well as various meetings and conversations you and others have had with Chris Hornig and me.

Let me stress at the outset that this response is conceptual only. The Department cannot give a formal approval until one or more development proposals are submitted in accordance with 24 CFR Part 941, and specifically Subpart F thereof. Some of the points we have made previously, such as the need for an appraisal valuing the proposed leasehold acquisitions, are essentially only reiterations of existing regulatory requirements.

As we understand CHA's current proposal, CHA proposes to acquire a longterm leasehold of a minority of the units in certain privately owned developments, and sublease those units to public housing residents. One transaction involves acquiring a 40-year lease of 44 units at Mohawk North as replacement housing for demolished units at Cabrini-Green, which has a 1994 HOPE VI grant as well as development funds. Mohawk North is a market rate homeownership community in the Near Northside Revitalization area whose residents are otherwise middle- and upper-income. The acquisition of these units is deemed crucial by CHA in order to demonstrate a good faith commitment to replacing Cabrini-Green units in the immediate neighborhood and in mixed-income settings. The other transaction ("Brinshore") involves master leasing up to 20% of the units in an existing tax credit development near Robert Taylor Homes, as replacement housing under CHA's 1996 HOPE VI grant.

OPTIONAL FORM 99 (7-97)

FAX TRANSMITTAL

Page 5

To: Richard Monocchio	From: Daniel Sowell
Org/Agency: Chicago HA	Phone: (202) 705-0282
Fax: 312 627 0346	Fax: (202) 401-2370
13th Floor 17 17-1998	5009-101
GENERAL SERVICES ADMINISTRATION	

In each case, the CHA proposes that the master leasehold would be acquired by Chicago Metropolitan Housing Development Corporation (CMHDC) and the units re-leased to the CHA. CMHDC is organized as an instrumentality of the CHA, but you represent that it is moving to an independent status wherein a current majority of the Board (which is self-perpetuating) would not be officers or employees of CHA. For the Mohawk North proposal, CHA would pay the TDC limit (approximately \$100,000) for each unit to CMHDC; CMHDC would pay the developer's negotiated price (approximately \$125,000) using its own funds, which are not subject to federal restrictions. In the case of Brinshore, the proposed purchase price is below TDC. CMHDC would not turn over the purchase price to the owner, but would instead invest the funds and use them, together with rent paid by CHA (from tenant rent and operating subsidy), to make rental payments to the owner.

HUD sees no insurmountable obstacle to the proposed deal structure for Mohawk North, subject to the various caveats which follow and to overall compliance with Part 941 and other applicable rules. In CHA's preparation of a proposal under Part 941, we expect that CHA will identify the need for particular regulatory waivers.

In each case, the proposed role of CMHDC is more readily approved if CHA can establish that CMHDC is fully independent of CHA. In the Mohawk North transaction, the use of CMHDC funds to pay a purchase price above TDC qualifies more readily as a "donation," not covered by HUD restrictions if CMHDC is not a controlled entity. However, CHA should take care that this distinction is not eliminated by any provisions of the transaction designed to avoid putting CHA's funds at excessive risk in the event of default by other parties.

In the Brinshore transaction, the investment of grant funds and retention of interest by CHA or its instrumentality conflicts with the Cash Management Improvement Act of 1990 and 24 CFR Part 85 as currently interpreted. Although we can see the merit of this type of transaction, HUD is not in the position to recommend proceeding with the Brinshore transaction at this time. Should this transaction be renegotiated as an outright purchase of the units and/or 40 year masterlease, as in Mohawk North, then the process will be the same as in Mohawk North.

Notwithstanding the description you provided of CMHDC's intended structure and activities for the Mohawk North transaction, the Department requires a more formal showing that CMHDC is no longer an instrumentality of CHA under state law, nor otherwise controlled by CHA. Please submit a legal opinion by CMHDC's counsel, together with copies of supporting documents including authenticated copies of the current charter, articles of incorporation and bylaws.

In accordance with the Department's evolving policies on mixed-finance public housing, and with the particular requirements of 24 CFR Part 941 Subpart F, an authority may pass capital and operating subsidies to a private owner to support units which are operated in accordance with the requirements of the U.S. Housing Act of 1937. The use of a master lease to secure such operations, instead of the Operating and Regulatory Agreement used in other such transactions, does not in itself raise problems. However, in discussions we have pointed out certain issues which your proposal should address.

If CHA utilizes a 40 year fixed-term lease, the expiration of such lease would not constitute a "disposition" of the unit from the public housing program and its attendant use restrictions. However, should the masterlease be terminated prior to the 40 year term, a "disposition" would be required.

The CHA will need to ensure that the masterlease it employs in fact guarantee the continued use of the units in accordance with the Act for the full forty-year term required by law. In each instance, the Authority is proposing to pay the capital value of the lease and needs to ensure that the lien of such lease, or the quiet enjoyment thereof, is superior to any voluntary or involuntary transfer of the underlying fee, whether by foreclosure, bankruptcy or otherwise. Likewise, CHA will need to ensure the continued operation of the units in full compliance with the Act, including standards of habitability.

I recognize that CHA sees as one of the advantages of a leasing model, the ability to withdraw from the lease if for any reason continued compliance with the Act becomes difficult or housing conditions are no longer desirable. The Department believes it has the legal flexibility to approve a lease which gives the CHA the right to terminate for specified good cause in less than forty years. However, because such a termination would

be a disposition, and for reasons of general stewardship of public funds, CHA will have to propose substantive grounds and procedural requirements for such a termination, which are in accord with the Act, narrowly restricted, and ensure that CHA will not lose the unused value of its lease nor otherwise bear excess costs as the result of any lessor default. Again, sec. 18 must be considered.

CHA will need to carefully negotiate any masterlease provisions relating to CHA's failure to make regular payments. We understand that in the Mohawk North case, there will be monthly payments at least for common charges (condominium fees or homeowners association fees) on the units; we are not clear whether all other operating costs are to be paid directly by CHA to vendors and service providers. Individual unit leases will be from CHA to a resident, and therefore actual tenant selection and rent collection will be the responsibility of CHA. The CHA must think through the implications of any owner's remedy which would deprive the CHA of its use of the units for the full term of the lease, and ensure that such remedies are consistent with the Act.

Particular thought will need to be given to the proposed structure of "stacked" master leases, wherein CMHDC masterleases units and re-leases them to CHA. Legal documentation will need to ensure that CHA's rights are enforceable against both CMHDC and the owner, and survive any adversity, including bankruptcy, which may affect either.

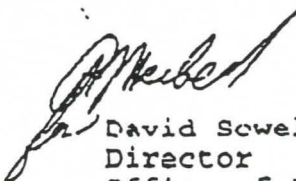
As with all mixed-finance transactions, CHA may use operating subsidy only to pay genuine operating costs of the units. Its monthly payments to CMHDC may not include deferred capital costs (debt), although they may include legitimate and reasonable asset management fees. In particular, CHA may not include amounts designed to compensate CMHDC for its \$25,000/unit investment.

You have raised to the Department the need for an exception to, or waiver of, procurement rules found at 24 CFR 85.36 and 24 CFR 941.605(n)(1)(ii). The Department is prepared to issue an appropriate exception or waiver. In the case of Mohawk North, the need to obtain mixed-income replacement housing within the Cabrini-Green revitalization area is a legitimate one which necessarily made competitive procurement infeasible, given the extremely limited number of appropriate developments.

Additionally, the CHA acquired its "claim" on the units at Mohawk North as a condition of the City of Chicago's grant of development rights to the developer of that site. The Department is persuaded that given the novelty of the arrangement proposed for Mohawk North and the need to begin securing replacement housing on an expedited basis, the deviations from formal procurement methods can be justified. However, as we have previously advised you, as the CHA moves from demonstration of these methods to implementation of a concerted replacement housing effort, procurement must be conducted formally.

The Office of Public Housing Partnerships and the Office of General Counsel are prepared to work closely with you as you and your lawyers structure these transactions.

Sincerely,



David Scwell
Director
Office of Public Housing Partnerships



THE HABITAT COMPANY

FILE COPY

June 27, 1997

Mr. P. David Sowell
Office of Public Housing Partnerships
Department of HUD
451 7th Street SE
Washington, D.C. 20410

Re: Development Funds/Long-term Lease

Dear Mr. Sowell:

This is a follow-up to our telephone discussion last week regarding the use of public housing development funds and/or HOPE VI funds in conjunction with a long term lease of a privately owned/private managed apartment(s). Based on our discussion, my understanding is that the following guidelines are approvable under current HUD policy for both the HOPE VI and conventional public housing programs.

1. The Habitat Company, as Receiver for CHA's family development programs, may utilize development funds for a master lease to make a one time capital payment to an owner of an existing apartment(s) under the terms of the lease a monthly payment will be made for maintenance.
2. The lease must be for forty years and the apartment may or may not be exempt from real estate taxes. The apartment must be leased to low or very low income families (public housing eligible by income). The property will continue to be privately owned and privately managed. At the end of the forty-year term of the lease, possession of the apartment reverts back to the owner and there is no further obligation on the part of the owner to lease the apartment to the Housing Authority.
3. The monthly maintenance fee must reflect the cost of maintaining the apartment and the monthly payment cannot be utilized to pay debt service of any type. The monthly payment will be paid by the Chicago Housing Authority based upon the performance funding system and the HUD approved allowable expense level (AEL).

4. The amount of the capital payment should be based upon a valuation prepared by an independent appraiser. The valuation report should be submitted as part of the submission of the Development Proposal to HUD.
5. The owner/manager may maintain "a project based waiting list" and is responsible for the marketing and leasing. The waiting list must be maintained from the time of the initial marketing and must be established by publicly advertising to current residents of CHA and current wait list households which may be eligible for leasing the apartment. The owner/manager will be responsible for processing and the tenant selection process will be based upon HUD approved criteria.
6. Since the forty-year lease is considered "public housing" in accordance with the "Nelson Dias memo" and subsequent regulations, the locations/site selections are subject to HUD site and neighborhood standards and the Gautreaux Court location requirements.
7. The Habitat Company, as Receiver for the CHA family development programs, may execute the lease with an owner and, at occupancy, the lease will be assigned to the CHA. (Note: This is comparable to the Receiver contracting for a building(s) and upon completion transferring the property to CHA.)

Other Factors:

HUD will not approve CHA's request that The Chicago Metropolitan Housing Development Corporation (CMHDC), an instrumentality of the CHA, may not be a party to the lease or an intermediary between the CHA and the property owner.

In one case (Mohawk-North and Old Town Square) we anticipate the capital value to exceed 105% of the published Total Development Cost (TDC). CMHDC has indicated their willingness to make an additional payment above the TDC up to an appraised fair market value. This is an acceptable approach.

Your review and comment on the above approach/guidelines are greatly appreciated. Based on approved guidelines, we shall proceed to have our attorneys draft an agreement with the various parties we have discussed this concept with and, of course, submit any draft agreement for HUD approval.

We appreciate your willingness to work closely with us to finalize this type of arrangement. We also appreciate the interest in the program exhibited by Louis Berra at the HUD office in Chicago in our cooperative effort to provide long term, viable alternatives to the large concentrations of distressed housing currently in the CHA stock.

If you have any questions, please don't hesitate to contact me.

Sincerely,

Scattered Site Program

A handwritten signature in dark ink, appearing to read "Philip A. Hickman", with a long horizontal flourish extending to the right.

Philip A. Hickman
Director

cc: Louis Berra
Daniel Levin
Douglas R. Woodworth
Valerie B. Jarrett

I:\USERS\CYNTHIA\PHIL\CORRESP\HUD\LONGTERM\ML.LTR

P. 01

JUN-30-97 MON 12:17 PM

FOR: THE HABITAT CO. SSP 312 527 5863

DATE	START	RECEIVER	TX TIME	PAGES	TYPE	NOTE
JUN-30	12:15 PM	18475629401	2' 31"	4	SEND	OK



THE HABITAT COMPANY

FAX TRANSMITTAL

TO: Mr. P. David Sowell
Office of Public Housing
Partnerships
Department of HUD

FROM: Philip A. Hickman

RE: Development
Fund/Long-Term Lease

DATE: June 27, 1997

4 (Pages including cover)

MESSAGE:

THE FOLLOWING LETTER IS BEING BOTH FAXED AND MAILED

Please call Cindy Slade at 312-595-3260 if there is a problem with this transmittal. Thank you.

TRANSACTION REPORT

P. 01

JUN-27-97 FRI 10:53 AM

FOR: THE HABITAT CO. SSF 312 527 5863

DATE	START	RECEIVER	TX TIME	PAGES	TYPE	NOTE
JUN-27	10:50 AM	12024013997	2' 47"	4	SEND	OK



The Chicago Housing Authority

July 22, 1997

Edwin Eisendrath
Chairman

Joseph Shuldiner
Executive Director

Executive Committee

Rosanna Marquez

Artensa Randolph

Timothy W. Wright III

Dr. Mildred Harris

Jerome Butler
General Counsel

Ed Moses
Deputy Executive
Director for Community
Relations & Involvement

Allison Davis
Daniel McLean
c/o MCL/ASD, LLC II
14 West Erie
Chicago, Illinois 60610

Re: Mohawk North and Oscar Mayer / Old Town Square

Gentlemen:

MCL/ASD, LLC II, an Illinois limited liability company ("Mohawk North Developer") agreed, pursuant to an Agreement for the Sale and Redevelopment of Land with the City of Chicago for Mohawk North, dated June 10, 1996 and recorded on June 11, 1996 as Document No. 96445425, to provide for 15 years eight rental units for a per month rental of \$570 and another eight rental units for a per month rental of \$947. In addition, Daniel McLean ("Oscar Mayer Developer") agreed, pursuant to a letter dated September 4, 1996, addressed to Alderman Walter Burnett, to provide 20% of the total units in Phases I and II of the nearby Oscar Mayer development as replacement housing for Cabrini Green residents. Mohawk North Developer and Oscar Mayer Developer (collectively the "Developers") have agreed, in principle, to combine the Mohawk North and Oscar Mayer Commitments by providing to CHA a total of 44 units, i.e. 28 at Oscar Mayer and 16 at Mohawk North. Pursuant to the terms and conditions herein contained. The purpose of this letter is to confirm our respective understandings concerning the referenced matter as follows:

1. **Development Costs.** The total development cost for each unit shall be \$125,000. The Unit size shall be not less than 1,100 square feet. Developers will supply Chicago Housing Authority ("CHA") and Chicago Metropolitan Housing Development Corporation ("CMHDC") with documentation acceptable to HUD to verify the foregoing total development costs.
2. **Deal Structure.** The total development cost of \$5,500,000 (i.e. \$125,000 times 44 units) will be paid to the Developers as follows: CHA will pay \$101,000 per unit for a total of \$4,444,000 and CMHDC will

provide a loan for \$1,056,000 which shall constitute a payment for securing low income housing for public housing residents within a mixed income development. Provided, however, that CMHDC's loan may be increased by a reasonable amount (to be determined and agreed upon by all parties) needed to cover additional expenses related to the transaction (i.e. appraisals, etc.) The term of the loan will be 40 years at an interest rate of four and one-half percent (4.5%) per annum amortized over forty (40) years. In consideration of the foregoing payment by CHA/CMHDC, the Developers will provide CMHDC with a master lease, as described in paragraph 3 hereof.

3. **Lease Terms.** The Developers and either CHA or CMHDC or CHA/CMHDC jointly (to be determined by CHA) will enter into a master lease (and **CHA/CMHDC** will enter into subleases with individual tenants) for the 44 units. The lease will provide for a 40- year term and a monthly rent of \$400 per unit per month. Annual operating costs will be set at \$3,500 per unit which will mean that a small portion of the annual rent for a unit will be applied to debt service (\$1,300 per unit, i.e. \$400/month x 12 months = \$4,800 per year minus \$3,500 operating costs). The amount of the monthly shall be increased annually by an amount equal to lower of (i) two percent per annum (2%) or (ii) the consumer price index. In the event there are insufficient funds to pay CMHDC debt service, such unpaid debt service shall be capitalized and paid upon the earlier to occur of (i) availability of rental payments for such use or (ii) the expiration of the term of the loan. The rental payment to the Developer includes payment for the following services or expenses: exterior maintenance and maintenance of all common elements (i.e. condominium assessments), water charges, real estate taxes, if any, all interior maintenance of the units, including, without limitation, vacant unit preparation for new occupants, and a replacement reserve. If the Developers negotiate a real estate tax exempt status for the units, any such benefit would not be refunded to CHA but would be added to the replacement reserve. CHA or its subtenants will be responsible for utilities (i.e. gas and electric). CHA shall be responsible for extraordinary damage to the units—caused by CHA tenants. The replacement reserve shall be used for all other replacements. At the end of the lease term any reserves shall belong to the CHA.
4. **Residual Payment.** While CHA/CMHDC would prefer an option to purchase the units at the end of the lease term, we understand that the Developers are not willing to grant a purchase option. As a compromise, you have agreed to make to CHA/CMHDC a residual payment upon sale of the units (i.e. at the end of the lease term) in the amount of 25% of the net sale proceeds (i.e. gross sale proceeds from the sale of the units less unpaid CMHDC debt). Said Residual Payment shall be secured and may

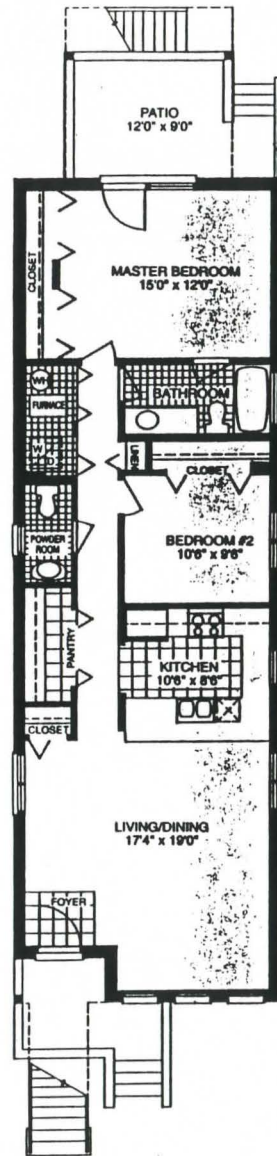
be provided for in the CMHDC financing document or in such other arrangement acceptable to CHA/CMHDC.

5. **Tenant Screening.** Developers have indicated that they will engage William Moorehead & Associates or another entity familiar with HUD requirements regarding tenant selection and maintenance. The screening criteria to be used by CHA concerning the Mohawk North and Oscar Mayer developments will be a screening criteria agreed upon by CHA and the Developer. The forgoing process will provide for, among other things, joint approval of tenants by CHA and the Developers.
6. **Required Approvals.** The forgoing transaction is subject to HUD approval, and to the needed approval of a Gautreaux waiver.
7. **Closing.** It is contemplated that CHA, CMHDC and developers shall cooperate in good faith and with due diligence in negotiating the master lease, note, mortgage and collateral loan documents and closing the transaction contemplated by said documents. The parties presently intend to close said transaction by July 31, 1997; provided, however that the forgoing date may be extended if the parties are using due diligence to negotiate the foregoing documentation and close the transaction contemplated thereby. Within fifteen (15) days of the execution of this letter of intent by all parties hereto, CMHDC shall place in an interest bearing escrow the sum of \$200,000 (\$12,500 for each of the 16 units at Mohawk North which shall be available at closing) which shall constitute an earnest money deposit applicable to the payment set forth in paragraph 2. In the event the transaction contemplated hereby fails to close by August 31, 1997 as such date may be extended by the parties), upon written notice to the escrowee by any party hereto, this letter of intent shall terminate and the earnest money and interest accrued thereon shall be returned to CMHDC.

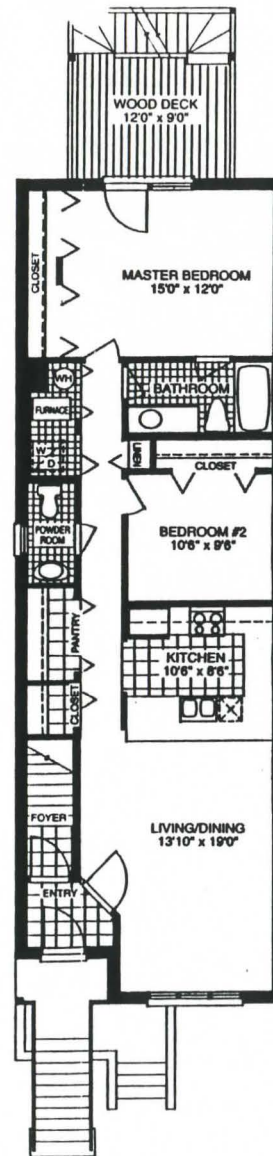
PLAN III

The Terrace Home

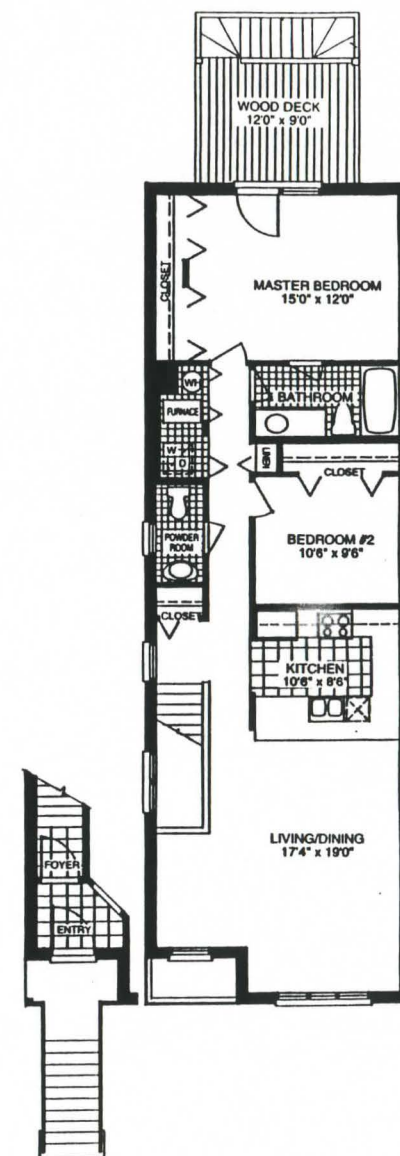
A two-bedroom condominium residence with one and one-half baths, galley kitchen, and living/dining room. Patios, private wood decks, and cathedral ceilings are available per plan.



FIRST FLOOR



SECOND FLOOR



SECOND FLOOR ENTRY
TO THIRD FLOOR

THIRD FLOOR

This floor plan illustrates standard and optional features. Optional features are available at extra cost. Please consult a sales representative for more information.

MCL Companies policy of continual improvements in design and construction features and reserves the right to discontinue floor plans or change any specifications, equipment, dimensions and prices without notice or obligation. Some features illustrated in this plan are optional at extra cost.

LUXURY FEATURES

KITCHEN

- Gourmet kitchen appliance package by Whirlpool including:
 - 18 cu. ft. no-frost refrigerator/freezer with ice maker
 - Continuous-cleaning single oven with four-burner gas cook top and electronic clock/timer
 - Vented range hood fan
 - Four-cycle dishwasher
 - Undersink garbage disposal
- Frameless Eurostyle kitchen cabinetry with wood or laminate doors and laminate countertops
- Double-bowl, stainless steel kitchen sink with Moen faucet
- Ceramic tile flooring in kitchen and pantry, per plan

LIVING AREAS

- Six-panel, steel-insulated entrance door
- Entrance foyer with ceramic tile flooring
- Six-panel, painted Colonist interior doors and bi-fold closet doors
- Wall-to-wall carpeting in living room, dining room, bedrooms, halls, and closets
- Vinyl-clad wire closet shelving
- Architectural decorative lighting, per plan
- Pre-wired for telephone in living room, kitchen and master bedroom, per plan
- Cable ready in living room and master bedroom, per plan

BATHROOMS

- White bathroom plumbing fixtures include self-rimmed drop-in sinks
- Chrome faucets by Moen
- Fiberglass tubs with surrounds, per plan
- Laminate countertops
- Ceramic tile floors

ENERGY EFFICIENCY

- Gas-fired furnace equipped with humidifier and central air conditioning throughout
- 40-gallon, high-recovery, gas hot water heater
- Vinyl, dual-glazed insulated windows
- R-30 fiberglass batt insulation in roofs

EXTERIOR

- Wood deck or patio, per plan
- Tyvek air infiltration barrier, per plan
- Fully landscaped yard
- Exteriors include a combination of vinyl siding, brick masonry, split-face block, or limestone, per elevation
- Double-insulated skylights, optional per plan

MCL Companies' policy of continual improvements in design and construction requires and reserves the right to discontinue floor plans or change any specifications, equipment, dimensions and prices without notice or obligation. Some features illustrated or described are optional at extra cost.

THE HOMES OF MOHAWK NORTH

1519 N. Larrabee St. • Chicago, IL 60610
(312) 573-0909 • Fax (312) 573-1830



THE HOMES OF MOHAWK NORTH

Mohawk and North. More than an intersection: A new Chicago neighborhood. A genuine community of well-conceived homes in the heart of everything that makes the Near North side such a vital, interesting place.

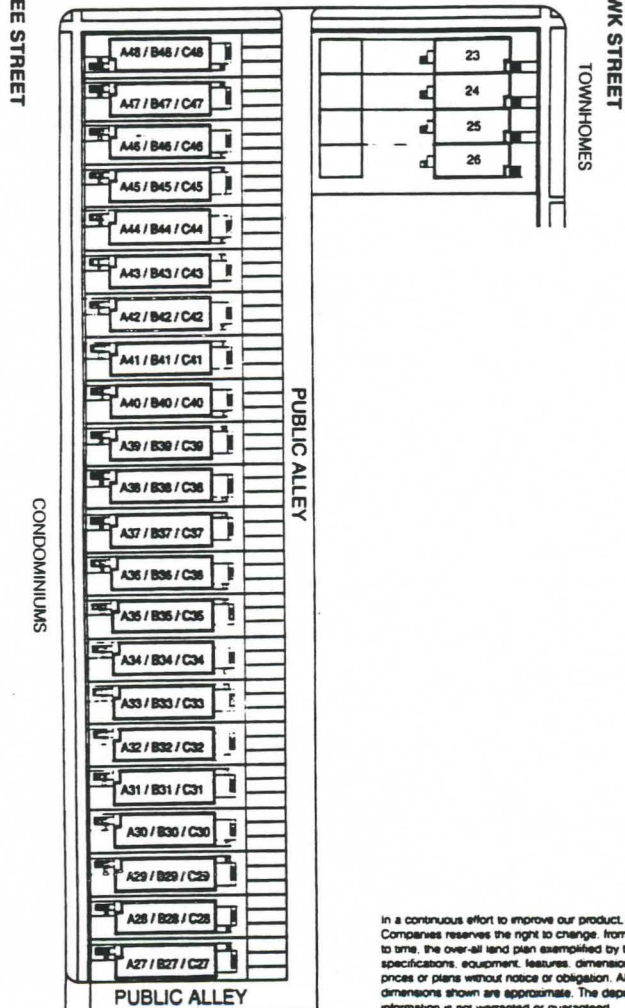
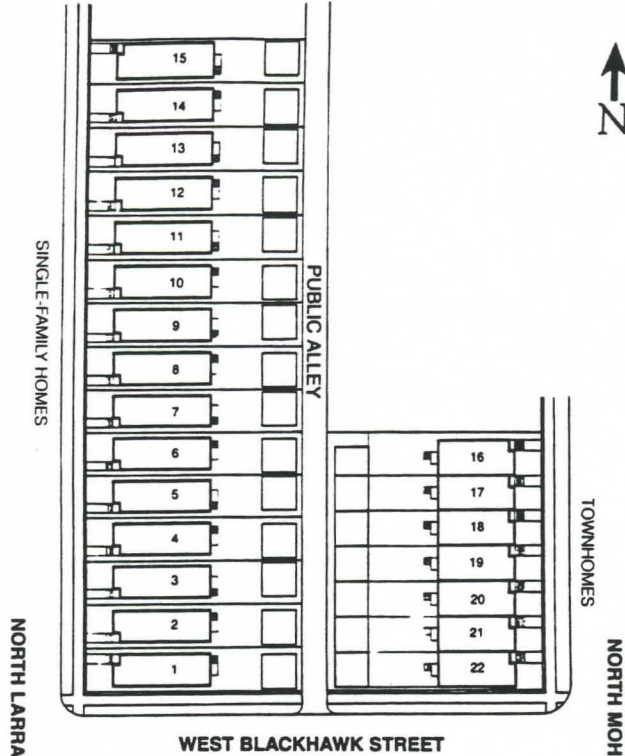
As does any true community, ours offers a variety of homes. You may choose a stately single-family residence, an innovative townhome or an affordable and easy-living condominium.

All offer new concepts in architectural style and interior design. Such new ideas are the hallmark of MCL and its partner Mr. Allison S. Davis. MCL is the award-winning leader in Chicago residential real estate, having built more than 1,200 homes in communities throughout our city's popular in-town neighborhoods. These include Old Town Square, The Pointe at Lincoln Park, The Residences at Central Station, and The Chicago Homes on North Park.

MCL's vision for The Homes of Mohawk North extends beyond the building of homes; we're building a neighborhood. And we welcome you to it.

MCL
COMPANIES





In a continuous effort to improve our product, MCL Companies reserves the right to change, from time to time, the over-all land plan exemplified by this plat, specifications, equipment, features, dimensions, prices or plans without notice or obligation. All dimensions shown are approximate. The depicted information is not warranted or guaranteed.

PLAN III

The Terrace Home Elevations

ELEVATION A



ELEVATION B



ELEVATION C



Artist's Impression

The Sullivan I The Sullivan II



Artist Rendering

OLD
TOWN
SQUARE

**OLD TOWN SQUARE
CHA DESIGNATED UNITS**

301B W. Goethe Street #201
301B W. Goethe Street #202
301B W. Goethe Street #203
301B W. Goethe Street #204

301A W. Scott Street #701
301A W. Scott Street #702
301A W. Scott Street #703
301A W. Scott Street #704

301C W. Scott Street #901
301C W. Scott Street #902
301C W. Scott Street #903
301C W. Scott Street #904

279A W. Scott Street #1101
279A W. Scott Street #1102
279A W. Scott Street #1103
279A W. Scott Street #1104

279B W. Scott Street #1201
279B W. Scott Street #1202
279B W. Scott Street #1203
279B W. Scott Street #1204

249B W. Scott Street #1401
249B W. Scott Street #1402
249B W. Scott Street #1403
249B W. Scott Street #1404

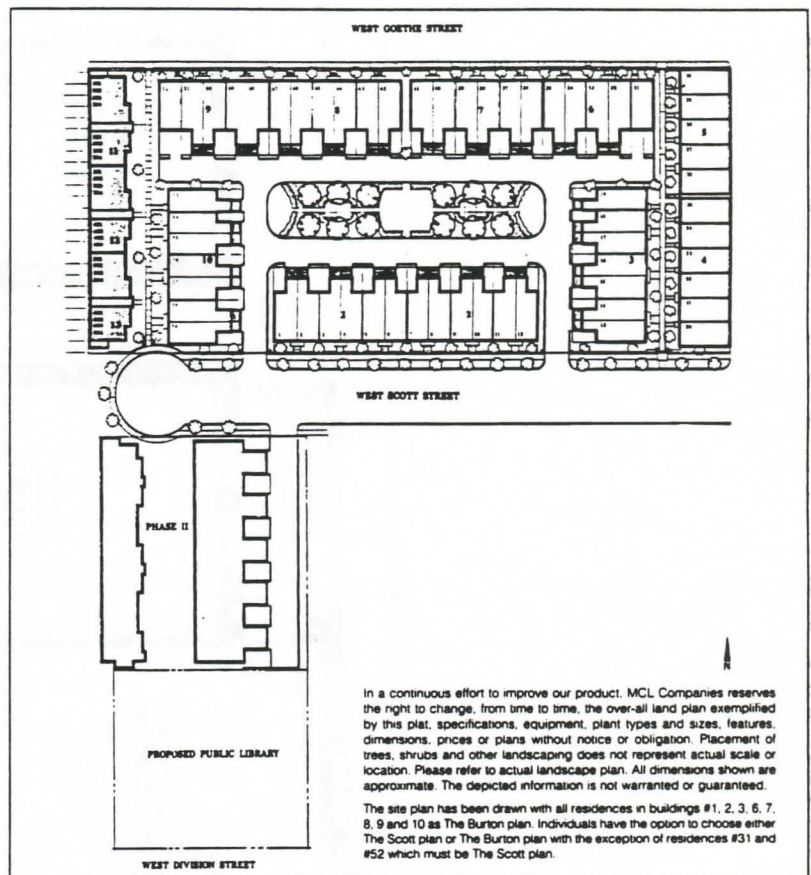
249D W. Scott Street #1601
249D W. Scott Street #1602
249D W. Scott Street #1603
249D W. Scott Street #1604

The Sullivan I

A condominium residence featuring large master bedroom, one bath, spacious galley kitchen with glass block windows, dining room, living room with fireplace and access to private balcony. Private parking space.

The Sullivan II

A condominium residence featuring two bedrooms, two baths, galley kitchen with separate pantry and glass block windows, dining room, living room with fireplace and access to private balcony. Master bedroom has walk-in closet, and private master bath. Private parking space.



Luxury Features

KITCHEN

- Luxury appliance package including:
 - 18 cu. ft. frost-free refrigerator with ice maker
 - Free-standing range with self-cleaning oven
 - Four-cycle, under-counter dishwasher
 - Undersink garbage disposal
- Double-bowl stainless steel sink
- Single-lever faucet, per plan
- Ceramic tile floor
- Designer cabinet selection
- High-pressure self-edge laminate countertops - full range of custom colors
- Under-cabinet fluorescent fixture over kitchen sink

LIVING AREAS AND BEDROOMS

- First floor features 8-foot ceilings. Second, third and fourth floors feature 9-foot ceilings
- Fireplace with ceramic tile hearth and surround

- Six-panel Colonist doors
- Painted white trim throughout
- Luxury wall-to-wall carpeting
- Smoke detectors throughout
- Intercom system with exterior front door speaker
- Built-in security system with contacts on all operational ground floor doors and windows
- Prewired for cable television in living room or family room and master bedroom
- Prewired for telephone in kitchen and master bedroom
- Vinyl-clad wire closet shelving throughout

BATHROOMS

- Ceramic tile floors in all bathrooms
- Ceramic wall tile in tub and shower in master bathroom
- Enameled cast iron, self-rimming sinks with 8-inch designer split handle faucets
- Custom lighting package
- Recessed medicine cabinets
- Optional skylights, per plan

ENERGY EFFICIENCY

- R-30 ceiling insulation with integral vapor barrier
- High-efficiency gas forced-air heating with electronic ignition and humidifier
- Central air conditioning
- Kitchen, bathroom and clothes dryer venting to outside
- Weather-stripped exterior doors and windows
- Interior and exterior caulking
- Dual-glazed, insulated glass pane windows
- 5/8-inch drywall
- Dishwasher with energy-saving cycle

MECHANICAL

- Individual air registers
- 40-gallon, quick recovery gas hot water heater
- 100-amp electrical service
- Copper water lines throughout
- Convenient circuit breakers
- Washer and dryer hook-ups

EXTERIOR

- Completely landscaped courtyard
- Underground utilities
- Frost-proof hose bibs, per plan
- Modified membrane roof system
- Concrete city sidewalks and curbs
- Patios, and wood decks constructed of pressure-treated lumber, per plan
- Maintenance-free gutters and downspouts
- Automatic underground sprinkling system for common landscaped areas
- Private, fully-landscaped backyards, per plan
- Masonry and copper detailing
- Wrought iron fencing
- Electric garage door with remote control, per plan

MCL Companies' policy of continual improvements in design and construction requires and reserves the right to discontinue floor plans or change any specifications, equipment, dimensions and prices without notice or obligation. Some features illustrated or described are optional at extra cost.



247 West Scott Street, Chicago, IL 60610
(312) 943-7676



If the foregoing reflects your understanding of the transaction, please so indicate in the space provided below and return a signed copy to the undersigned as soon as possible so that we may commence preparation of the documentation.

Very truly yours.

CHICAGO HOUSING AUTHORITY

By: Edith G. Smith
Its: Chairman

**CHICAGO METROPOLITAN HOUSING
DEVELOPMENT CORPORATION**

By: John Doe
Its: President

Consented and Agreed To this
___ day of ___, 1997

Mohawk North Developer:
MCL/ASD, LLC II, an Illinois limited
liability company

By: Daniel McLean
Its: Manager

Oscar Mayer Developer:

By: Daniel McLean Agent
Daniel McLean

REQUEST FOR PROPOSALS

MOHAWK - NORTH

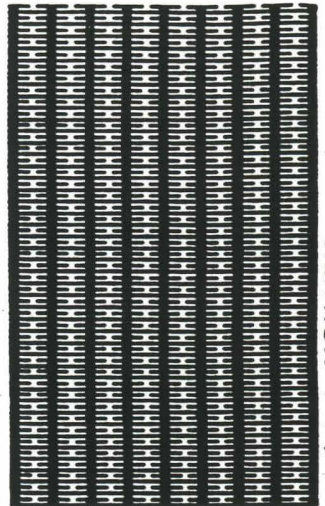
**DISPOSITION PARCELS
R-7 THROUGH R-10**



CITY OF CHICAGO
Richard M. Daley, Mayor

Department of Planning and Development
Valerie B. Jarrett, Commissioner

NORTH



MOHAWK

BLACKHAWK

LARRABEE

CLYBOURN

Part I

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**MOHAWK-NORTH
REQUEST FOR PROPOSALS**

EXECUTIVE SUMMARY

The City of Chicago, Department of Planning and Development, hereby announces a Request for Proposals for the development of new residential housing for Disposition Parcels R-7 through R-10 (see Part III) within the Mohawk-North Redevelopment Area (the "Area"). The Area is located approximately two miles north and one mile west of Chicago's Central Business District and comprises, in whole, 10.3 acres. Disposition Parcels R-7 through R-10 comprise, in whole, approximately 3.26, noncontiguous acres.

The main objective of this Request for Proposals is the development of housing along the west side of the 1400 and 1500 blocks of North Mohawk Street, the north and south sides of the 500 block of West Blackhawk Street, and the east side of the 1400 and 1500 block of North Larrabee Street.

Developers who submit proposals will be permitted to bid on one or more of the Disposition Parcels. No minimum bid price will be required for the Disposition Parcels.

All proposals will be evaluated on the basis of:

1. conformance to the requirements within the Request for Proposals and the Mohawk-North Redevelopment Plan;
2. quality of proposed design;
3. economic feasibility and marketability of proposal;
4. financial ability of the developer to complete the project;
5. price offered for land;
6. developer's project schedule;
7. developer's past experience with similar projects; and
8. developer's willingness to develop all Disposition Parcels and developer's financial capability of developing all Disposition Parcels simultaneously, if proposing to develop more than one Disposition Parcel;
9. developer's conformance to the City's affirmative action goals;

10. developer's willingness to assist in the cost of construction of a new alley if proposing to develop Disposition Parcel R-7 and/or R-9; and
11. developer's willingness to offer for-sale and rental housing opportunities to a range of income groups, including low- and moderate-income households.

A pre-proposal conference for developers will be held at 2:00 p.m., local time, on April 24, 1995, City Hall, Room #1003A, 121 North LaSalle Street. The purpose of this conference is to answer questions regarding this Request for Proposals.

NO QUESTIONS WILL BE ANSWERED OUTSIDE THE CONTEXT OF THIS MEETING.

Proposals must be submitted to Kelly King, Deputy Commissioner, City of Chicago , Department of Planning and Development, no later than 2:00 p.m., local time, on June 13, 1995, at which time the proposals will be opened.

Key Dates:

**April 14, 1995 (Friday) Request for
Proposals Issued**

**April 24, 1995 (Monday) Pre-proposal
Conference for Developers**

June 13, 1995 (Thursday) Proposals Due

I. INTRODUCTION

The City of Chicago (the "City"), Department of Planning and Development (the "DPD") requests proposals for the development of new residential housing for Disposition Parcels R-7 through R-10, which total approximately 3.26 noncontiguous acres. Disposition Parcels R-7 through R-10 are located along the west side of the 1400 and 1500 block of North Mohawk Street, the north and south sides of the 500 block of West Blackhawk Street, and the east side of the 1400 and 1500 block of North Larrabee Street within the Mohawk-North Redevelopment Area (the "Area").

The City seeks the development of mixed-income, owner- and rental-occupied, single-family, attached- and detached-housing for the subject Disposition Parcels. In order to defray the costs of homeownership, the design of the owner-occupied housing may incorporate garden-level, rental units.

Potential developers are invited to bid on one or more of the Disposition Parcels.

Each developer who submits a responsive proposal will be required to present his or her plans at a community meeting before the final selection is made.

A pre-proposal conference will be held at 2:00 p.m., local time, City Hall, on April 24, 1995, 121 North LaSalle Street, Room #1003A. The purpose of this conference is to answer questions regarding this Request for Proposals.

NO QUESTIONS WILL BE ANSWERED OUTSIDE THE CONTEXT OF THIS MEETING.

Sealed proposals for redevelopment of Disposition Parcels R-7 through R-10, within the Area, must be submitted to Kelly King, Deputy Commissioner, Department of Planning and Development, City Hall, Room #1006, 121 North LaSalle Street, Chicago, Illinois 60602 by June 13, 1995 at 2:00 p.m., local time.

II. SITE DESCRIPTION

The Area is generally bounded by West North Avenue on the north, by North Mohawk Street on the east, by an east-west line parallel to and approximately 655 feet south of West Blackhawk Street on the south, and by North Larrabee Street on the west. The exact boundaries are shown on the attached Boundary and Disposition Parcel Map (see Part III). The Disposition Parcels available for bidding under this Request for Proposals are indicated on said map.

III. PLANNING AND ZONING CONTROLS

A. Permitted Uses and Density

The land use and density controls are the same as those found in Amendment No. 5 of the Mohawk-North Redevelopment Plan (the "Plan"), see Part III. Disposition Parcels R-7 and R-9 are zoned R-4, and Disposition Parcel R-8 is zoned R-5. While Disposition Parcel R-10 is presently zoned B4-3, the developer will be required to rezone it to R-4. If a developer proposes to develop all four Disposition Parcels, the City will consider a Planned Development.

Permitted uses for the Disposition Parcels will be limited to mixed-income, owner- and rental-occupied, single-family, attached- and detached-housing. The owner-occupied housing designs may include garden-level, rental units as part of, but separate from, the principal living unit, and managed by the owner of said principal living unit. If the developer elects to include a rental unit, however, how the unit affects privacy, site plans, parking, and feasibility of the project shall be included in the narrative section and clearly indicated on site plans and architectural drawings.

No restriction is placed on the potential sale price for each dwelling unit. However, preference will be given to those proposals which offer for-sale and rental housing opportunities to a range of income groups, including low- and moderate-income households.

B. Bulk Controls

The Floor Area Ratio (F.A.R.), as defined in the Plan, is limited to 1.7 for Parcel R-8, and 1.2 for Parcels R-7 and R-9. However, if an F.A.R. of 2.2 is desired for Parcel R-8, the City may amend the Plan. Parcel R-10, will be limited to a F.A.R. of 1.2 following its rezoning to R-4.

C. Site Orientation

New units to be located on Disposition Parcels 7 and 8 shall be oriented such that their main entries and facades face North Mohawk Street. New units to be located on Disposition Parcels 9 and 10 are not required to be oriented such that their main entries and facades face the street, but it is strongly encouraged. Preference will be given to those proposals that orient new units such that their main entries and facades face North Larrabee Street. All new units located on all Disposition Parcels shall be oriented, such that their axes do not deviate from the orthogonal street grid.

D. Building Setbacks

Building setbacks for all Disposition Parcels shall conform to those stipulated in the R-4 zoning classification as defined in the Chicago Zoning Ordinance. However, building fronts shall align with existing, adjacent, residential structures where applicable.

E. Off-Street Parking

A minimum of one, off-street, parking space shall be provided for each principal, living unit and each garden-level, rental unit, if incorporated. The DPD prefers proposals which incorporate fully enclosed, off-street parking.

IV. DESIGN CRITERIA

The DPD wishes to achieve high quality architectural design in the redevelopment of all Disposition Parcels. Designs shall

be compatible with the historic character of the surrounding residential community.

In order to achieve this objective, preference will be given to proposals which most successfully meet the following design criteria:

- A. The Disposition Parcels shall be used for development of new, mixed-income, owner- and rental-occupied, single-family, attached- and detached-housing only;
- B. Building heights shall be a minimum of 2 1/2 stories or 25 feet and shall be a maximum of 3 1/2 stories or 35 feet above street level.
- C. A variety of exterior building materials will be permitted, including wood siding or shingles, stucco, masonry, or stone. The use of exterior insulation finish systems is prohibited. The use of concrete except as a structural element is strongly discouraged;
- D. In terms of scale, proportion, site lines, height, massing, fenestration, materials, and architectural elements, the design of new, housing structures shall be compatible with the character of existing residential structures in the immediate neighborhood and surrounding community;
- E. Rear access for Disposition Parcel R-8 shall be via the existing alley. Rear access for Disposition Parcel R-7 shall be via a new alley (See Part III, Section IV). Rear access for Disposition Parcels R-9 and R-10 is strongly encouraged via a new alley and the existing alley, respectively. While new curb cuts on North Larrabee Street are strongly discouraged, new driveway curb cuts on North Mohawk Street and West Blackhawk Street are prohibited; and
- F. Landscape design shall comply, at a minimum, with the Chicago Landscape Ordinance and all applicable building codes and regulations. Preference will be given to those proposals which exceed the minimum standards.

Ordinance. Public-ways and sidewalks must comply with the American Disabilities Act.

If proposing to develop Disposition Parcels R-7 and/or R-9, the developer shall be required to incur a percentage of the cost of construction of an approximately 700 foot, "L-shaped" alley south of West Blackhawk Street, which will connect West Blackhawk Street and North Larrabee Street and serve housing in the 1400 block of North Mohawk Street and North Larrabee Street. The developer's percentage to be incurred for the cost of construction of said alley shall be relative to the given Disposition Parcel's alley frontage. Relative percentages and approximate costs are as follows:

<u>Disposition Parcel</u>	<u>Percentage</u>	<u>Approximate Cost</u>
R-7	7%	\$ 9,300.
R-9	49%	\$ 65,200.

Note: While the percentages will not change, the approximate costs are based on a cost estimate and are, therefore, subject to change.

The City makes no representation, warranty, or covenant as to the environmental condition of the property or the suitability of the land for any purpose whatsoever. It will be the responsibility of the developer to investigate and to determine at his/her sole cost, the soil and environmental condition of the site. Upon approval of the sale of the project land, but prior to the execution of the Redevelopment Agreement, the City will grant the developer a right-of-entry for the sole purpose of conducting soil and environmental tests on the City-owned property. The developer must, however, provide the City with a certificate of insurance which is acceptable to the City. In addition, the developer must agree to provide a copy of any and all soil and environmental test reports.

THE DEVELOPER IS ADVISED TO CONTACT REPRESENTATIVES OF THE UTILITY COMPANIES AND AGENCIES LISTED IN THE ATTACHMENTS FOR ASSISTANCE AND INFORMATION WHERE APPROPRIATE (SEE PART III).

VIII. SUBMISSION REQUIREMENTS

Each respondent shall submit eight bound copies and one unbound copy of the following documents in a clear, legible, and 8½ X 11 format (unless otherwise described).

Each proposal must include the following:

- A. A statement of commitment to adhere to the provisions of all applicable federal, state, and local laws, ordinances and regulations prohibiting discrimination or segregation by reason of race, religion, color, gender, physical or mental handicap or disability, national origin or ancestry, sexual orientation, military status, parental status, or source of income, including, such laws, ordinances, and regulations with regard to the sale, lease or occupancy of the parcels.
- B. An executed offer specifying terms, conditions, and price offered for land and other information requested, and the name of the representative authorized to act on the developer's behalf (see Part II).
- C. A cashier's check or certified check payable to the order of the City of Chicago, in the amount of ten percent (10%) of the price for the land for which the offer is made.
- D. Developer's statement of qualifications and financial responsibility including the following:
 - 1. identification of principal members of the development team presenting their past experiences in design and implementation of similar projects;
 - 2. demonstration of the developer's ability to provide equity and obtain construction, interim (if necessary), and permanent financing;
 - 3. three years of historical financing reports compiled by a CPA;
 - 4. three years of income tax returns which include principals as well as development entities;

5. personal financial statements for any individual with a 10% or greater interest in the development entity;
6. a listing of all outstanding loans including;
 - a. original and current principal balances;
 - b. terms, interest rates, and maturity;
 - c. a statement from the lender regarding status of the loan; and
 - c. any special condition (see Part II); and
7. acknowledgement of any litigation in which the developer is involved and the nature and status of such litigation.

E. Drawings

Eight bound and one unbound set of site plans, architectural floor plans, and architectural building elevations, must be submitted on unmounted sheets, no larger than 30" X 42". The plans must include the following information:

1. An illustrative site plan drawn to a scale no smaller than 1:20. No more than one Disposition Parcel shall be drawn on a single sheet. The site plan should indicate:
 - a. location of off-street parking;
 - b. landscaping, fencing, and lighting;
 - c. general adjacent context; and
 - d. such other information as is necessary to readily illustrate the proposal.
2. Floor plans drawn to the scale of $1/4" = 1'-0"$. If possible, all plans for each given housing unit shall be on the same sheet.
3. Building elevations drawn to the scale of $1/4" = 1'-0"$. If possible, all elevations for each given housing unit shall be on the same sheet, and show:

- a. development in the context of adjacent structures;
- b. number and elevation (in feet) of floors; and
- c. description of all fenestrations, materials, and architectural elements.

Developers are cautioned not to prepare construction drawings at this time. If and when a proposal is approved for acceptance, the successful bidder will be requested to meet with the DPD to discuss the preparation of subsequent construction drawings.

F. Redevelopment Cost Estimates

Using the "Redevelopment Cost Estimates" form, itemize the estimated development costs and funding available for this project (see Part II).

G. Narrative Information

1. The land coverage by buildings, common areas (if any), open space, and driveways.
2. An itemized calculation of the Floor Area Ratio (F.A.R.).
3. A general statement describing how the proposed development complies with the DPD's design criteria contained in Part I, Section IV.
4. A thorough description of the developer's experience, background, and accomplishments.
5. A thorough description of the developer's marketing plan for the proposed development.
6. A statement of the experience, background, and pertinent accomplishments of the proposed architects.
7. The estimated dates of commencement and completion of the construction of the proposed improvements.

8. A pro forma of sources and uses of funds for financing of the development, together with supporting documentation, indicating the availability of such financing.
9. A statement describing the public benefit derived from the project shall be provided. This shall include the estimated number of employees by project phase and the estimated Equalized Assessed Valuation ("EAV") after development.
10. A statement describing how 50% of the construction jobs will be held by City of Chicago residents.

H. Respondents are reminded to complete and include ALL forms required and listed in Part II of this RFP.

Additional information may be furnished to the DPD to clarify the prospective developer's plans and intentions

The DPD reserves the right to request additional information from any prospective developer after the proposal has been received and opened.

IX. SELECTION CRITERIA

The DPD will be guided by the following considerations in evaluating proposals:

- 1) conformance to requirements within the Request for Proposals and the Mohawk-North Redevelopment Plan;
- 2) quality of proposed design;
- 3) economic feasibility and marketability of proposal;
- 4) financial ability of developer to complete the project;
- 5) price offered for land;
- 6) developer's project schedule;
- 7) developer's past experience with similar projects;
- 8) developer's willingness to develop all Disposition Parcels and developer's financial capability of developing all Disposition Parcels simultaneously, if proposing to develop more than one Disposition Parcel;
- 9) developer's conformance to the City's affirmative action goals;

- 10) developer's willingness to assist in the cost of construction of a new alley if proposing to develop Disposition Parcel R-7 and/or R-9; and
- 11) developer's willingness to offer for-sale and rental housing opportunities to a range of income groups, including low- and moderate-income households.

If selected, the developer will be required to execute a Redevelopment Agreement, and provide a progress schedule to the DPD for approval.

X. SUBMISSION OF PROPOSALS

All proposals must be submitted on the forms furnished by the DPD and must be complete in all respects.

Proposals must be submitted with all supporting documents in a plain, sealed envelope marked:

"Offer to Redevelop Mohawk-North (R-7 through R-10) to be opened at 2:00 p.m., local time, on June 13, 1995."

It is the responsibility of the developer to insure that his or her proposal is received by the DPD by the designated time. No offer will be accepted after that time. The offer will remain open for a minimum period of ninety (90) days from June 13, 1995 to September 11, 1995, and will remain in force thereafter until withdrawn by the offeror in writing.

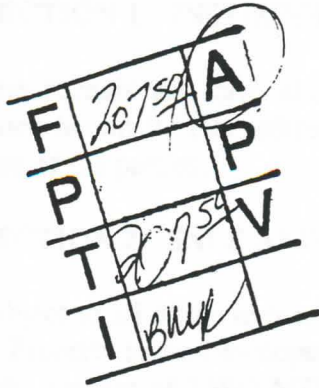
If requested, a receipt will be given for each offer submitted to the DPD, prior to the stated time for opening offers. All materials submitted become the property of the City and any release by the developer for publication of the materials submitted with an offer may disqualify the prospective developer.

THE CITY MAY REJECT ANY AND ALL OFFERS, AND MAY WAIVE ANY AND ALL INFORMALITIES.

XI. COMMUNITY PRESENTATIONS

Each developer who submits a responsive proposal will be required to present his or her plans to the community at a

public meeting before the final selection is made. The date, time, and location of this meeting will be arranged by the DPD and will be announced at a later date.



96445425

R DEPT- RECORDING \$207.50
T#5555 TRAN 5332 06/11/96 15:40:00
#6458 JJ *-96-44542
COOK COUNTY RECORDER
(The Above Space For Recorder's Use Only)

**AGREEMENT FOR THE
SALE AND REDEVELOPMENT OF LAND**

This AGREEMENT ("Agreement") is made on or as of the 10th day of June, 1996, by and between the CITY OF CHICAGO, an Illinois municipal corporation ("City") having its principal office at City Hall, 121 North LaSalle Street, Chicago, Illinois 60602 and MCL/ASD, L.L.C. II, an Illinois limited liability corporation having its principal offices at 1337 West Fullerton Avenue, Chicago, Illinois 60614 ("Developer").

RECITALS

96445425

WHEREAS, the City Council of the City of Chicago by Ordinance passed January 10, 1996, approved the sale of that certain real property legally described in Exhibit A attached hereto and made a part hereof ("Property") to the Developer; and

WHEREAS, the Property is located in an area known as the Mohawk-North Redevelopment Area ("Project Area") and is commonly referred to as Parcels R7, R8, R9, and R10; and

WHEREAS, the Developer intends to construct ninety-two (92) mixed-income, owner and renter occupied dwelling units contained within forty-eight (48) structures and comprising townhouses, detached houses and three-level flats ("Improvements" and/or "Project") on the Property, which Improvements are consistent with the Redevelopment Plan ("Plan") for the Project Area approved by the City Council of the City of Chicago pursuant to an ordinance adopted March 12, 1986, including any amendments adopted to the date of this Agreement;

NOW, THEREFORE, in consideration of the promises and the mutual obligations of the parties hereto, each of them hereby covenants and agrees with the other as follows:



20759
11/11/96

expiration shall constitute an event of default under the terms of this Agreement and shall entitle the City to draw on the Letter of Credit and retain the entire Performance Deposit.

D. Interest. The City shall be under no obligation to pay interest on the Preliminary Deposit or Earnest Money set forth in this Section 4.

SECTION 5. PROJECT BUDGET; PROOF OF FINANCING.

The City acknowledges that it has approved a Project Budget ("Budget") submitted by the Developer on June 13, 1995. Not less than fourteen (14) days prior to the Closing, the Developer shall submit evidence of funds adequate to finance the purchase of the Property and the construction of the Improvements. If the Developer fails to provide the City with proof of financing to the City's reasonable satisfaction, the City may declare this Agreement null and void and return the Earnest Money and Preliminary Deposit to the Developer.

SECTION 6. SITE PLANS AND ARCHITECTURAL DRAWINGS.

The Developer agrees to construct the following number and type of rental and for-sale housing units on each of those parcels which comprise the Property:

A. Parcels R7 and R8. Eleven (11) one-family, for-sale townhouses with unfinished basements and a garage structure providing two (2) spaces per dwelling, which garage structure may include multiple parking spaces. Two (2) floor plans will be provided to prospective homebuyers by the Developer.

B. Parcel R9. Twenty-two (22) three-family, for-sale and for-rent detached, three-level flats with not less than one (1) parking space per dwelling. The Developer may combine as many as two of the three adjacent levels in a given structure into a single dwelling unit thereby creating twenty-two (22) to fifty (50) for-sale units and sixteen (16) rental units. There shall be no more than one (1) Low-Income or Moderate-Income Unit (as defined in Section 11 below) per three-level flat.

C. Parcel R10. Fifteen (15) one-family for-sale detached houses with detached two (2) car garages and unfinished basements. Three (3) floor plans will be provided to prospective homebuyers by the Developer.

The Developer agrees to construct the Improvements in substantial accordance with the Site Plans and Architectural Drawings dated May 3, 1996, which have been approved by the City's Department of Planning and Development ("DPD") or a successor agency and which are attached hereto as Exhibit B ("Drawings"). No material deviation from the Drawings shall be made without the prior written approval of DPD.

F. Vacancy. All of the rental units in the Project shall be, and after completion of the Project shall remain, suitable for occupancy. No rental unit shall remain vacant for a period of more than two (2) months from the last date of occupancy without a written explanation from the Developer documenting efforts being made to lease such unit(s). No rental unit shall remain vacant for a period of more than six (6) months from the date of last occupancy without the express written consent of the City.

G. Termination of Leases. The Developer shall include in leases for all rental units provisions which authorize the Developer to immediately terminate the tenancy of any tenant who misrepresented any fact material to the tenant's qualification as a Low-Income or Moderate-Income Tenant.

H. Documentation. All tenant lists, applications, and waiting lists relating to the Project shall at all times be kept separate and identifiable from any other business of the Developer which is unrelated to the Project and shall be maintained, as required by the City, in a reasonable condition for proper audit and subject to examination during business hours by representatives of the City. If the Developer employs a management agent for the Project, the Developer shall require such agent to comply with the requirements of this Agreement and shall include such requirements in any and all management agreements or contracts entered into with respect to the Project.

I. Tenant Certification. The Developer shall obtain and maintain on file during the Project Term a sworn and notarized statements from the Low-Income and Moderate-Income Tenants ("Tenant Certification") with respect to each and every individual, group of unrelated individuals or family who is a tenant in the rental units, signed by the tenant or tenants, i.e., the individual or individuals whose name or names appear on the lease, and obtained by the Developer (a) prior to such tenant or tenants occupying the unit or signing a lease with respect thereto, and (b) thereafter at least annually so long as such individual, individuals, or family remain as tenants in the rental units. Each Tenant Certification shall be kept on file with the Developer. The Developer shall assist each of the tenants in completing the Tenant Certification.

J. Lease Terms. All tenant leases shall have a duration of not less than six months, shall be in conformity with all applicable laws, including without limitation, the City of Chicago Residential Landlord and Tenant Ordinance and shall contain clauses, inter alia, wherein each individual lessee:

- i. Certifies the accuracy of the statements made in the Tenant Certification; and
- ii. Agrees that the family income and other eligibility requirements shall be deemed substantial and material obligations of his/her tenancy, that he/she will comply with all requests for information with respect thereto from the Developer or the City and that the

F. Vacancy. All of the rental units in the Project shall be, and after completion of the Project shall remain, suitable for occupancy. No rental unit shall remain vacant for a period of more than two (2) months from the last date of occupancy without a written explanation from the Developer documenting efforts being made to lease such unit(s). No rental unit shall remain vacant for a period of more than six (6) months from the date of last occupancy without the express written consent of the City.

G. Termination of Leases. The Developer shall include in leases for all rental units provisions which authorize the Developer to immediately terminate the tenancy of any tenant who misrepresented any fact material to the tenant's qualification as a Low-Income or Moderate-Income Tenant.

H. Documentation. All tenant lists, applications, and waiting lists relating to the Project shall at all times be kept separate and identifiable from any other business of the Developer which is unrelated to the Project and shall be maintained, as required by the City, in a reasonable condition for proper audit and subject to examination during business hours by representatives of the City. If the Developer employs a management agent for the Project, the Developer shall require such agent to comply with the requirements of this Agreement and shall include such requirements in any and all management agreements or contracts entered into with respect to the Project.

I. Tenant Certification. The Developer shall obtain and maintain on file during the Project Term a sworn and notarized statements from the Low-Income and Moderate-Income Tenants ("Tenant Certification") with respect to each and every individual, group of unrelated individuals or family who is a tenant in the rental units, signed by the tenant or tenants, i.e., the individual or individuals whose name or names appear on the lease, and obtained by the Developer (a) prior to such tenant or tenants occupying the unit or signing a lease with respect thereto, and (b) thereafter at least annually so long as such individual, individuals, or family remain as tenants in the rental units. Each Tenant Certification shall be kept on file with the Developer. The Developer shall assist each of the tenants in completing the Tenant Certification.

J. Lease Terms. All tenant leases shall have a duration of not less than six months, shall be in conformity with all applicable laws, including without limitation, the City of Chicago Residential Landlord and Tenant Ordinance and shall contain clauses, inter alia, wherein each individual lessee:

- i. Certifies the accuracy of the statements made in the Tenant Certification; and
- ii. Agrees that the family income and other eligibility requirements shall be deemed substantial and material obligations of his/her tenancy, that he/she will comply with all requests for information with respect thereto from the Developer or the City and that the

failure to provide accurate information in the Tenant Certification or refusal to comply with a request for information with respect thereto shall be deemed a substantial violation of an obligation of his/her tenancy.

K. Inspection of Records. The Developer shall permit and shall cause any management agent for the Project to permit, during normal business hours and upon reasonable notice, any duly authorized representative of the City to inspect any books and records of the Developer or such agent regarding the Project with respect to the income of low-income and moderate income families residing as tenants in the rental units or which pertain to compliance with the provisions of this Agreement. The Developer shall permit and shall cause any management agent for the Project to permit the City and/or its agents to inspect the Project at all reasonable times and access thereto shall be permitted for that purpose.

L. Compliance. The Developer agrees that it will take any and all reasonable actions required by the City to substantiate the Developer's compliance with the restrictions set forth herein, including, but not limited to, submitting to the City an annual report executed by the Developer, commencing on the first January following the completion of the Project and on each January 1 thereafter through and including the January following the expiration of the Project Term.

M. Tenant Profile. The Developer shall provide to the City a tenant profile (in the form provided to the Developer by the City of Chicago, Department of Housing) for each Low-Income and Moderate-Income Tenant for each unit in the Project within thirty (30) days after such unit is leased to such tenant(s). For each rental unit, promptly after the first leasing of such unit after the completion of the Project, the Developer shall provide the City, unless prohibited by law, with data on the racial, ethnic, gender and income-level characteristics of (a) the tenants moving into such unit initially after completion of the Project, and (b) the applicants for tenancy of such unit within ninety (90) days following completion of the Project. For each subsequent leasing of the unit, the Developer shall provide the City, unless prohibited by law, with data on the racial, ethnic, gender and income-level characteristics (including gender identification of the head(s) of household) of each tenant moving into the unit.

N. Notice to City. The Developer shall notify the City of the occurrence of any event of which the Developer has notice and which event would violate any of the provisions of this Agreement.

O. Chicago Fair Housing Ordinance. No person in the United States, on the grounds of race, color, national origin, religion, or sex shall be excluded from participating in, be denied the benefits of, or be subjected to discrimination in connection with the Project. The Developer shall cause the Project to comply at all times with the Chicago Fair Housing Ordinance, Section 5-8-010 et seq. of the Municipal Code of Chicago.

P. Tenant Selection Plan. The Developer shall submit to the City not more than thirty (30) days after the Closing, a tenant selection plan containing policies and criteria that: (1) are consistent with the purpose of providing housing for Low-Income and Moderate-Income Tenants, (2) are reasonably related to multi-family program eligibility and the applicants' ability to perform the obligations of the lease, (3) give reasonable consideration to the housing needs of families that would have a preference under 24 C.F.R. Section 960.211, and (4) provide for (a) the selection of tenants from a written waiting list in the chronological order of their application, insofar as is practicable, and (b) the prompt notification in writing to any rejected applicant of the grounds for any rejection.

Q. Release of Restrictions Regarding Use and Income. Upon written presentation by the Developer to the City of documentation identifying those specific units in Parcel R-9 which will be retained by the Developer as rental units, the City shall immediately prepare and tender to the Developer an appropriate instrument in recordable form releasing the for-sale units in Parcel R-9 from the covenants contained in the Deed regarding use and income restrictions.

SECTION 12. CONDOMINIUM ASSOCIATION.

The parties hereto contemplate that all of the housing units on Parcel R-9 shall become part of a Master Property Owner's Association. In addition, a condominium association ("Condominium Association") shall be established for the units constructed on Parcel R-9. Prior to the first closing to an initial homebuyer, Developer will cause a Master Declaration of Restrictions, Easements, and Covenants ("Master Declaration") Disposition to be recorded covering all of the Improvements and property in Parcels R-7, R-8, R-9, and R-10. Prior to any unit in Disposition Parcel R-9 being conveyed to an initial homebuyer, Developer will record a separate Declaration for each building in Parcel R-9 so that three individual condominium units will comprise a separate condominium. In the event an initial homebuyer buys all three (3) units in one building in Disposition Parcel R-9, such initial homebuyer may elect in writing not to submit such property to the Illinois Condominium Act.

The bylaws governing the Master Property Owner's Association and any condominium associations affecting rental units created in Parcel R-9 shall not conflict and shall be in accordance with the restrictions and covenants set forth in this Agreement.

SECTION 13. CERTIFICATE OF COMPLETION.

Upon completion of any individual condominium, single family home or townhouse in the Project ("Completed Unit"), the Developer will deliver a notice of closing ("Notice of Closing") to the City in substantially the form attached hereto as Exhibit E. The Notice of Closing will include a Certificate of Substantial Completion from the Project Architect, Roy E. Kruse & Associates, in substantially the form attached hereto as Exhibit F.

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Within ten (10) days of the receipt of any Notice of Closing and the accompanying Certificate of Substantial Completion, the City shall complete an inspection of the Completed Unit and shall deliver to the Developer either:

- (i) a Partial Certificate of Completion ("Partial Certificate"). The Partial Certificate shall be a conclusive determination of satisfaction and termination of the covenants in this Agreement and the Deed with respect to the obligations of the Developer and its successors and assigns to construct any single dwelling unit; or
- (ii) a written statement indicating in adequate detail how the Completed Unit and/or the Developer has failed to complete the Improvements in conformity with the Plan or this Agreement, or is otherwise in default, and what measures or actions will be necessary, in the reasonable opinion of the City, for the Developer to take or perform in order to obtain the Certificate. If the City requires additional measures or acts to be taken by Developer, the Developer shall resubmit a new Notice of Closing after completing the required actions.

Upon completion of the entire Project, the Developer will deliver a Notice of Project Completion to the City in substantially the form attached hereto as Exhibit G (the Notice of Project Completion"). The Notice of Project Completion will include a Certificate of Substantial Project Completion from the Project Architect, Roy E. Kruse & Associates, in substantially the form attached hereto as Exhibit H. Within thirty (30) days after the receipt of the Notice of Project Completion and accompanying Certificate of Substantial Project Completion, the City shall complete an inspection of the entire Project and shall deliver to Developer either:

- (i) a final Certificate of Completion ("Final Certificate"). The Final Certificate shall be a conclusive determination of satisfaction and termination of the covenants in this Agreement and the Deed with respect to the obligations of the Developer and its successors and assigns to construct the Improvements; or
- (ii) a written statement indicating in adequate detail how the Developer has failed to complete the Improvements in conformity with the Plan or this Agreement, or is otherwise in default, and what measures or actions will be necessary, in the reasonable opinion of the City, for the Developer to take or perform in order to obtain the Final Certificate. If the City requires additional measures or acts to be taken by Developer, the Developer shall resubmit a new Notice of Project Completion after completing the required actions.

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Upon issuance of the Final Certificate, the City shall deliver the Letter of Credit to the Developer.

SECTION 14. RESTRICTIONS ON USE.

The Developer agrees for itself, its successors and assigns, and every successor in interest to the Property or any part thereof, and the Deed shall contain covenants on the part of the Developer for itself, and its successors and assigns, that the Developer:

- A. Shall devote the Property in accordance with the uses set forth in the Plan and for a period of forty (40) years subsequent to the approval of the Plan by the City Council of the City of Chicago.
- B. Shall not discriminate based upon race, color, religion, sex, national origin or ancestry, military status, sexual orientation, source of income, age, or handicap in the sale, lease or rental of the Property or any improvements located or to be erected thereon.

SECTION 15. PROHIBITION AGAINST TRANSFER OF PROPERTY.

A. General. Except with respect to a sale of the Property to an initial homebuyer, the Developer or its successors in interest shall not, prior to the issuance of the Final Certificate by the City with regard to completion of the Improvements, without the prior written consent of the City: (1) sell or convey the Property or any part thereof, or (2) create any assignment with respect to the Agreement, the Property, or both, that would take effect prior to the issuance of the Final Certificate by the City in accordance with Section 13 above. If the Property is acquired by a corporation, partnership or other legal entity, there shall be no transfer of ten percent (10%) or more interest in the entity nor any similar significant change in the constitution of the entity until the Final Certificate is issued or the City consents to the transfer or change. The prohibitions contained in this Section 15 shall not apply to those for-sale units for which Partial Certificates have been obtained. The provisions of this Section 15 shall not limit the Developer's rights under Section 16 of this Agreement.

B. Rental Units. Prior to the termination of the Project Term the Developer shall not, without prior written consent of the City and except as permitted in this Agreement: (1) sell or convey the rental units in Parcel R-9, or (2) create any assignment with respect to the rental units in Parcel R-9. Additionally, there shall be no transfer or ten percent (10%) or more interest in the Developer nor any similar significant change in the constitution of the Developer until the City consents to the transfer or change.

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6. Get it right

of the United States government, acts of the other party, fires, floods, epidemics, quarantine restrictions, strikes, embargoes and unusually severe weather or delays of subcontractors due to such cause. The time for the performance of the obligations shall be extended only for the period of the delay if the party seeking the extension shall request it in writing of the other party within twenty (20) days after the beginning of any such delay.

C. Breach.

(1) Generally. Except as otherwise provided in this Agreement, in the event of default by any party or its successor in interest in the performance of its obligations under this Agreement, such party or successor, upon written notice from the other, shall cure or remedy such default not later than sixty (60) days after receipt of such notice. In the event such action is not diligently pursued or the default not cured within a reasonable time, the aggrieved party may institute such proceedings at law or in equity as may be necessary or desirable in its sole discretion to cure and remedy such default, including but not limited to, proceedings to compel specific performance by the party in default of its obligations.

(2) Event of Default. For purposes of this Agreement, the occurrence of any one or more of the following shall constitute an "event of default":

- (a) If, at any time, any warranty, material representation or material statement made or furnished by the Developer to the City is not true and correct; or
- (b) If any petition is filed by or against the Developer under the Federal Bankruptcy Code or any similar state or federal law, whether now or hereinafter existing (and in the case of involuntary proceedings, failure to cause the same to be vacated, stayed or set aside within sixty (60) days after filing); or
- (c) Failure of the Developer to develop Drawings consistent with the procedures outlined in Section 6 above with regard to the construction of the Improvements; or
- (d) If the Developer defaults in fulfilling its obligations with respect to the completion of construction of the Improvements (including the nature of and the dates of the beginning and completion thereof) or abandons or substantially suspends the construction work, and such default, violation, abandonment, or suspension shall not be cured, ended, or remedied within sixty (60) days of the date the Developer receives written demand by the City to cure such default; or

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- (e) Failure of the Developer to pay real estate taxes or assessments affecting the Property or any part thereof when due, or placing thereon any encumbrance or lien unauthorized by this Agreement, or suffering any levy or attachment to be made, or any materialmen's or mechanics' lien, or any other unauthorized encumbrance or lien to attach to the Property or any part thereof, and such taxes or assessments shall not have been paid, or the encumbrance or lien removed or discharged or provision satisfactory to the City made for such payment, removal or discharge within sixty (60) days after written demand by the City to remove such lien or encumbrance; or
 - (f) Any assignment, pledge, encumbrance, transfer or other disposition made in violation of this Agreement; or
 - (g) Any materially adverse change in the financial condition or operations of the Developer; or
 - (h) Violations by the Developer of the income restrictions contained in Section 11 hereof; or
 - (i) Failure of the Developer to follow Equal Employment Opportunity requirements contained in Section 23 hereof; or
 - (j) Failure of the Developer to renew the Letter of Credit as provided in Section 4 hereof.

(3) Prior to Conveyance. If, from the execution date of this Agreement until the City delivers to the Developer the Deed to the Property, the Developer or any successor in interest defaults in any specific manner as described in Paragraph (2) of this Subsection 19(C), subject to the cure periods provided herein, the City may immediately terminate this Agreement and institute any action or proceeding at law or in equity against the Developer.

(4) After Conveyance. If, subsequent to the conveyance of the Property to the Developer by the City until the City issues the Final Certificate or Partial Certificate, as the case may be, the Developer or its successor in interest shall default in any specific manner as described in this Section 19(C), then the City, by written notice to the Developer and subject to the cure periods herein, may utilize any and all remedies available to the City at law or in equity, including but not limited to, the right to re-enter and take possession of the Property and terminate the estate conveyed to the Developer and revert title in the Property in the City. Subject to the cure periods herein, the City may also, in its sole discretion, terminate the Developer's right of title and all other rights and

interests in and to the Property conveyed by the Deed to the Developer, that such title and all rights and interests of the Developer and its assigns or successors in interest to the Property shall revert to the City; provided, however, that the reversion of title as a result thereof in the City shall always be limited by, and shall not defeat, render invalid, or limit in any way, the lien of any mortgage authorized by this Agreement, for the protection of the holders of said mortgage.

(5) Resale of the Property. Upon the reversion in the City of title to the Property as provided in Section 19(C)(4) hereof, the City shall employ its best efforts to convey the Property (subject to the mortgage liens described in this Section) to a qualified and financially responsible party or parties (as solely determined by the City) who shall assume the obligation of completing the construction of the Improvements or such other improvements as shall be satisfactory to the City and in accordance with the uses specified for the Property in the Plan. The conveyance by the City to said party shall be in accordance with all applicable federal, state and local laws, ordinances and regulations and consistent with the objectives of the Plan.

(6) Disposition of Resale Proceeds. If the City sells the Property, the proceeds from such sale shall be utilized to reimburse the City for:

- (a) costs and expenses incurred by the City, including but not limited to, salaries of personnel in connection with the recapture, management, and resale of the Property (but less any income derived by the City from the Property in connection with such management); and
- (b) all taxes, assessments, and water and sewer charges then due with respect to the Property; and
- (c) any payments made or necessary to be made (including attorneys' fees) to discharge or prevent from attaching or being made any subsequent encumbrances or liens due to obligations, defaults or acts of the Developer, its successors or transferees; and
- (d) any expenditures made or obligations incurred with respect to construction or maintenance of the Improvements; and
- (e) any other amounts owed to the City by the Developer, its successors or transferees.

The Developer shall be entitled to receive any proceeds up to the amount of the Developer's investment in and reasonable costs related to the Property not utilized in meeting the expenses of the City described in Subparagraphs (a)-(e) above.

In addition to, and without in any way limiting the City's rights under this Section 19, the City shall have the right to retain the Performance Deposit, without any deduction, offset or recoupment whatsoever, in the event of a default, subject to the applicable cure periods provided herein, by the Developer.

D. Waiver and Estoppel. Any delay by the City in instituting or prosecuting any actions or proceedings or otherwise asserting its rights shall not operate as a waiver of such rights or operate to deprive the City of or limit such rights in any way. No waiver made by the City with respect to any specific default by the Developer shall be construed, considered or treated as a waiver of the rights of the City with respect to any other defaults of the Developer.

E. Access to the Property. Any duly authorized representative of the City, at all reasonable times, shall have access to the Property, before and after the Closing, for the purpose of confirming the Developer's compliance with this Agreement.

SECTION 20. CONFLICT OF INTEREST: CITY'S REPRESENTATIVES NOT INDIVIDUALLY LIABLE.

The Developer warrants that no salaried agent, salaried officer, or employee of the City shall have any personal interest, direct or indirect, in this Agreement, nor shall any such salaried agent, salaried official or employee participate in any decision relating to this Agreement which affects his or her personal interests or the interests of any corporation, partnership, or association in which he or she is directly or indirectly interested. No salaried agent, salaried official, or employee of the City shall be personally liable to the Developer or any successor in interest in the event of any default or breach by the City or for any amount which may become due to the Developer or successor or on any obligation under the terms of this Agreement.

SECTION 21. INDEMNIFICATION.

Developer agrees to indemnify, defend and hold the City harmless from and against any losses, costs, damages, liabilities, claims, suits, actions, causes of action and expenses (including, without limitation, attorney's fees and court costs) suffered or incurred by the City arising from or in connection with: (A) the failure of Developer to perform its obligations under the Agreement; (B) the failure of Developer or any contractor to pay contractors, subcontractors or materialmen in connection with the construction of the Improvements; (C) a material misrepresentation or omission in the Plan which is the result of information supplied or omitted by Developer or by any agents, employees, contractors or persons acting under the control or at the request of Developer; (D) the failure of Developer to redress any material misrepresentations or material omissions in the Agreement or any other agreement relating hereto; and (E) any actions resulting from any activity undertaken by Developer on the Property upon the conveyance of said Property to Developer by the City. This indemnification shall terminate at the end of the Project Term.

SECTION 22. ENVIRONMENTAL CONDITIONS.

The City makes no covenant, representation or warranty as to the environmental condition of the Property or the suitability of the Property for any purpose whatsoever.

The City acknowledges that Developer may request a right of entry for the sole purpose of allowing the Developer to conduct soil and environmental tests. The Developer agrees to deliver to the City a copy of each report prepared by the Developer regarding the soil and environmental condition of the Property. If during the time period between the execution of this Agreement by the Developer and the conveyance of the Property by the City, the soil and environmental tests reveal environmental contamination of the Property to such an extent that the Developer reasonably determines in its sole discretion that the costs of removing the contamination are too excessive to the Developer, the Developer can declare this Agreement null and void. In such event, the Developer's deposits with the City described in Section 4 shall be returned to the Developer by the City. The Developer agrees that a notice of termination respecting this Agreement shall not be made until all reports concerning the soil and environmental condition of the Property have been delivered to the City. If, after the Property has been conveyed to the Developer, the soil and environmental condition of the Property is not in all respects entirely suitable for the use or uses to which the Property shall be utilized pursuant to the terms of this Agreement, it shall be the sole responsibility and obligation of the Developer to take such action as may be necessary to place the soil and environmental condition of the Property in a condition entirely suitable for the intended uses of the Property.

SECTION 23. EQUAL EMPLOYMENT OPPORTUNITY.

A. Employment Opportunity. The Developer agrees for itself and its successors and assigns, and shall contractually obligate its or their various contractors, subcontractors or any affiliate of Developer operating on the Property (collectively, with the Developer, the "Employers" and individually an "Employer") to agree, that for the term of this Agreement with respect to the Developer and during the period of any other party's provision of services in connection with the construction of the Project or occupation of the Property:

1. No Employer shall discriminate against any employee or applicant for employment based upon race, religion, color, sex, national origin or ancestry, age, handicap or disability, sexual orientation, military discharge status, marital status, parental status or source of income as defined in the City of Chicago Human Rights ordinance, Chapter 2-160, Section 2-160-010 et seq., Municipal Code of Chicago, except as otherwise provided by said ordinance and as amended from time to time ("Human Rights Ordinance"). Each Employer shall take affirmative action to ensure that applicants are hired and employed without discrimination based upon race, religion, color, sex, national origin or ancestry, age, handicap or disability, sexual orientation, military discharge status, marital status, parental status

or source of income and are treated in a nondiscriminatory manner with regard to all job-related matters, including without limitation: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. Each Employer agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the City setting forth the provisions of this nondiscrimination clause. In addition, the Employers, in all solicitations or advertisements for employees, shall state that all qualified applicants shall receive consideration for employment without discrimination based upon race, religion, color, sex, national origin or ancestry, age, handicap or disability, sexual orientation, military discharge status, marital status, parental status or source of income.

2. To the greatest extent feasible, each Employer is required to present opportunities for training and employment of low and moderate income residents of the City and to provide that contracts for work in connection with the construction of the Project be awarded to business concerns which are located in, or owned in substantial part, by persons residing in the City.
3. Each Employer shall comply with all federal, state and local equal employment and affirmative action statutes, rules and regulations, including, but not limited to, the Human Rights ordinance, and the Illinois Human Rights Act, 775 ILCS 5/1-101 *et al.*, (1993), and any subsequent amendments and regulations promulgated thereto.
4. The Developer, in order to demonstrate compliance with the terms of this Section, shall cooperate with and promptly and accurately respond to inquiries by the City, which has the responsibility to observe and report compliance with equal employment opportunity regulations of federal, state and municipal agencies.
5. The Developer and each Employer shall include the foregoing provisions of subparagraphs 1 through 4 in every contract entered into in connection with the Project, and shall require inclusion of these provisions in every subcontract entered into by any subcontractors, and every agreement with any affiliate operating on the Property, so that each such provision shall be binding upon each contractor, subcontractor or affiliate, as the case may be.
6. Failure to comply with the employment obligations described in this Section 23(A) shall be a basis for the City to pursue remedies under the provisions of Section 19 hereof.

the other Employers to verify or clarify an employee's actual address when doubt or lack of clarity has arisen.

7. Good faith efforts on the part of the Developer and the other Employers to provide utilization of actual Chicago residents (but not sufficient for the granting of a waiver request as provided for in the standards and procedures developed by the Purchasing Agent) shall not suffice to replace the actual, verified achievement of the requirements of this Section concerning the worker hours performed by actual Chicago residents.
8. When work at the Project is completed, in the event that the City has determined that the Developer and the other Employers failed to ensure the fulfillment of the requirement of this Section concerning the worker hours performed by actual Chicago residents or failed to report in the manner as indicated above, the City will thereby be damaged in the failure to provide the benefit of demonstrable employment to Chicagoans to the degree stipulated in this Section. Therefore, in such a case of non-compliance it is agreed that 1/20 of 1 percent (.05%), 0.0005, of the aggregate hard construction costs set forth in the Project Budget (as the same shall be evidenced by approved contract value for the actual contracts) shall be surrendered by the Developer and/or the other Employers to the City in payment for each percentage of shortfall toward the stipulated residency requirement. Failure to report the residency of employees entirely and correctly shall result in the surrender of the entire liquidated damages as if no Chicago residents were employed in either of the categories. The willful falsification of statements and the certification of payroll data may subject Developer and/or the other Employers or employee to prosecution.
9. Nothing herein provided shall be construed to be a limitation upon the "Notice of Requirements for Affirmative Action to Ensure Equal Employment Opportunity, Executive Order 11246" and "Standard Federal Equal Employment Opportunity, Executive Order 11246," or other affirmative action required for equal opportunity under the provisions of this Agreement.
10. The Developer shall cause or require the provisions of this Section 23(B) to be included in all construction contracts and subcontracts related to the Project.

C. Developer's MBE/WBE Commitment. The Developer agrees for itself and its successors and assigns, and shall contractually obligate the Employers to agree, that during the construction of the Project:

1. Consistent with the findings which support the Minority-Owned and Women Owned Business Enterprise Procurement Program (the "MBE/WBE" Program"), Section 2-92-420 et seq., Municipal Code of Chicago, and in reliance upon the provisions of the MBE/WBE Program to the extent contained in, and as qualified by, the provisions of this Section 23(C), during the course of construction of the Project, at least the following percentages of the aggregate hard construction costs (as set forth in the Project Budget) shall be expended for contract participation by minority-owned businesses ("MBEs") and by women-owned businesses ("WBEs"):
 - a. At least 25 % by MBEs.
 - b. At least 5 % by WBEs.
2. For purposes of this Section 23(C) only, the Developer (and any party to whom a contract is let by the Developer pursuant to this Agreement) shall be deemed a "Contractor" and this Agreement (and any contract let pursuant thereto) shall be deemed a "Contract" as such terms are defined in Section 2-92-420, Municipal Code of Chicago. In addition, the term "minority-owned business" or MBE shall mean a business enterprise identified in the Directory of Certified Minority Business Enterprises published by the City's Purchasing Department, or otherwise certified by the City's Purchasing Department as a minority-owned business enterprise; and the term "women-owned business" or WBE shall mean a business enterprise identified in the Directory of Certified Women Business Enterprises published by the City's Purchasing Department, or otherwise certified by the City's Purchasing Department as a women-owned business enterprise.
3. Consistent with Section 2-92-440, Municipal Code of Chicago, the Developer's MBE/WBE commitment may be achieved in part by the Developer utilizing a MBE or a WBE as a contractor, by subcontracting or causing a contractor to subcontract a portion of the work to one or more MBEs or WBEs, or by the purchase of materials used in the Project from one or more MBEs or WBEs, or by any combination of the foregoing. Those entities which constitute both a MBE and a WBE shall not be credited more than once with regard to the Developer's MBE/WBE commitment as described in this Section 23(C).
4. The Developer shall deliver quarterly reports to the Department of Planning and Development describing its efforts to achieve compliance with this MBE/WBE commitment. Such reports shall include inter alia the name and business address of each MBE and WBE solicited by the Developer or a

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SECTION 28. SEVERABILITY.

If any provision of this Agreement, or any paragraph, sentence, clause, phrase or word, or the application thereof is held invalid, the remainder of this Agreement shall be construed as if such invalid part were never included and this Agreement shall be and remain valid and enforceable to the fullest extent permitted by law.

SECTION 29. NOTICES.

Any notice, demand or request required or permitted to be given hereunder shall be hand-delivered in writing or sent by registered or certified mail, postage prepaid, to the Developer at the address set forth above, with copies to Davis, Miner, Barnhill & Galland, P.C., 14 West Erie Street, Chicago, Illinois, Attention: William A. Miceli, Esq., and Anne Cotter, Esq., General Counsel, MCL Companies, 1337 West Fullerton Avenue, Chicago, Illinois 60614, and to the City of Chicago, Department of Planning and Development located at 121 North LaSalle Street, Room 1000, Chicago, Illinois 60602.

Notices are deemed to have been received by the parties three days after mailing. The parties, by notice given hereunder, may designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

SECTION 30. COUNTERPARTS.

This Agreement is executed in triplicate, each of which shall constitute an original instrument.

SECTION 31. ORGANIZATION AND AUTHORITY.

The Developer (if other than an individual) represents and warrants that it is duly organized and validly existing under the laws of the State of Illinois, with full power and authority to acquire, own and redevelop the Property, and that the person(s) signing this Agreement on behalf of the Developer have the authority to do so.

SECTION 32. TERMINATION.

Notwithstanding anything contained in this Agreement to the contrary, and unless an amendment has been executed extending the same, this Agreement shall have a duration of two (2) years, commencing with the execution date above written. Subsequent to the expiration of said period, the Developer shall have no right with regard to any portion of the Property not conveyed and this Agreement shall be rendered null and void with regard to such portion. This Agreement shall remain in full force and effect as to those portions of the Property conveyed within the two (2) year period.

IN WITNESS WHEREOF, the City has caused this Agreement to be duly executed in its name and behalf by its Commissioner of Planning and Development and the Developer has signed and sealed the same on or as of the day and year first above written.

CITY OF CHICAGO,
an Illinois municipal corporation

By: _____

[Signature]
J. E. Boyle, Jr., Commissioner
Department of Planning and Development

RCJ/R.L.

MCL/ASD II,
an Illinois limited liability corporation

By: _____

Its: _____

By: _____

Its: _____

MCL/ASD III,
an Illinois limited liability corporation

By: _____

Its: _____

By: _____

Its: _____

This instrument was prepared by:

Maria Hoffman, Esq.
Assistant Corporation Counsel
Room 610 - City Hall
Chicago, Illinois 60602
(312) 744-6933



STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

I, ELLEN A. O'CONNOR, a Notary Public in and for said County, in the State aforesaid, do hereby certify that J.F. Boyle, Jr., personally known to me to be the Commissioner of Planning and Development of the City of Chicago, an Illinois municipal corporation, 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 being first duly sworn by me severally acknowledged that as such Commissioner, she signed and delivered the said instrument, pursuant to authority given by the City of Chicago, as her free and voluntary act and as the free and voluntary act and deed of said corporation, for the uses and purposes therein set forth.

GIVEN under my notarial seal this 10 day of June, 1996.

Ellen A. O'Connor
NOTARY PUBLIC

My commission expires _____, 19____.

"OFFICIAL SEAL"
ELLEN A. O'CONNOR
NOTARY PUBLIC STATE OF ILLINOIS
MY COMMISSION EXPIRES 10/18/97

IN WITNESS WHEREOF, the City has caused this Agreement to be duly executed in its name and behalf by its Commissioner of Planning and Development and the Developer has signed and sealed the same on or as of the day and year first above written.

CITY OF CHICAGO,
an Illinois municipal corporation

By: _____
J.F. Boyle, Jr., Commissioner
Department of Planning and Development

MCL/ASD II,
an Illinois limited liability corporation

By: _____
Its: _____ Member
By: _____
Its: _____ Member

MCL/ASD III,
an Illinois limited liability corporation

By: _____
Its: _____ Member
By: _____
Its: _____ Member

This instrument was prepared by:

Maria Hoffman, Esq.
Assistant Corporation Counsel
Room 610 - City Hall
Chicago, Illinois 60602
(312) 744-6933

98445425

STATE OF ILLINOIS)
) SS.
COUNTY OF COOK)

I, undersigned, a Notary Public in and for said County, in the State aforesaid, do hereby certify that Allison S. Davis, personally known to me to be ~~the~~ Member of MCL/ASD L.L.C. II, an Illinois limited liability company, and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and being first duly sworn by me severally acknowledged that as such Member, ~~he~~ signed and delivered the said instrument, pursuant to authority given by MCL/ASD L.L.C. II, as ~~his~~ his free and voluntary act and as the free and voluntary act and deed of said Member, for the uses and purposes therein set forth.

GIVEN under my notarial seal this 10 day of June, 1996.



Leah Moore
NOTARY PUBLIC

My commission expires _____, 19____.

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ADDENDA

ASSUMPTIONS
LIMITING CONDITIONS
QUALIFICATIONS OF APPRAISERS

STATE OF ILLINOIS)
) SS.
COUNTY OF COOK)

I, Undersigned, a Notary Public in and for said County, in the State aforesaid, do hereby certify that Daniel E. McLean, personally known to me to be ~~the~~ Member of MCL/ASD L.L.C. II, an Illinois limited liability company, and personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and being first duly sworn by me severally acknowledged that as such Member, ~~he~~ signed and delivered the said instrument, pursuant to authority given by MCL/ASD L.L.C. II, as ~~his~~ free and voluntary act and as the free and voluntary act and deed of said Member, for the uses and purposes therein set forth.

GIVEN under my notarial seal this 10 day of June, 1996.



Leah Moore
NOTARY PUBLIC

My commission expires _____, 1996.

EXECUTIVE SUMMARY

Report Prepared For:	The Habitat Company 350 West Hubbard Street Chicago, Illinois 60610
Type of Property:	16 scattered condominium units
Property Location:	14 N. Block, Larrabee Avenue Chicago, Illinois (Mohawk North development)
Effective Date of Valuation & Opinions:	July 29, 1997
Report Date:	September 24, 1997
Conclusions:	
Aggregate Retail Value:	\$2,154,000
Present Worth, Market Rents versus Contract Rents, 40 year term:	
9.4% Pro Forma Investor Discount Rate:	\$1,980,000
10.5% Pro Forma Market Discount Rate:	\$1,750,000
11% Pro Forma Investor Discount Rate:	\$1,650,000
Present Value Residual Payment:	\$13,000
Appraisers:	Thomas G. Muriello, SRA, V.P. Illinois State Certified General Real Estate Appraiser License No. 153-000500 Frank J. Muriello, MAI, SRA, CRE Illinois State Certified General Real Estate Appraiser License No. 153-000722

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ADDENDA

ASSUMPTIONS
LIMITING CONDITIONS
QUALIFICATIONS OF APPRAISERS

**CONSULTATION SERVICE
LIMITED APPRAISAL - SUMMARY REPORT**

In response to prior agreement with our client, this is a Consulting assignment and Limited Appraisal - Summary Report intended to comply with the reporting requirements set forth by the Uniform Standards of Professional Appraisal Practice. Some of the supporting documentation concerning the data, reasonings, and analyses might be retained in the appraisers' file. The depth of discussion in this report is specific to the needs of the client and for the intended use as stated herein. The appraisers are not responsible for unauthorized use of this report.

CLIENT:	The Habitat Company 350 West Hubbard Street Chicago, Illinois 60610
PRIMARY APPRAISER:	Thomas G. Muriello, SRA, VP Illinois State Certified General Real Estate Appraiser License No. 153-000500
REVIEW APPRAISER:	Frank J. Muriello, MAI, SRA, CRE Illinois State Certified General Real Estate Appraiser License No. 153-000722
SUBJECT PROPERTY:	Sixteen Scattered Condominium Units The Homes of Mohawk North East Side of Larrabee Avenue North of Blackhawk Avenue Chicago, Illinois

PURPOSE AND INTENDED USE OF THE APPRAISAL:

It is our understanding that The Habitat Company as Receiver for the CHA Scattered Site Program plans to negotiate a long-term lease (40 years) for the subject units within this development. The purpose of this appraisal and consultation service is to determine appropriate components of the lease, based upon certain guidelines. Our market rent study

in comparison to contract rents, we understand, will be a basis for a one-time capital payment paid up front to the developer. We also understand that monthly operating expenses are to be paid to the developers, and our consultation service includes commentary on the developer's pro forma. We understand that there will be a "residual payment" to CHA, and that the final amount is to be based upon 25% of the net sale proceeds after the 40 year term.

SPECIAL ASSUMPTIONS:

1. All information pertaining to the proposed lease terms is from our client and other representatives, and is assumed to be correct.
2. We have been asked to project the market value of the subject units in 40 years. It must be understood that this portion of our assignment does not fall in the "appraisal" category of USPAP since such a projection is extremely speculative by character and nature, being based almost solely upon given investor parameters (e.g. rates of appreciation) that might not be supportable in the marketplace. We developed this portion of the assignment only as the point of reference as a type of "investment value" as defined by the Appraisal Institute.
3. This is a unique assignment since it has characteristics of a USPAP appraisal and USPAP consulting. The appraisal portion mostly pertains to the estimate of retail value for the subject units and invokes various USPAP Departures, including the omission of the Cost Approach and the omission of a discounted cash flow study to determine the present worth of the units when completed, as if sold to a single developer. We are comfortable with this USPAP Departure considering the nature of the assignment. Clearly, the client should understand that there is no reference in this appraisal report as to the true present value of the subject as "sold" units, i.e. prospective value, discounted to present worth. There is also no reference to the present value of the project as a rental apartment complex, discounted for construction, absorption, etc. This type of analysis is commonly required in normal, conventional lending practices. The omission of the Cost Approach, including underlying land value as vacant and ready to be developed to its highest and best use, is not considered to be significant for the estimate of retail value of the subject units. The reason is that said Cost Approach is simply not utilized by prudent buyers and sellers of condominium and townhouse units in the subject market area.

DEFINITION OF MARKET VALUE:

A current economic definition agreed upon by federal financial institutions in the United States of America is:

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised and acting in what they consider their best interests;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and
5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

(*Uniform Standards of Professional Appraisal Practice*, published by the Appraisal Foundation, Copyright 1994)

PROPERTY RIGHTS APPRAISED:

The property rights appraised for the retail value estimate are of the fee simple title of the subject units, assuming no liens or encumbrances other than normal covenants and restrictions of record.

DATE OF INSPECTION:

The subject property was inspected on July 29, 1997.

EFFECTIVE DATE OF VALUE:

The effective date of this appraisal is July 29, 1997, the date of our inspection of the subject property.

DATE OF REPORT:

This report is dated September 24, 1997.

IDENTIFICATION OF THE PROPERTY:

The subject consists of 16 "scattered" units within the Homes of Mohawk North development, located along the east side of Larrabee Avenue, just north of Blackhawk Street, within the corporate limits of the City of Chicago, Illinois. These are referred to as the HUD/CHA Rental Units, Mohawk North, and are further identified as follows:

Rental No.	Building No.	Common Address
1	27	1441 N. Larrabee, Unit B
2	28	1443 N. Larrabee, Unit A
3	30	1449 N. Larrabee, Unit C
4	31	1451 N. Larrabee, Unit B
5	32	1453 N. Larrabee, Unit C
6	33	1455 N. Larrabee, Unit A
7	34	1459 N. Larrabee, Unit A
8	36	1453 N. Larrabee, Unit B
9	37	1465 N. Larrabee, Unit C
10	39	1471 N. Larrabee, Unit B
11	40	1473 N. Larrabee, Unit B
12	41	1475 N. Larrabee, Unit C
13	42	1479 N. Larrabee, Unit B
14	45	1485 N. Larrabee, Unit A
15	46	1487 N. Larrabee, Unit A
16	47	1491 N. Larrabee, Unit A

STATEMENT OF OWNERSHIP:

It is our understanding that the Mohawk North development is owned by MCL Companies, Dan McLean, Allison S. Davis. This information is assumed to be correct.

ONE YEAR SALES HISTORY OF THE SUBJECT:

As mandated by FIRREA and the Uniform Standards of Professional Appraisal Practice, appraisers are required to cite any sales, listings, or offer history of a property of a subject type. It is our understanding that the subject units have been "tagged" for the Scattered Site Program, and have been under the same ownership since construction. This information is assumed to be correct.

ESTIMATE OF EXPOSURE AND MARKETING TIME:

Based on an analysis of comparable sales and discussions with knowledgeable brokerage sources, we estimate that both an exposure and marketing time of approximately 6 to 12 months would be applicable to the subject individual units at the appraised values herein (retail value), provided they would be priced properly and aggressively marketed through methods considered normal and prudent for the subject property type, and by qualified and competent marketing agent(s). The estimate of exposure and marketing time for the 16 units in bulk would be projected as something more, but again, this is not part of our appraisal/consultation assignment.

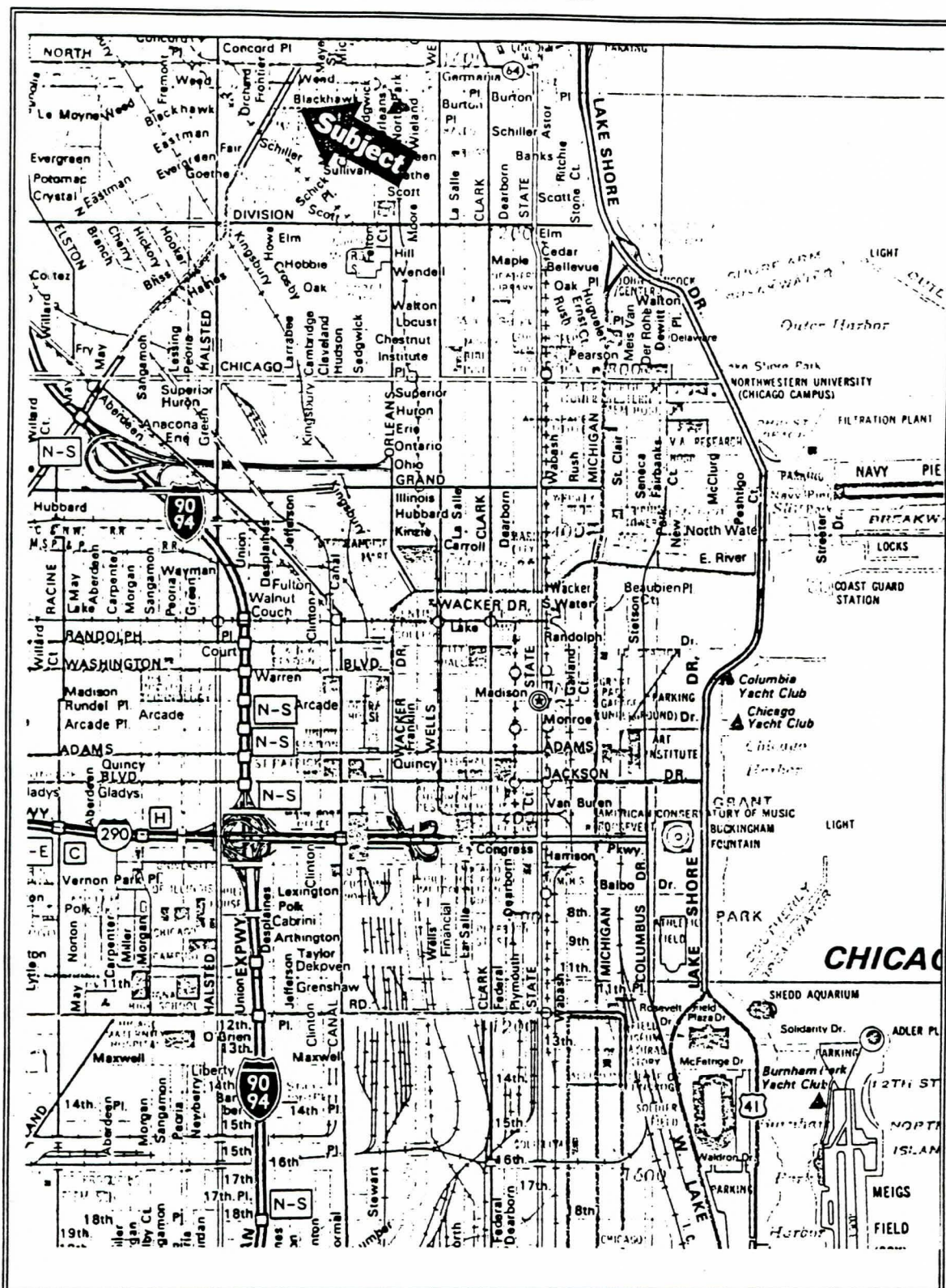
APPRAISAL DEVELOPMENT/CONSULTATION AND REPORTING PROCESS:

In preparing this appraisal, the appraisers

- inspected the subject neighborhood, subject site, and the exterior as well as sample units of the improvements; the balance are assumed to be virtually the same, except as described herein;
- completed research for individual unit sales, market rents, and operating expenses;
- confirmed and analyzed the condo sale data and developed the Sales Comparison Approach to Value only as it applies to the individual units "as completed." Additionally, the appraisers completed an investor survey for market-anticipated discount rates, etc.

To develop the opinion of value for the "market value" portion, the appraisers performed a Limited Appraisal process as defined by the Uniform Standards of Professional Appraisal Practice. This means that departures from Standard 1 were invoked. This is a combination Limited Summary Appraisal Report and consultation service. Some of the supporting documentation might be retained in the appraisers' file, although to a limited degree if applicable at all. Sources of data include properties that we have appraised, developers in this market area, local multiple listing services, rental and management agents, public records and public record services, property owners, etc.

VICINITY MAP



AREA/VICINITY SUMMARY:

The general vicinity of the subject has come to be tied to various names, including Old Town, North Town, and the Near North Side. Technically, North Town is known as properties west of Wells Street, east of the Chicago River, north of Chicago Avenue, and south of North Avenue. Old Town itself is essentially the east and west sides of Wells Street, north of Division, and adjacent to the south of Lincoln Park. Clearly, North Town might very well be one of the last near-downtown neighborhoods ripe for gentrification. The advantages of being identified with Old Town are inevitable, with "locals" haveing now expanded this neighborhood boundary to and even beyond Larrabee Avenue to the west.

This vicinity has had its share of redevelopment over the past five years or so, with most occurring between 1994 and the present. Some of the larger developments include Old Town Square, Mohawk North, Schiller Place, and Cobbler Square. Old Town Square is probably the largest, a mixed use residential community just west of Wells Street and north of Division. Under construction are 24 individual condominium units in a 4-story (actually 3 plus garden level) building, in addition to 30 detached, single-family residences (28 sold of current date) and 59 attached row-house residences. Phase II will include more of condominium units.

Much of the residential new construction in this area is in response to the Near North Redevelopment Initiative (NNRI), the City of Chicago's plan for a mixed use project in this near north side community area. This redevelopment vicinity is indicated to have boundaries of North Avenue on the north, Chicago Avenue to the south, the Chicago River to the west, and Wells Street on the east. The largest NNRI developments are Old Town Square, The Homes at Mohawk North, and Orchard Park, which is on the 1500 block of Clyborn.

The Initiative originally called for 50% of all residential units to be sold at market rate, 20% for working, low-income families, and 30% for public housing residents. In process is the demolition of approximately 1,324 housing units at Cabrini Green; the NNRI affords options for residents to stay in the community, relocate to other public housing, or move to other locations in the city.

Also planned are new schools to replace the Near North Career Metro High School, and Byrd Community Academy. Commercial shopping is also slated for various locations, and a new Chicago Public Library has been completed along the north side of Chicago Avenue west of Wells Street.

Mohawk North, the subject development, is at the far west edge of this recent gentrification district, located along the east side of Larrabee Avenue, south of North Avenue. 92 units are planned, including 66 condominiums in 22, 3-story buildings, plus 15 detached single-family residences and 11 townhouses at the northwest and southwest corners of Blackhawk and Mohawk.

Older more noticeable developments include a 6-unit subdivision at 1436 Wieland, where sales began September 1, 1995, and where a 5½ months sell-out was realized. Schiller Place is a 52-unit development of townhouses completed in 1995. Prices initially ranged from \$265,000 to \$370,000. All of the units were sold within a two year period, from January of 1995 to January of 1997 (absorption 2.17 units per month). Another townhouse development is called Cleveland Courts, at the southwest corner of Blackhawk and Hudson. This is being marketed by the Jameson Realty Group. Cobbler Square is a 292-unit, lost rental conversion along Wells, and includes an adjacent parking garage plus nine first floor commercial spaces.

In-fill and smaller redevelopment pieces are in evidence on the side streets west of Wells, with the most developed being at North Park and Wieland. A westward push evidences less rehab and individual development, with Larrabee seeming to be the boundary. Certainly, sites are available for smaller single developments, as are older brick and frame residences ripe for rehabilitation.

The recent development in this area is not surprising in light of proximity to downtown Chicago, Lincoln Park, and Lake Michigan. This is truly one of the last Near North sections ripe for redevelopment. There is probably a higher percentage of townhouses by a slight margin over single-family residences, with a share of condominium spaces. Some developers such as that of the subject have "tagged" various units as replacement housing for Cabrini Green residents (rentals). By and large, the majority of new construction units in this market are owner-occupied, and developers anticipate the same for the bulk of the absorption period.

After considering all factors, it is our opinion that there are no adverse trends evident in the subject market area, and none that would negatively impact the marketability of the subject properties.

PHOTOGRAPHS



Front view, sample units

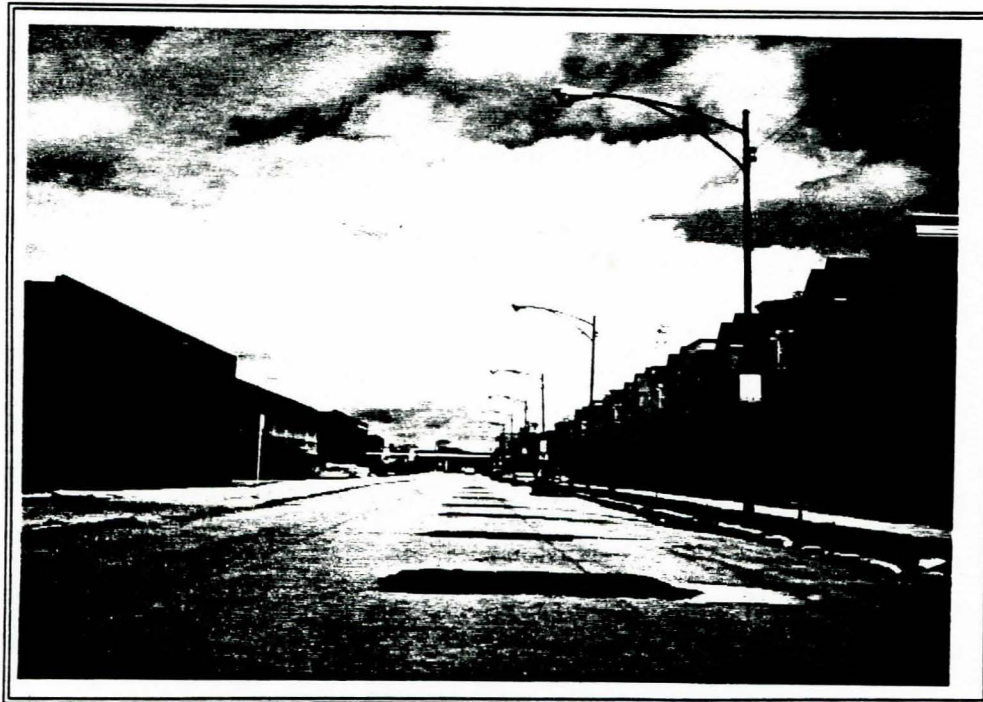


Front view, sample units

PHOTOGRAPHS



View of rear sections



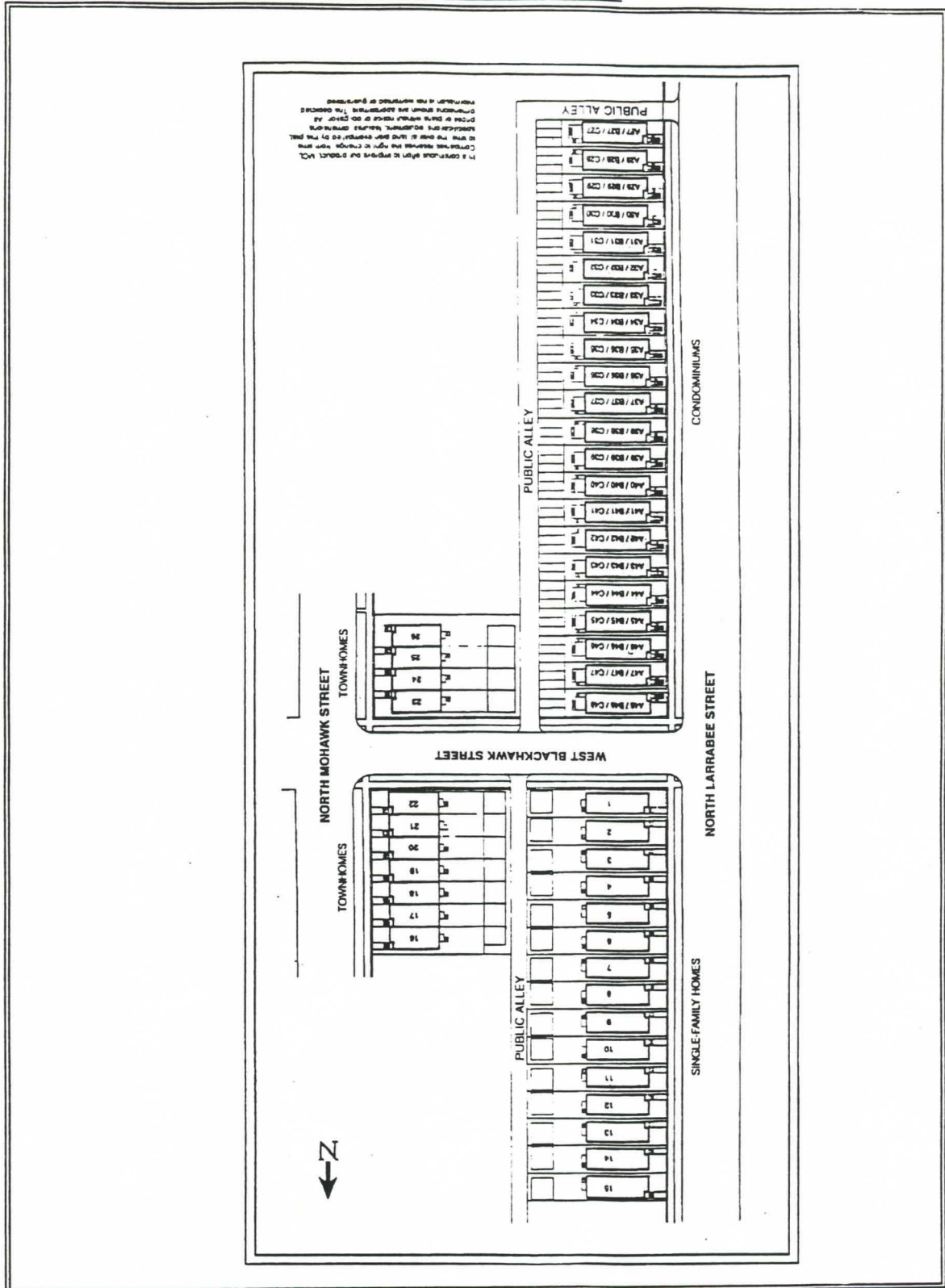
View northerly along Larrabee Avenue

PHOTOGRAPHS



View of adjacent SFR section

SUBDIVISION PLAN



PROPERTY DATA: SUMMARY

LOCATION:

The subject consists of 16 individual "scattered" units in the condominium section of the Homes of Mohawk North development, located along the east side of Larrabee Avenue, just north of Blackhawk Street.

NO. UNITS:

16 out of 66

TYPE BUILDING:

Each of the subject units is located in a three-story (actually two-story plus garden level, below grade in front), masonry and frame constructed, detached building, one unit per floor. Exterior construction includes predominantly face brick front, architectural concrete block elsewhere. Subject units are said to be in the "C" elevation buildings.

FLOOR LOCATIONS:

Each building has three units, which vary only slightly in plan and gross size. The "A" units are the garden levels, the "B" units are second floor, and the "C" are third floor units, all stairway accessed. According to information furnished to us, the subject includes the following mix:

Total "A" first floor (garden) unit : 6

Total "B" second floor units: 6

Total "C" third floor units: 4

FLOOR PLAN:

Each unit has a living room/dining room, galley kitchen, two bedrooms, and 1½ baths. The first floor units have a sunken patio, while the second and third floor units have individual wood decks. Each unit has one exterior parking space located at the back of the development.

UNIT SIZES:

(Note - condominium units are traditionally measured paint-to-paint)

"A" first floor: 965 ± sq.ft.

"B" second floor: 965 ± sq.ft.

"C" third floor: 965 ± sq.ft.

STANDARD FEATURES:

- Built-in 4-cycle dishwasher, garbage disposal, plus free-standing appliances
- Frameless kitchen cabinetry with choice of wood or laminate doors, plus laminate countertops
- Double-bowl stainless steel kitchen sink with Moen faucets
- Ceramic tile flooring in kitchen and pantry
- 6-panel steel insulated entrance door
- 6-panel interior doors and bi-fold closet doors
- Wall-to-wall carpeting in primary rooms
- Vinyl-clad wire closet shelving
- Decorative lighting
- Telephone wiring for living room, kitchen, and master bedroom, plus cable in living room and master bedroom
- Self-rimmed drop-in sinks, Moen faucets
- Fiberglass tubs with surrounds
- Combination gas-fired HVAC with humidifier
- Each unit has 40 gallon, high recovery, gas-fired water heater
- Windows are vinyl, dual-glazed and insulated
- Roof insulation R-30 fiberglass
- Exterior construction masonry, with Tyvek air infiltration barrier
- Landscaped front yard, with painted security fence, common
- Primary common area has paved parking lot at rear, graded for what is assumed to be appropriate drainage; individual striped spaces, one per unit as standard.
- Reportedly 100 amp electrical service per unit

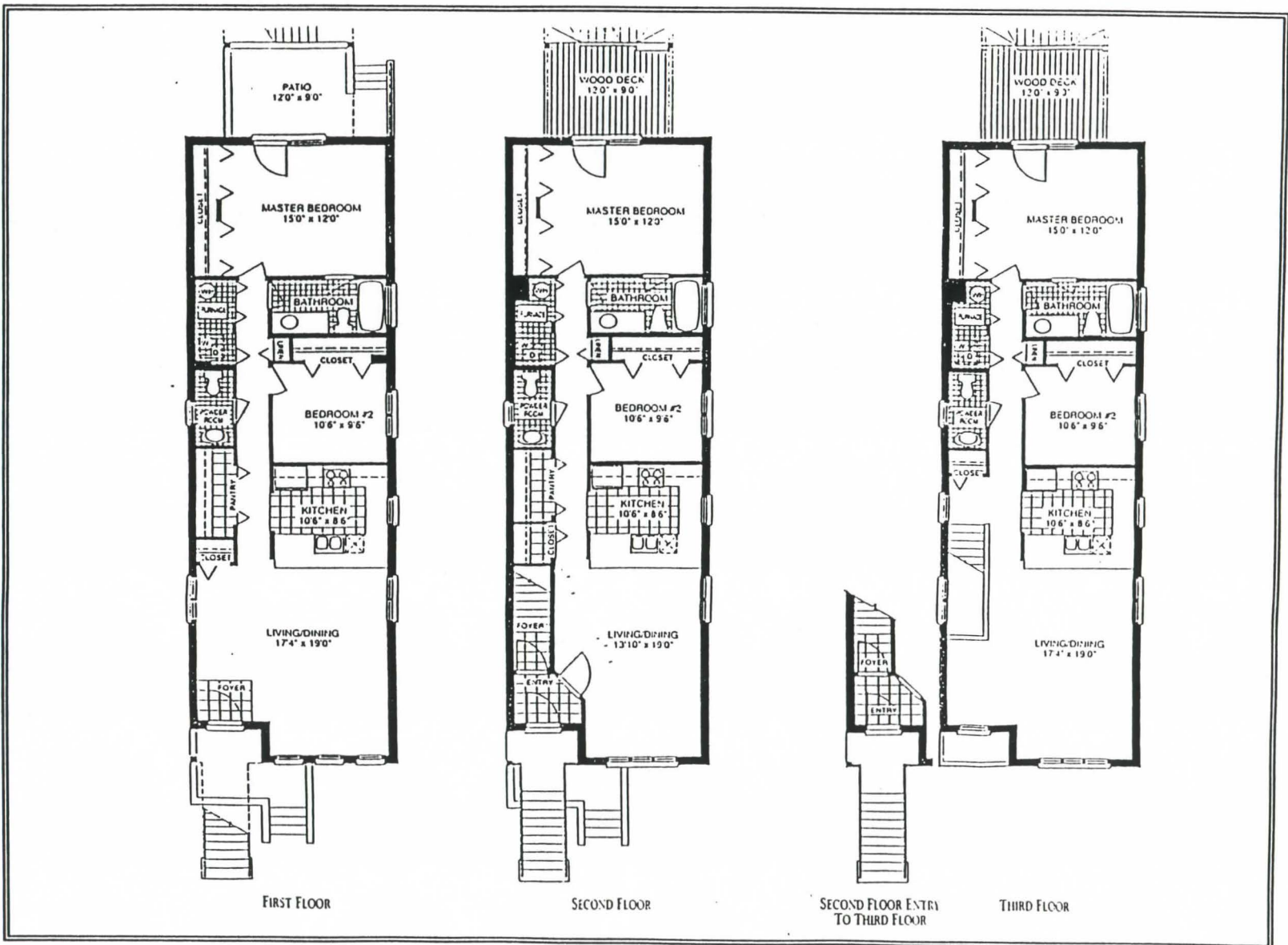
FUNCTIONAL UTILITY:

Adequate

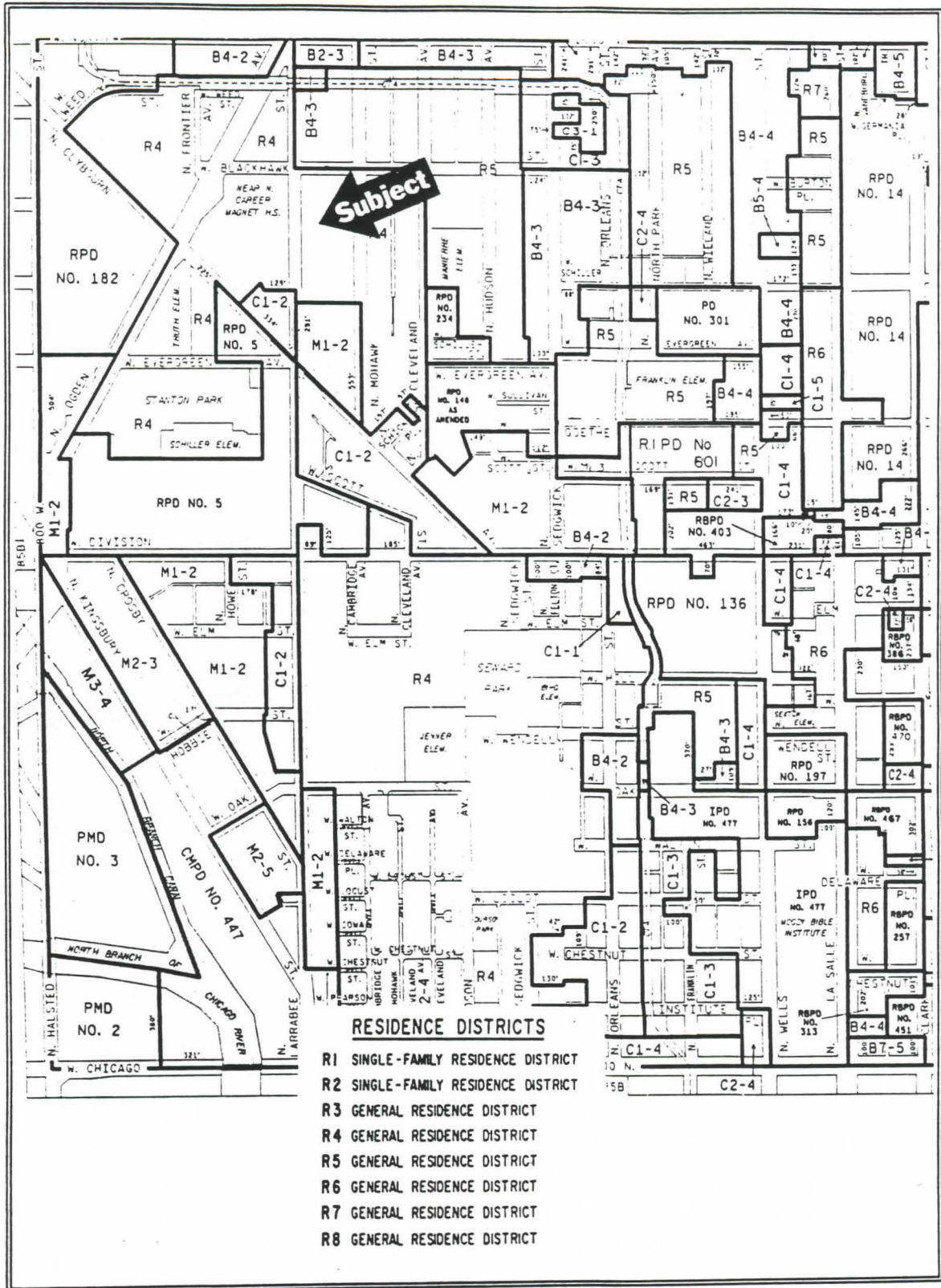
CONDITION:

New construction

FLOOR PLANS



ZONING MAP



ZONING/HIGHEST AND BEST USE:

According to the 1997 zoning map for the City of Chicago, the subject units are located in the R-4, General Residence District. Permitted uses include single-family residences, rental apartments, condominiums, townhouses, and typical non-profit types. We spoke with a representative of the City of Chicago Department of Planning and Zoning who verified that the use of the subject property is considered to be legal and conforming. We assume that this information is correct.

Although this rather unique assignment does not include a complete appraisal process in the traditional sense, our opinion is that there is little doubt the highest and best use of the land as vacant is for some type of residential redevelopment. This is consistent with the gentrification trend that has been occurring in this Near North community area over the past few years, extending to approximately Larrabee Avenue, and even to Clybourn on the west. Alternate uses such as commercial or industrial are simply inconsistent with zoning and economic feasibility. It is our further opinion that the highest and best use of the individual subject units is probably for their intended use as condominium dwellings. Although this type of residential space might represent the minority in the greater land west of Wells, north of Division, and south of North Avenue, alternate market areas have proven condominiums to be a reasonably viable product in this greater near north market.

REAL ESTATE TAXES:

The subject units are virtually new construction and real estate taxes have yet to be levied. It was indicated to us that the primary players expect the subject units to be exempt from real estate taxes based upon an appeal to the Illinois Department of Revenue. However, to our knowledge this has not come to fruition.

Estimating market-rate real estate taxes is a risky task for an appraiser to say the least. Variations can occur rather widely, depending upon a number of different factors, many of which are not even discernible. With these limitations, we have uncovered various comparisons of existing condominium units in the subject general market area, and some just outside of this market area. On the following page these are presented for reference purposes:

REAL ESTATE TAX COMPARABLES:

Location	Room Count	Reported Taxes
1524 North LaSalle, Unit 4W	3-1-1	\$2,633.00
1460 Sandburg, Unit 1011	5-2-2	\$1,473.00
30 East Division, Unit 5E	4-2-2	\$1,775.00
1309 North Wells, Unit 708	4-2-2	\$2,299.16

Our valuation would assume that real estate taxes for the subject units, if applicable, would be at competitive and market levels.

LEASE TERMS:

NO. UNITS:

16 in The Homes of Mohawk North. The total financing package actually includes 28 units in Old Town Square, addressed under a separate appraisal/consultation assignment for our client.

LESSOR:

Developer, MCL

LESSEE:

CHA

TERM:

40 years

RENT:

\$400 per unit per month

BASIS:

Semi-gross

ESCALATIONS:

Minimal increases based upon the lower of (a) 2% per year or (b) CPI.

GAS, ELECTRIC PAID BY:

Tenant

ALL OTHER CHARGES:

Paid by landlord, including monthly assessments, water and sewer, real estate taxes if applicable, interior decorating and maintenance

OWNERSHIP OF UNITS

AT END OF LEASE:

Lessor

RESIDUAL PAYMENT:

In place of an option to purchase the units at the end of the lease term, a compromise has been reached for the developers to make a residual payment to CHA/CMHDC upon the sale of the units at the end of the lease term. The amount will be 25% of the net sale proceeds (i.e. gross sales proceeds from the units minus any unpaid CMHDC debt).

FINANCING:

Although not part of this assignment and inconsistent with the traditional definition of market value, it is our understanding that CMHDC is to provide a loan in the amount of \$1,056,000, which shall constitute a payment for securing low income housing for public housing residents. Said loan will be 40 years at an interest rate of 4.5%. Please note that the loan is actually for 16 units in the subject development and 28 units in Old Town Square, total 44 units.

MARKET RENTS VERSUS CONTRACT RENTS

It has been proposed that the lessee (CHA) make a one-time and up-front payment to the developers (capital payment). This payment is based upon the present worth of the difference between market and contract rents, the latter of which, at \$400 plus escalations, is considered to be notably less than market levels. The first step in this process is the estimate of market rent by direct comparison.

We have completed extensive research for such comparisons in this market area, which is largely owner-occupied, i.e. for townhouse and condominium units. However, the data uncovered is considered to suggest a decent basis of comparison for the subject in light of scarcity. The grid on the following page summarizes the best of the total rental comparisons uncovered for this analysis. Standard lease terms in the industry include one year duration, with tenants commonly responsible only for unit electric and gas (heat).

RENTAL COMPARISON: SUMMARY

Comp No.	Address	Age	Rehab	Qual/ Cond.	Loc.	Pkg. Incl.	Room Count	Utls. Incl.	Floor Loc.	Reptd. Rent/ Mo.	Est Sq.Ft.	Rate/ Sq.Ft.	Comment
R#1	1445 North Park	100 +	Remod	Avg.	Supr.	No	5-3-1 4-2-1	Heat Water	1 Bsmt.	\$1,100 \$600	965 700	\$1.14 \$0.86	Remodeled, but not a rehab; frame bldg., avg. quality
R#2	1530 N. Orleans	100 +	Rehab.	Avg-Good	Sl. Supr.	Yes	3-1-1	Water	1&2.	\$800	750	\$1.07	Brick bldg., rehab, but parallel to "el" tracks.
R#3	1329 N. Mohawk	New	New	Good.	Simlr.	Yes Yes	6-3-2 6-3-2	Water	2 3	\$1,400 (ask) \$1,600	1,400 1,400	\$1.00 \$1.14	New brick bldg, 3 units. 1st floor and basmt. duplexed for owner
R#4	1407 N. Mohawk	100 +	Rehab	Good	Simlr.	Yes Yes Yes	5-2-1 5-2-1 4-1-1	Water	1 2 Gdn.	\$1,500 \$1,500 \$975	1,150 1,150 850	\$1.30 \$1.30 \$1.15	4-unit bldg., rehab, fireplaces, security, other details
R#5	1465 N. Larrabee, #B	New	New	Avg.- Good	Simlr.	Yes	5-2- 1½	Water	2	\$1,350 (ask)	965	\$1.40	Homes by Mohawk North
R#6	1473 N. Larrabee, #C	New	New	Avg-Good	Simlr.	Yes	5-2- 1½	None	3.	\$1,350	965	\$1.40	Homes by Mohawk North
R#7	1451 N. Larrabee, #A	New	New	Avg.- Good	Simlr.	Yes	5-2- 1½	Water	Gdn.	\$1,400 (ask)	965	\$1.45	Homes by Mohawk North
R#8	1443 N. Larrabee, #B	New	New	Avg.- Good	Simlr.	Yes	5-2- 1½	Water	2	\$1,500 (ask)	965	\$1.55	Homes by Mohawk North
R#9	1350 N. Wells	100 +	Loft Conv.	Good	Supr.	No	loft, 1 bath	Water	varies	\$1,500- \$1,600	1,000	\$1.50- \$1.60	Cobbler Square, a loft conversion, 292 units, 42 floor plans, numerous bldg. Amenities incl. Doorman, atrium, elevator-served, sundeck, community room. Pkg. available for extra fee - \$95-\$135, uncovered vs. parking garage
Sub.	Mohawk North	New	New	Avg.- Good	—	Yes	5-2- 1½	Water	Gdn., 1,2	N/A	965	--	New bldgs - west edge of gentrification district

CONCLUSIONS:

Considering the mixed use nature of this residential market and also the range between older/existing, remodeled, renovated vintage, and new construction properties, our survey includes a corresponding variety of rental comparisons. Some of the comparisons are standard rental units in remodeled, renovated, or new construction buildings. Still others are bona fide condominiums, most in newer projects.

Reasonably consistent is the standard in this area, where the tenants respectively are responsible for payment of all utilities with the exception of water. Some variations are apparent for differences in overall quality, but most of the comparisons include a parking space in the monthly rent.

Also evident is a preference for bona fide above-grade locations versus basement or garden levels, reasonably characteristic in this and other markets. R#1 is an example of this, with the basement unit generating only 86¢ per square foot per month versus \$1.15 per square foot per month for the first floor, despite the fact that the lower level unit is somewhat smaller and that the market tends to acknowledge an inverse relationship between unit price and size, in this case per square foot. R#4 suggests the same tendency, with the smaller but inferior located garden unit generating less per square foot per month than the upper floors.

On the other hand, there does not appear to be convincing evidence of a preference for third floor versus second floor units given the same floor plan and design/size. The only apparent exception is R#3, the third floor of which shows a \$200 per month increase compared to the second floor. But according to the sales agent, this premium is attributed largely to cathedral ceilings and skylights, plus a rooftop deck.

* * * * *

For the subject units, inevitable attention is drawn to R#5 through R#8. These are all in the same development, with varying floor locations. Reportedly, only one has been rented successfully, that being R#6, a third floor unit at \$1,350 per month. This was a successful lease signing after about two months of marketing. The asking price was \$1,375 per month, and the contract \$1,350. R#5 was being marketed at \$1,350 per month, a third floor unit in the same complex. But after about one year, the listing was canceled, i.e. in early June of 1997.

Recently placed on the open market with the same broker are R#7 and R#8, both at Mohawk North. The difference in asking rates at \$1,400 and \$1,500 per month, according to the broker, is anticipated as a result of floor location, R#7 being a garden unit and R#8 being the top floor. By comparison to R#6, it is anticipated that these asking prices would be negotiated downward.

Some of the higher rates for rentals in the Old Town area are in Cobbler Square (R#9) at 1350 North Wells. This is a 292 unit loft conversion of the former Doctor Scholl factory. The rate for 1,000 square foot units are \$1,500 to \$1,600 per month, or \$1.50 to \$1.60 per square foot net. These are even understated since parking is charged at an extra fee. But it should be remembered that this is a loft conversion with inherently different charm, and a property with common building amenities, including a 24 hour doorman, exercise room, etc. These rates per square foot for the subject would be unrealistic.

After careful analysis and consideration of all factors, it is our opinion that the following are deemed market rates for the subject units:

6 Total "A" first floor (garden) units @ \$1,150/mo. (\$1.19/sq.ft.) x 12 mos.	\$82,800
6 Total "B" second floor units @ \$1,350/mo. (\$1.40/sq.ft.) x 12 mos	\$97,200
4 Total "C" third floor units @ \$1,400/mo. (\$1.45/sq.ft.) x 12 mos.	<u>\$67,200</u>
Total gross annual market rents	\$247,200

Contract Rents:

16 units x \$400/mo. x 12 mos.	\$76,800
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* * * * *

DISCOUNTING PARAMETERS:

RENT:

Per the lease agreement, the term is 40 years with an initial rate of \$400 per unit per month. Escalations are on an annual basis, either at 2% per year or based upon CPI indications, whichever is lower.

We have referred to the August issue of *Economic Indicators* prepared for the Joint Economic Committee by the Council of Economic Advisors, United States Government

Printing Office, Washington, DC, 1997. The following are year-end (comparisons December to December) changes in consumer prices:

Year-to-Year	All Items	Housing
1987	+4.4	+3.7
1988	+4.4	+4.0
1989	+4.6	+3.9
1990	+6.1	+4.5
1991	+3.1	+3.4
1992	+2.9	+2.6
1993	+2.7	+2.7
1994	+2.7	+2.2
1995	+2.5	+3.0
1996	+3.3	+2.9

Although there is no way to truly anticipate CPI changes over the next 40 years, we have utilized the data over the last ten years, which suggests that the lower of the two factors per the lease agreement will very likely be the standard 2% escalation for the contract rents. For market rents, we have completed extensive research and conversations with rental agents of properties in Old Town and competing sections of the Near North side. Statistics over the past ten years suggest variations in rate increases from 1% to 4%, but leasing experts indicate that an average rate of 2% would be anticipated. Again, it is difficult to project rate changes over the next 40 years, but it is our opinion that a prudent investor would acknowledge virtually the same 2% rate for market rents and no more. The most recent investor survey in the August, 1997, issue published by *Real Estate Research Corporation* (RERC) indicates an average anticipated rate escalation for multiple-family property rents of approximately 4.5%. But investors usually base their pro forma on 5 to 10 year holding periods. In the final analysis, we have selected 2% as most applicable, considering all factors, including the length of this particular projection, i.e. 40 years.

VACANCY AND COLLECTION:

The discounted cash flow statement includes deductions for vacancy and collection as applied to the market rents, and a collection contingency to the contract rent. That applied to market rent is based upon investor survey, and are actual occupancy studies in this market. This is consistently the average amount acknowledged by multi-family investors in the subject area in development of typical pro formae. The rate applied to contract rent is less, at only 2%. This acknowledges that CHA is the lessee, and hence, a vacancy factor would not likely be realized.

DISCOUNT RATE:

With all other parameters in place, the selection of the discount or yield rate is the remaining step. This is the final and critical step in the discounted cash flow analysis. The actual yield rate on an investment cannot be determined until said investment is sold, but an investor generally considers a target yield for the investment just prior to or during the period of ownership.

A method to estimate the discount rate anticipated as being applicable to the subject's periodic net cash flows involves consideration of the difference, or spread, between free and clear equity yields for real estate investments, vis-a-vis "safe" rates of return on alternate cash investments such as municipal bonds (Aa), corporate bonds (Aaa), and US Treasury issues. The spread is commonly called the intermarket yield spread, and represents the amount of risk over and above the safe rates that would be applicable for real estate investment. The following charts show a summary of various bond and government issue rates, along with discount rates and prime rates over the past eight years and eight months.

TABLE I: RATES OF RETURN OVER TIME

Year end	08/97	1996	1995	1994	1993	1992	1991	1990	1989
3 Yr. T-Bills	6.11%	5.99%	6.25%	6.27%	4.40%	5.30%	6.82%	8.26%	8.55%
10 Yr. T-Bills	6.36%	6.44%	6.57%	7.09%	5.87%	7.01%	7.86%	8.55%	8.49%
Hi-Grade Municipal Bonds	5.50%	5.75%	5.95%	6.19%	5.63%	6.41%	6.89%	7.25%	7.24%
Corporate Aaa Bonds	7.27%	7.37%	7.59%	7.97%	7.22%	8.14%	8.77%	9.32%	9.26%
Discount Rate	5.00%	5.02%	5.21%	3.60%	3.00%	3.25%	5.45%	6.98%	6.93%
Prime Rate	8.5%	8.2%	8.83%	7.15%	6.00%	6.25%	8.46%	10.01 %	10.87 %

TABLE II: RATE CHANGE ANALYSIS

Period	1996 to 08/97	95/96	94/95	93/94	92/93	91/92	90/91	89/90
3 Yr. T-Bills	2%	-4%	-1%	43%	-17%	-22%	-17%	3%
10 Yr. T-Bills	-2%	-7%	-21%	33%	-16%	-11%	-8%	1%
Hi-Grade Municipal Bonds	-25%	-2%	-19%	20%	-12%	-7%	-5%	0%
Corporate Aaa Bonds	-1%	-3%	15%	10%	-11%	-7%	-6%	1%
Discount Rate	N/A	-4%	45%	28%	-8%	-40%	-22%	1%
Prime Rate	3%	-4%	23%	42%	-4%	-26%	-15%	-8%
Average Change	-4%	-43%	4%	25%	-11%	-19%	-12%	-2%

TABLE III: INTERMARKET YIELD SPREADS:
Real Estate versus Capital Markets

	1Q/97	1Q/96	1Q/95	1Q/94	1Q/93
Mean Real Estate Yield	11.5%	11.5%	11.5%	11.6%	12.2%
YIELD SPREAD (% Points) ¹					
Moody's Baa Corporate	3.4%	3.4%	3.0%	3.6%	4.0%
Moody's Aaa Corporate	4.1%	4.1%	3.5%	4.2%	4.6%
10 Yr. Treasuries	5.0%	5.2%	4.5%	5.2%	6.2%

¹ Real estate over other investments

Table I was taken from the *Journal of Economic Indicators* published by the U.S. Government Printing Office, page 30 of the August, 1997 issue, which includes data available as of August 30. The T-bill yields are adjusted to constant maturities by the Treasury Department. The remaining rates represent average effective rates for the year. The table shows a range of 5.00% for the discount rate to 7.79% for corporate Aaa bonds as of August 30, 1997.

Table II shows percentage changes in yield rates for the various instruments over time. The bottom line of the table shows the average overall change for the six instruments combined. Yields decreased an average of 2% from 1989 to 1990, and for the following three recessionary years yield rates dropped consistently, ranging from -19% for 1991 to 25% for 1992 and 1993.

Rates increased dramatically from the end of 1993 to late 1994, primarily owing to the actions of the Federal Reserve Board in their efforts to curb inflation. However, the discount rate, which had held steady at about 5.2% since March of 1995, was reduced in February, 1996, by nearly 20 basis by the Federal Reserve. Most banks accordingly lowered their prime lending rate to 8.27%. Inflation appears to be under control, and the Federal Reserve elected not to raise rates in their most recent meeting in September. Overall, interest rates have been stable for the last year.

Table III was taken from *The Real Estate Report* by Real Estate Research Corporation, Volume 26, No. 1-1997. It shows intermarket yield spreads between real estate investments and the capital markets (i.e., safe rates of return). Included for comparison to the mean real estate yield are both Aaa and Baa corporate bonds and 10 year T-bills. The spread between "safe" yields and real estate yields ranges from 3.40% to 5.00%, which essentially represents the additional risk applicable to, and return therefore justified for, real estate due to the effort required to manage the investment, as well as illiquidity and other factors. Based on the current returns on alternate investments in the far left column of Table I, our opinion is the minimum acceptable safe rate of return on alternative cash investments is 6.00%. Adding to this the intermarket yield spread range from 3.40% to 5.00% results in a total discount rate range from 9.40% to 11.00% applicable to real estate investments.

Selection of an appropriate discount rate also requires an analysis of the risks or perceptions of risks involved with the subject property. There is no question as to the "quality" of tenancy, i.e. CHA. An investor would acknowledge this as a positive market-motivating factor in the investment itself. Development of the subject area has been rather steady, particularly over the past two years, and vacant lots are becoming more scarce as a result. This immediate vicinity in the Near North side is probably one of the only remaining near-downtown districts ripe for gentrification. Histories of other sections, including River North, River West, and even Lincoln Park, suggest that the vicinity will maintain its vitality into the foreseeable future. Acceptance of the subject type of product appears to be reasonable, and there are no adverse trends evident at this time or anticipated for the foreseeable future. However, the projection period at 40 years would likely be viewed with some caution by investors, by character and nature. Projections this far in advance are rarely made, and are speculative and conjectural. In light of all of these factors, our opinion is that an upper range discount rate of 10.5% is an appropriate reflection of the risks or perceptions of risk involved with the subject investment. This rate will be used to calculate the present value factors as applied to the net cash flows.

* * * * *

Our client has also asked that we prepare two other discounted cash flow analyses, one with the lowest discount rate suggested (9.4%) and one at the higher end rate indicated (11%). Clearly, our opinion is that a prudent investor would view the 10.5% rate as appropriate for this type of investment, as we have explained above. The other discounted cash flow

analyses are for demonstration purposes, and are based upon particular pro forma, depending upon perspective.

We are not uncomfortable with presenting various discount rate projections since many investments are tested within such a range by the investment market.

SUMMARY:

Pro Forma (Market) Discount Rate:	10.5%
Pro Forma (Investor) Discount Rate:	9.4%
Pro Forma (Investor) Discount Rate:	11.0%

DISCOUNTED CASH FLOW STATEMENT:

The table on the following page is the discounted cash flow statement that summarizes and executes all of the aforementioned assumptions and parameters. This is the result of our study, and represents our opinion as to the realistic market-supported discount. These are summarized below:

Term:	40 years
Rent Escalation:	2% - contract rents, 2% - market rents
Discount Rate:	10.50%; 9.4% & 11%
Average Contract Rents:	\$400, at start, Year 1
Average Market Rents:	\$1,288 ¹ , at start, Year 1
First Year Gross Contract Rents:	\$76,800
First Year Gross Market Rents:	\$247,200

¹ Gross \$247,200 ÷ 16 units ÷ 12 months.

DISCOUNTED CASH FLOW STATEMENT: 9.4% Market Discount Rate

Year	1	2	3	4	5	6	7	8	9	10
Month for discounting	12	24	36	48	60	72	84	96	108	120
Market rent	\$247,200	\$252,144	\$257,187	\$262,331	\$267,578	\$272,930	\$278,389	\$283,957	\$289,636	\$295,429
Less vacancy & collection loss 5%	\$12,360	\$12,607	\$12,859	\$13,117	\$13,379	\$13,647	\$13,919	\$14,198	\$14,482	\$14,771
Effective market rent	\$234,840	\$239,537	\$244,328	\$249,214	\$254,199	\$259,283	\$264,470	\$269,759	\$275,154	\$280,658
Contract rent	\$76,800	\$78,336	\$79,903	\$81,501	\$83,131	\$84,794	\$86,490	\$88,220	\$89,984	\$91,784
Collection contingency 2%	\$4,944	\$5,043	\$5,144	\$5,247	\$5,352	\$5,459	\$5,568	\$5,679	\$5,793	\$5,909
Effective contract rent	\$71,856	\$73,293	\$74,759	\$76,254	\$77,779	\$79,335	\$80,922	\$82,541	\$84,191	\$85,875
Effective gross rent loss	\$162,984	\$166,244	\$169,569	\$172,960	\$176,420	\$179,948	\$183,548	\$187,218	\$190,963	\$194,783
Times PV factor	0.9106	0.8292	0.7551	0.6876	0.6261	0.5702	0.5192	0.4728	0.4305	0.3921
PV of net cash flow	\$148,413	\$137,850	\$128,042	\$118,927	\$110,457	\$102,606	\$95,298	\$88,517	\$82,210	\$76,374
Cumulative PV	\$148,413	\$286,263	\$414,305	\$533,232	\$643,689	\$746,295	\$841,593	\$930,110	\$1,012,320	\$1,088,694
Discount rate	9.40%									

Year	11	12	13	14	15	16	17	18	19	20
Month for discounting	132	144	156	168	180	192	204	216	228	240
Market rent	\$301,338	\$307,365	\$313,512	\$319,782	\$326,178	\$332,702	\$339,356	\$346,143	\$353,066	\$360,127
Less vacancy & collection loss 5%	\$15,067	\$15,368	\$15,676	\$15,989	\$16,309	\$16,635	\$16,968	\$17,307	\$17,653	\$18,006
Effective market rent	\$286,271	\$291,997	\$297,836	\$303,793	\$309,869	\$316,067	\$322,388	\$328,836	\$335,413	\$342,121
Contract rent	\$93,620	\$95,492	\$97,402	\$99,350	\$101,337	\$103,364	\$105,431	\$107,540	\$109,691	\$111,885
Collection contingency 2%	\$6,027	\$6,147	\$6,270	\$6,396	\$6,524	\$6,654	\$6,787	\$6,923	\$7,061	\$7,203
Effective contract rent	\$87,593	\$89,345	\$91,132	\$92,954	\$94,813	\$96,710	\$98,644	\$100,617	\$102,630	\$104,682
Effective gross rent loss	\$198,678	\$202,652	\$206,704	\$210,839	\$215,056	\$219,357	\$223,744	\$228,219	\$232,783	\$237,439
Times PV factor	0.3570	0.3251	0.2960	0.2696	0.2455	0.2235	0.2036	0.1854	0.1688	0.1537
PV of net cash flow	\$70,928	\$65,882	\$61,184	\$56,842	\$52,796	\$49,026	\$45,554	\$42,312	\$39,294	\$36,494
Cumulative PV	\$1,159,622	\$1,225,504	\$1,286,688	\$1,343,530	\$1,396,326	\$1,445,352	\$1,490,906	\$1,533,218	\$1,572,512	\$1,609,006

DISCOUNTED CASH FLOW STATEMENT: 9.4% MARKET DISCOUNT RATE

Year	21	22	23	24	25	26	27	28	29	30
Month for discounting	252	264	276	288	300	312	324	336	348	360
Market rent	\$367,330	\$374,677	\$382,171	\$389,814	\$397,610	\$405,562	\$413,673	\$421,946	\$430,385	\$438,993
Less vacancy & collection loss 5%	\$18,367	\$18,734	\$19,109	\$19,491	\$19,881	\$20,278	\$20,684	\$21,097	\$21,519	\$21,950
Effective market rent	\$348,963	\$355,943	\$363,062	\$370,323	\$377,729	\$385,284	\$392,989	\$400,849	\$408,866	\$417,043
Contract rent	\$114,123	\$116,405	\$118,733	\$121,108	\$123,530	\$126,001	\$128,521	\$131,091	\$133,713	\$136,387
Collection contingency 2%	\$7,347	\$7,494	\$7,643	\$7,796	\$7,952	\$8,111	\$8,273	\$8,439	\$8,608	\$8,780
Effective contract rent	\$106,776	\$108,911	\$111,090	\$113,312	\$115,578	\$117,890	\$120,248	\$122,652	\$125,105	\$127,607
Effective gross rent loss	\$242,187	\$247,032	\$251,972	\$257,011	\$262,151	\$267,394	\$272,741	\$278,197	\$283,761	\$289,436
Times PV factor	0.1400	0.1275	0.1161	0.1057	0.0962	0.0876	0.0798	0.0727	0.0662	0.0603
PV of net cash flow	\$33,906	\$31,497	\$29,254	\$27,166	\$25,219	\$23,424	\$21,765	\$20,225	\$18,785	\$17,453
Cumulative PV	\$1,642,912	\$1,674,409	\$1,703,663	\$1,730,829	\$1,756,048	\$1,779,472	\$1,801,237	\$1,821,462	\$1,840,247	\$1,857,700

Year	31	32	33	34	35	36	37	38	39	40
Month for discounting	372	384	396	408	420	432	444	456	468	480
Market rent	\$447,773	\$456,728	\$465,863	\$475,180	\$484,684	\$494,378	\$504,266	\$514,351	\$524,638	\$535,131
Less vacancy & collection loss 5%	\$22,389	\$22,836	\$23,293	\$23,759	\$24,234	\$24,719	\$25,213	\$25,718	\$26,232	\$26,757
Effective market rent	\$425,384	\$433,892	\$442,570	\$451,421	\$460,450	\$469,659	\$479,053	\$488,633	\$498,406	\$508,374
Contract rent	\$139,115	\$141,897	\$144,735	\$147,630	\$150,583	\$153,595	\$156,667	\$159,800	\$162,996	\$166,256
Collection contingency 2%	\$8,955	\$9,135	\$9,317	\$9,504	\$9,694	\$9,888	\$10,085	\$10,287	\$10,493	\$10,703
Effective contract rent	\$130,160	\$132,762	\$135,418	\$138,126	\$140,889	\$143,707	\$146,582	\$149,513	\$152,503	\$155,553
Effective gross rent loss	\$295,224	\$301,130	\$307,152	\$313,295	\$319,561	\$325,952	\$332,471	\$339,120	\$345,903	\$352,821
Times PV factor	0.0549	0.0500	0.0455	0.0414	0.0377	0.0344	0.0313	0.0285	0.0259	0.0236
PV of net cash flow	\$16,208	\$15,057	\$13,975	\$12,970	\$12,047	\$11,213	\$10,406	\$9,665	\$8,959	\$8,327
Cumulative PV	\$1,873,908	\$1,888,965	\$1,902,940	\$1,915,910	\$1,927,957	\$1,939,170	\$1,949,576	\$1,959,241	\$1,968,200	\$1,976,527

DISCOUNTED CASH FLOW STATEMENT: 10.50% PRO FORMA RATE

Year	1	2	3	4	5	6	7	8	9	10
Month for discounting	12	24	36	48	60	72	84	96	108	120
Market rent	\$247,200	\$252,144	\$257,187	\$262,331	\$267,578	\$272,930	\$278,389	\$283,957	\$289,636	\$295,429
Less vacancy & collection loss 5%	\$12,360	\$12,607	\$12,859	\$13,117	\$13,379	\$13,647	\$13,919	\$14,198	\$14,482	\$14,771
Effective market rent	\$234,840	\$239,537	\$244,328	\$249,214	\$254,199	\$259,283	\$264,470	\$269,759	\$275,154	\$280,658
Contract rent	\$76,800	\$78,336	\$79,903	\$81,501	\$83,131	\$84,794	\$86,490	\$88,220	\$89,984	\$91,784
Collection contingency 2%	\$4,944	\$5,043	\$5,144	\$5,247	\$5,352	\$5,459	\$5,568	\$5,679	\$5,793	\$5,909
Effective contract rent	\$71,856	\$73,293	\$74,759	\$76,254	\$77,779	\$79,335	\$80,922	\$82,541	\$84,191	\$85,875
Effective gross rent loss	\$162,984	\$166,244	\$169,569	\$172,960	\$176,420	\$179,948	\$183,548	\$187,218	\$190,963	\$194,783
Times PV factor	0.9007	0.8113	0.7308	0.6582	0.5929	0.5341	0.4810	0.4333	0.3903	0.3515
PV of net cash flow	\$146,800	\$134,874	\$123,921	\$113,842	\$104,599	\$96,110	\$88,287	\$81,122	\$74,533	\$68,466
Cumulative PV	\$146,800	\$281,674	\$405,595	\$519,437	\$624,036	\$720,146	\$808,433	\$889,555	\$964,088	\$1,032,554
Discount rate	10.50%									

Year	11	12	13	14	15	16	17	18	19	20
Month for discounting	132	144	156	168	180	192	204	216	228	240
Market rent	\$301,338	\$307,365	\$313,512	\$319,782	\$326,178	\$332,702	\$339,356	\$346,143	\$353,066	\$360,127
Less vacancy & collection loss 5%	\$15,067	\$15,368	\$15,676	\$15,989	\$16,309	\$16,635	\$16,968	\$17,307	\$17,653	\$18,006
Effective market rent	\$286,271	\$291,997	\$297,836	\$303,793	\$309,869	\$316,067	\$322,388	\$328,836	\$335,413	\$342,121
Contract rent	\$93,620	\$95,492	\$97,402	\$99,350	\$101,337	\$103,364	\$105,431	\$107,540	\$109,691	\$111,885
Collection contingency 2%	\$6,027	\$6,147	\$6,270	\$6,396	\$6,524	\$6,654	\$6,787	\$6,923	\$7,061	\$7,203
Effective contract rent	\$87,593	\$89,345	\$91,132	\$92,954	\$94,813	\$96,710	\$98,644	\$100,617	\$102,630	\$104,682
Effective gross rent loss	\$198,678	\$202,652	\$206,704	\$210,839	\$215,056	\$219,357	\$223,744	\$228,219	\$232,783	\$237,439
Times PV factor	0.3166	0.2852	0.2569	0.2314	0.2084	0.1877	0.1691	0.1523	0.1372	0.1236
PV of net cash flow	\$62,901	\$57,796	\$53,102	\$48,788	\$44,818	\$41,173	\$37,835	\$34,758	\$31,938	\$29,347
Cumulative PV	\$1,095,455	\$1,153,251	\$1,206,353	\$1,255,141	\$1,299,959	\$1,341,132	\$1,378,967	\$1,413,725	\$1,445,663	\$1,475,010

DISCOUNTED CASH FLOW STATEMENT: 10.50% PRO FORMA RATE

Year	21	22	23	24	25	26	27	28	29	30
Month for discounting	252	264	276	288	300	312	324	336	348	360
Market rent	\$367,330	\$374,677	\$382,171	\$389,814	\$397,610	\$405,562	\$413,673	\$421,946	\$430,385	\$438,993
Less vacancy & collection loss 5%	\$18,367	\$18,734	\$19,109	\$19,491	\$19,881	\$20,278	\$20,684	\$21,097	\$21,519	\$21,950
Effective market rent	\$348,963	\$355,943	\$363,062	\$370,323	\$377,729	\$385,284	\$392,989	\$400,849	\$408,866	\$417,043
Contract rent	\$114,123	\$116,405	\$118,733	\$121,108	\$123,530	\$126,001	\$128,521	\$131,091	\$133,713	\$136,387
Collection contingency 2%	\$7,347	\$7,494	\$7,643	\$7,796	\$7,952	\$8,111	\$8,273	\$8,439	\$8,608	\$8,780
Effective contract rent	\$106,776	\$108,911	\$111,090	\$113,312	\$115,578	\$117,890	\$120,248	\$122,652	\$125,105	\$127,607
Effective gross rent loss	\$242,187	\$247,032	\$251,972	\$257,011	\$262,151	\$267,394	\$272,741	\$278,197	\$283,761	\$289,436
Times PV factor	0.1113	0.1003	0.0903	0.0813	0.0733	0.0660	0.0594	0.0535	0.0482	0.0434
PV of net cash flow	\$26,955	\$24,777	\$22,753	\$20,895	\$19,216	\$17,648	\$16,201	\$14,884	\$13,677	\$12,562
Cumulative PV	\$1,501,965	\$1,526,742	\$1,549,495	\$1,570,390	\$1,589,606	\$1,607,254	\$1,623,455	\$1,638,339	\$1,652,016	\$1,664,578

Year	31	32	33	34	35	36	37	38	39	40
Month for discounting	372	384	396	408	420	432	444	456	468	480
Market rent	\$447,773	\$456,728	\$465,863	\$475,180	\$484,684	\$494,378	\$504,266	\$514,351	\$524,638	\$535,131
Less vacancy & collection loss 5%	\$22,389	\$22,836	\$23,293	\$23,759	\$24,234	\$24,719	\$25,213	\$25,718	\$26,232	\$26,757
Effective market rent	\$425,384	\$433,892	\$442,570	\$451,421	\$460,450	\$469,659	\$479,053	\$488,633	\$498,406	\$508,374
Contract rent	\$139,115	\$141,897	\$144,735	\$147,630	\$150,583	\$153,595	\$156,667	\$159,800	\$162,996	\$166,256
Collection contingency 2%	\$8,955	\$9,135	\$9,317	\$9,504	\$9,694	\$9,888	\$10,085	\$10,287	\$10,493	\$10,703
Effective contract rent	\$130,160	\$132,762	\$135,418	\$138,126	\$140,889	\$143,707	\$146,582	\$149,513	\$152,503	\$155,553
Effective gross rent loss	\$295,224	\$301,130	\$307,152	\$313,295	\$319,561	\$325,952	\$332,471	\$339,120	\$345,903	\$352,821
Times PV factor	0.0391	0.0352	0.0317	0.0286	0.0258	0.0232	0.0209	0.0188	0.0170	0.0153
PV of net cash flow	\$11,543	\$10,600	\$9,737	\$8,960	\$8,245	\$7,562	\$6,949	\$6,375	\$5,880	\$5,398
Cumulative PV	\$1,676,121	\$1,686,721	\$1,696,458	\$1,705,418	\$1,713,663	\$1,721,225	\$1,728,174	\$1,734,549	\$1,740,429	\$1,745,827

DISCOUNTED CASH FLOW STATEMENT: 11.0% PRO FORMA RATE

Year	1	2	3	4	5	6	7	8	9	10
Month for discounting	12	24	36	48	60	72	84	96	108	120
Market rent	\$247,200	\$252,144	\$257,187	\$262,331	\$267,578	\$272,930	\$278,389	\$283,957	\$289,636	\$295,429
Less vacancy & collection loss 5%	\$12,360	\$12,607	\$12,859	\$13,117	\$13,379	\$13,647	\$13,919	\$14,198	\$14,482	\$14,771
Effective market rent	\$234,840	\$239,537	\$244,328	\$249,214	\$254,199	\$259,283	\$264,470	\$269,759	\$275,154	\$280,658
Contract rent	\$76,800	\$78,336	\$79,903	\$81,501	\$83,131	\$84,794	\$86,490	\$88,220	\$89,984	\$91,784
Collection contingency 2%	\$4,944	\$5,043	\$5,144	\$5,247	\$5,352	\$5,459	\$5,568	\$5,679	\$5,793	\$5,909
Effective contract rent	\$71,856	\$73,293	\$74,759	\$76,254	\$77,779	\$79,335	\$80,922	\$82,541	\$84,191	\$85,875
Effective gross rent loss	\$162,984	\$166,244	\$169,569	\$172,960	\$176,420	\$179,948	\$183,548	\$187,218	\$190,963	\$194,783
Times PV factor	0.8963	0.8033	0.7200	0.6453	0.5784	0.5184	0.4646	0.4164	0.3733	0.3345
PV of net cash flow	\$146,083	\$133,544	\$122,090	\$111,611	\$102,041	\$93,285	\$85,276	\$77,958	\$71,286	\$65,155
Cumulative PV	\$146,083	\$279,627	\$401,717	\$513,328	\$615,369	\$708,654	\$793,930	\$871,888	\$943,174	\$1,008,329
Discount rate	11.00%									

Year	11	12	13	14	15	16	17	18	19	20
Month for discounting	132	144	156	168	180	192	204	216	228	240
Market rent	\$301,338	\$307,365	\$313,512	\$319,782	\$326,178	\$332,702	\$339,356	\$346,143	\$353,066	\$360,127
Less vacancy & collection loss 5%	\$15,067	\$15,368	\$15,676	\$15,989	\$16,309	\$16,635	\$16,968	\$17,307	\$17,653	\$18,006
Effective market rent	\$286,271	\$291,997	\$297,836	\$303,793	\$309,869	\$316,067	\$322,388	\$328,836	\$335,413	\$342,121
Contract rent	\$93,620	\$95,492	\$97,402	\$99,350	\$101,337	\$103,364	\$105,431	\$107,540	\$109,691	\$111,885
Collection contingency 2%	\$6,027	\$6,147	\$6,270	\$6,396	\$6,524	\$6,654	\$6,787	\$6,923	\$7,061	\$7,203
Effective contract rent	\$87,593	\$89,345	\$91,132	\$92,954	\$94,813	\$96,710	\$98,644	\$100,617	\$102,630	\$104,682
Effective gross rent loss	\$198,678	\$202,652	\$206,704	\$210,839	\$215,056	\$219,357	\$223,744	\$228,219	\$232,783	\$237,439
Times PV factor	0.2998	0.2687	0.2409	0.2159	0.1935	0.1734	0.1554	0.1393	0.1249	0.1119
PV of net cash flow	\$59,564	\$54,453	\$49,795	\$45,520	\$41,613	\$38,037	\$34,770	\$31,791	\$29,075	\$26,569
Cumulative PV	\$1,067,893	\$1,122,346	\$1,172,141	\$1,217,661	\$1,259,274	\$1,297,311	\$1,332,081	\$1,363,872	\$1,392,947	\$1,419,516

DISCOUNTED CASH FLOW STATEMENT: 11.0% PRO FORMA RATE

Year	21	22	23	24	25	26	27	28	29	30
Month for discounting	252	264	276	288	300	312	324	336	348	360
Market rent	\$367,330	\$374,677	\$382,171	\$389,814	\$397,610	\$405,562	\$413,673	\$421,946	\$430,385	\$438,993
Less vacancy & collection loss 5%	\$18,367	\$18,734	\$19,109	\$19,491	\$19,881	\$20,278	\$20,684	\$21,097	\$21,519	\$21,950
Effective market rent	\$348,963	\$355,943	\$363,062	\$370,323	\$377,729	\$385,284	\$392,989	\$400,849	\$408,866	\$417,043
Contract rent	\$114,123	\$116,405	\$118,733	\$121,108	\$123,530	\$126,001	\$128,521	\$131,091	\$133,713	\$136,387
Collection contingency 2%	\$7,347	\$7,494	\$7,643	\$7,796	\$7,952	\$8,111	\$8,273	\$8,439	\$8,608	\$8,780
Effective contract rent	\$106,776	\$108,911	\$111,090	\$113,312	\$115,578	\$117,890	\$120,248	\$122,652	\$125,105	\$127,607
Effective gross rent loss	\$242,187	\$247,032	\$251,972	\$257,011	\$262,151	\$267,394	\$272,741	\$278,197	\$283,761	\$289,436
Times PV factor	0.1003	0.0899	0.0806	0.0722	0.0647	0.0580	0.0520	0.0466	0.0418	0.0374
PV of net cash flow	\$24,291	\$22,208	\$20,309	\$18,556	\$16,961	\$15,509	\$14,183	\$12,964	\$11,861	\$10,825
Cumulative PV	\$1,443,807	\$1,466,015	\$1,486,324	\$1,504,880	\$1,521,841	\$1,537,350	\$1,551,533	\$1,564,497	\$1,576,358	\$1,587,183

Year	31	32	33	34	35	36	37	38	39	40
Month for discounting	372	384	396	408	420	432	444	456	468	480
Market rent	\$447,773	\$456,728	\$465,863	\$475,180	\$484,684	\$494,378	\$504,266	\$514,351	\$524,638	\$535,131
Less vacancy & collection loss 5%	\$22,389	\$22,836	\$23,293	\$23,759	\$24,234	\$24,719	\$25,213	\$25,718	\$26,232	\$26,757
Effective market rent	\$425,384	\$433,892	\$442,570	\$451,421	\$460,450	\$469,659	\$479,053	\$488,633	\$498,406	\$508,374
Contract rent	\$139,115	\$141,897	\$144,735	\$147,630	\$150,583	\$153,595	\$156,667	\$159,800	\$162,996	\$166,256
Collection contingency 2%	\$8,955	\$9,135	\$9,317	\$9,504	\$9,694	\$9,888	\$10,085	\$10,287	\$10,493	\$10,703
Effective contract rent	\$130,160	\$132,762	\$135,418	\$138,126	\$140,889	\$143,707	\$146,582	\$149,513	\$152,503	\$155,553
Effective gross rent loss	\$295,224	\$301,130	\$307,152	\$313,295	\$319,561	\$325,952	\$332,471	\$339,120	\$345,903	\$352,821
Times PV factor	0.0336	0.0301	0.0270	0.0242	0.0217	0.0194	0.0174	0.0156	0.0140	0.0125
PV of net cash flow	\$9,920	\$9,064	\$8,293	\$7,582	\$6,934	\$6,323	\$5,785	\$5,290	\$4,843	\$4,410
Cumulative PV	\$1,597,103	\$1,606,167	\$1,614,460	\$1,622,042	\$1,628,976	\$1,635,299	\$1,641,084	\$1,646,374	\$1,651,217	\$1,655,627

SECTION TWO OPERATING EXPENSES

OPERATING EXPENSES:

Part of the proposed lease agreement is that a monthly maintenance fee would be paid to reflect the cost of maintaining each of the subject units. We have been asked to review pro forma operating expenses submitted by the developer. The following is a summary of the proposed budget:

DEVELOPER'S PRO FORMA:

Expense Item	Total Amount Estimated	Basis/Comment
Management fee	\$3,648	\$19.00 per month per unit. This equates to approximately 4.75% of gross income.
Miscellaneous Administrative	\$700	Once per year tenant activities at \$500 plus office supplies at \$200.
Legal and Accounting	\$1,500	Audit, legal fees including evictions
Monthly Assessments (Association)	\$13,320	Based on anticipated monthly assessment rates of \$65.00 for garden units, \$70.00 for second floor units, and \$75.00 for third floor units. Monthly assessment covers sewer and water, scavenger, landscape maintenance, and "management fee" (presumed to be management of the association, and not of the subject units as one investment property). Monthly assessments are also proposed to cover liability insurance for the common areas, but not indicated for building/unit fire insurance.
Utilities	-0-	Paid by tenants. Common area utilities included in monthly assessment.
Maintenance	\$5,760	Extermination \$2.50/apartment per month, grounds maintenance \$10 per unit per month, repair payroll 16 hours per month at \$15 per hour, repair materials \$15 per unit per year, and heating and cooling repair \$15 per unit per year.
Decorating	\$800	Two units per year
Insurance	\$200	Not known; rate for unit fire insurance anticipated as higher

Continued

Expense Item	Total Amount	Basis/Comment
Real Estate Taxes, if applicable	\$32,000	\$2,000 per unit per year
Replacement Reserves	\$12,000	\$750 per unit per year
Total	\$69,928	\$4,371 per unit total
Total without Real Estate Taxes	\$37,928	\$2,371 per unit total
Total without Real Estate Taxes and Reserves	\$25,928	\$1,621 per unit total

COMMENT:

Initially, it is best to view anticipated expenses for the subject as if a 16-unit rental complex. Of course, the subject is more unique than most typical multiple-family properties because the units are "scattered" and because of condominium ownership (monthly association dues, etc.). Expense analyses for multiple-family rental properties are commonly analyzed on the basis of a percentage of gross of effective gross income. This is traditionally and reasonably sound procedure when a subject and comparable properties are in the same area and when the units generate comparable rents.

Our research has verified at present and over the years an expense range of, say, 45% to 55% of gross potential income for many apartment buildings. But this is almost exclusively for typical apartment complexes which generate gross rents of only \$500 to \$650 per unit per month. Obviously, this is not the case for the subject area, where rents for such units can range from \$1,000 to \$1,600 per month. Expenses as a percentage of gross income can therefore be notably lower in comparison to more typical apartment properties. As a result, we believe that a prudent investor would likely estimate expenses for the subject property on the basis of a cost per unit, both from comparison and from itemization bases. The method of estimating anticipated expenses on the basis of cost per unit does have

disadvantages, because of variations in age, quality, size, etc. but at the very least, the method provides an initial basis of comparison.

The method is best developed with real estate taxes as a separate item. The reason is that for properties, for example, in the subject area, real estate taxes can range from \$1,200 to \$1,600 per unit, and then some higher than this. But this is for typical multiple-family apartments, and not for condominiums. The estimate of \$2,000 per unit for the subject is difficult to argue with, although there are no guarantees as to what the assessor's final decision will be. Other adjustments of the data must be made for utilities, since in the subject pro forma tenants pay for same, except for sewer and water. The proposed monthly assessment amounts appear to be competitive for condominiums of this type and in this area. Monthly association dues include common area insurance, sewer and water, scavenger, landscaping, and a management fee for the association.

One other item to be treated separately is "reserves" since if this amount is taken by investors at all for multiple-family properties, the amount is usually not based upon the appropriate break-down method.

We have appraised many of the following properties, and have obtained information on others from appropriate data sources. The grid summary on the following page is considered to at least provide a guide to the proposed expenses per unit for the subject property, i.e. \$1,621 without real estate taxes and reserves.

EXPENSE COMPARABLES:

Location	No. Units	Age	Type	Expense Year	RE Taxes/ Unit	Approx. Expenses/Unit w/Taxes, Reserves, Heat	Comment
5101 N. Sheridan Rd. Chicago, IL	104	40±	Multi-Apt.	1996	\$908	\$1,035	Lower cost per unit expected as a result of unit mix: very small units, with 56 1-BR & 48 studios. Cost/sq.ft. Gross bldg. area approx. \$1.73
54 E. Scott Chicago, IL	31	90+	Multi-Apt.	1996	\$1,644	\$1,446	Completely renovated bldg.; all 1-BR & studios, but high profile location. Cost/sq.ft. approx. \$2.24.
434 W. Melrose Chicago, IL	43	75+	Multi-Apt.	1996	\$1,421	\$1,521	Vintage, elevator served bldg. In good condition, but not a "rehab." 37 studios, 3 1-BR, 8 3-BR. Cost/sq.ft. approx. \$2.43
12276 Washington Lake Bluff, IL	22	10	Cluster Townhomes	1996	\$803	\$1,491	Townhouse-rental complex, all 2-BR, 1½ baths, 2-story bldgs. (3). Tenants pay all utilities including water & sewer. Expenses include adjustment for same. Approx. cost \$1.46/sq.ft.
4901 N. Wolcott Chicago, IL	147	40+	Multi-Apt.	1996	\$1,483	\$2,037	Multi-bldg. Complex in Ravenswood Manor. Better than average updating, but not to great extent. Reported expenses on high side as might have included some capital expenditures. Approx. cost \$2.00-\$2.20/sq.ft.
Subject 1400 N. Larrabee Ave Chicago, IL	16	New	Individual Units, Scattered	--	--	\$1,621	Developer's pro forma - Cost/sq.ft. \$1.55 (based on estimated gross area, including exterior walls)

Variations are not surprising in light of certain factors. The first comparison is a larger building, but with very small units. Even the one-bedroom types are below the size found typically on the north side. This is one of the reasons why the expense indication is distorted on the low side. The second comparison is also of all one-bedroom and studios, but these are larger on the average, as reported by the broker. This is also a higher profile location on the near north side. A similar rate is found for the third comparison, also a vintage building, but not renovated.

The only comparison included outside of the area is the fourth, in Lake Bluff. The reason is that this is a attached townhouse rental apartment complex, and is only ten years old. The cost per unit at \$1,491 is somewhat lower than the projection for the subject, but miscellaneous costs such as legal and accounting fee are not included in the comparison amount. The rate per square foot at \$1.46 is competitive with the equivalent of the subject, \$1.55 per square foot.

Comparison Five is the largest presented, and is located in the Ravenswood Manor section of the northwest side. This is a decent building since it does have condominium conversion potential, but was overall in average condition at the time of sale in early 1997. The rate of \$2,037 exceeds the estimate for the subject and the balance of the comparisons. We believe that this might very well be reflective of the fact that capital expenditures had been made throughout the course of 1996, although the specific amount was not made known.

Based upon our study, it does appear that the subtotal expense rate per unit proposed for the subject development at \$1,621 is reasonably supportable. Again, we have based our analysis prior to real estate taxes and reserves.

Reserves for replacements as made by prudent investors can be based upon a number of different methods, with ranges of \$200 to \$300 per unit as typical for true investor pro formae. However, the most accurate methodology if a true reserve fund is to be set is by the breakdown method. We submit the following as reference:

RESERVES: BREAKDOWN METHOD

Item	Estimated Unit Cost	Total	Estimated Economic Life	Annual Reserve
Carpeting (est. 700 sq.ft.)	\$3.75	\$2,625	7	\$375
Appliances	\$600	\$1,800	10	\$180
HVAC	\$3,000	\$3,000	15	\$200
Water Heater	\$600	\$600	15	\$40
Total				\$795

The basis of \$750 per unit as projected by the developer appears to be reasonable, depending upon the quality of the replacement item. For example, carpeting can be replaced as low as \$2.50 per square foot. We have used a good quality rate at \$3.75 per square foot in our breakdown method model.

Based upon our analyses, the following is submitted as a summary of the developer's pro forma expenses, most of which appear to be reasonably competitive. The only addition made is for fire insurance, which we were not able to locate on the draft budget provided.

Comments			Adjusted/Sq.Ft
Management	OK	4.75% G.I.	\$3,648
Administrative (miscl.)	OK	Appears adequate	\$700
Legal & Accounting	OK	Per survey	\$1,500
Association Dues	Appears Competitive	Estimate per developer.	\$13,320
Repairs/Maintenance	OK	\$360/unit/year; appears adequate for the size of the units	\$5,760
Decorating	OK	2 units/year	\$800
Insurance (fire)	Must be higher	\$200 quoted-stabilized \$115/unit, \$1,800 ±	\$1,800
Real Estate Taxes	Hard to argue with	Basis \$2,000/unit	\$32,000
Replacements	Must be higher	Breakdown method	\$12,000
Adjusted Expenses			\$71,528
Adjusted Expenses per Unit			\$4,471

SECTION THREE
AGGREGATE RETAIL VALUE, RESIDUAL PAYMENT

AGGREGATE RETAIL VALUE, RESIDUAL PAYMENT:

It is our understanding that in place of an option to purchase the subject units at the end of the 40 year lease term, the developers will make a residual payment on the basis of the projected net sales proceeds (gross sale price minus any unpaid CMHDC debt). We have been told that the payment will be current. In light of this, Section Three includes a current retail market value estimate (via the Sales Comparison Approach), a projection of "value" at the end of the 40 year term, and a discount to present worth.

This portion of the assignment falls under both USPAP classifications for an appraisal report and consultation service. The "appraisal" is only the development of the Sales Comparison Approach for the subject individual units, aggregate retail value, but no present worth analysis of this as a single project. This is USPAP Departure. The projection of "value" at the end of the lease term falls strictly as a consultation service, and in no way can be construed as a supportable estimate of true market value. It is probably better classified as a investment value, given certain parameters and assumptions. Please remember that this projection is not likely supportable by solid market evidence, and therefore in no way can be construed as a viable estimate. No appraiser in his or her right mind would certify to such a value in the traditional sense.

RETAIL VALUE ESTIMATE:

We have completed extensive research for sales of individual units in the subject and competing market areas. On the following pages are adjustment grids of Freddie Mac Form 465/Fannie Mae Form 1073, standards in the appraisal industry. Note that many of the sales are of closed units in the subject development, by nature considered to be among the better comparisons. It should also be remembered that we have been asked to appraise the subject as base units, no upgrades. There are three valuations, considering that the subject units include first floor (garden level), second floor, and third floor locations.

RETAIL VALUE ESTIMATE: FIRST FLOOR (GARDEN) UNITS

ITEM	SUBJECT	COMPARABLE NO. 1		COMPARABLE NO. 2		COMPARABLE NO. 3	
Address and Larrabee		1463 N. Larrabee		1471 N. Larrabee		1453 N. Larrabee	
Project Name Mohawk North "A"		A-36		A-39		A-32	
Proximity to Subject		same block		same block		same block	
Sales Price	\$ ---	\$ 127,500		\$ 125,000		\$ 136,839	
Price/Gross Liv. Area	\$ 0	\$ 0		\$ 0		\$ 141.80 0	
Data and/or Verification Sources	Insp Developer	Redlink, Public records Doc #97389683		Redink, Public records Doc #97317007		Closing Document Developer	
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION	+ (-) \$ Adjustment	DESCRIPTION	+ (-) \$ Adjustment	DESCRIPTION	+ (-) \$ Adjustment
Sales or Financing Concessions		Conventional		Conventional		Conventional	
Date of Sale/Time		6/97		5/97		7/25/97	
Location	Avg	Avg		Avg		Avg	
Leasehold/Fee Simple	Fee Simple	Fee Simple		Fee Simple		Fee Simple	
HOA Mo. Assessment	\$100 (est)	\$100		\$100 (est)		\$100 (est)	
Common Elements and Rec. Facilities	None	None		None		None	
Project Size/Type	3units/wlkup	3units/wlkup		3units/wlkup		3units/wlkup	
Floor Location	1st flr	1st flr		1st flr		1st flr	
View	Avg	Avg		Avg		Avg	
Design and Appeal	New/Avg	New/Avg		New/Avg		New/Avg	
Quality of Construction	Avg	Avg		Avg		Avg	
Age	New	New		New		New	
Condition	Good	Good		Good		Good	
Above Grade	Total Bdrms Baths	Total Bdrms Baths		Total Bdrms Baths		Total Bdrms Baths	
Room Count	4 : 2 : 1.5	4 : 2 : 1.5		4 : 2 : 1.5		4 : 2 : 1.5	
Gross Living Area	965 Sq. Ft.	965 Sq. Ft.		965 Sq. Ft.		965 Sq. Ft.	
Basement & Finished Rooms Below Grade	None	None		None		None	
Functional Utility	Avg	Avg		Avg		Avg	
Heating/Cooling	F/A/CA	F/A/CA		F/A/CA		F/A/CA	
Energy Efficient Items	Good	Good		Good		Good	
Car Storage	1 Open space	1 open space		1 open space		1 open space	
Balcony, Patio, Fireplace(s), etc.	Patio	Patio		Patio		Patio	
Extras/Upgrades	None	None		None		Extras	-9,339
Net Adj. (total)		☒ + ☐ - \$ 0		☒ + ☐ - \$ 0		☐ + ☒ - \$ 9,339	
Adjusted Sales Price of Comparable		\$ 127,500		\$ 125,000		\$ 127,500	

SALES COMPARISON ANALYSIS

RETAIL VALUE ESTIMATE: FIRST FLOOR (GARDEN) UNITS

ITEM	SUBJECT	COMPARABLE NO. 4		COMPARABLE NO. 5		COMPARABLE NO. 6	
Address and Larrabee		1483 N. Larrabee		1483 N. Larrabee		1483 N Larrabee	
Project Name Mohawk North "A"		B-44		B-44		B-44	
Proximity to Subject		same block		same block		same block	
Sales Price	\$ ---	\$ 135,000		\$ 135,000		\$ 135,000	
Price/Gross Liv. Area	\$ 139.90	\$ 139.90		\$ 139.90		\$ 135.00	
Data and/or Verification Sources	Insp Developer	Redlink, public records Document #97221102		Redlink, public records Document #97221102		MLS of N. IL	
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION	+ (-) \$ Adjustment	DESCRIPTION	+ (-) \$ Adjustment	DESCRIPTION	+ (-) \$ Adjustment
Sales or Financing Concessions		Conv		Conv		Conv.	
Date of Sale/Time		4/97		4/97		4/97	
Location	Avg	Avg		Avg		Sup	-25,000
Leasehold/Fee Simple	Fee Simple	Fee Simple		Fee Simple		Fee Simple	
HOA Mo. Assessment	\$100 (est)	\$100 (est)		\$100 (est)		\$50	
Common Elements and Rec. Facilities	None	None		None		None	
Project Size/Type	3units/wlkup	3unit/wlkup		3units/wlkup		9 units	
Floor Location	1st flr	2nd.flr	-7,000	2nd. flr	-7,000	1st floor	
View	Avg	Avg		Avg		Avg	
Design and Appeal	New/Avg	New/Avg		New/Avg		Vintage/Avg	
Quality of Construction	Avg	Avg		Avg		Avg	
Age	New	New		New		80+-/Rehab	+20,000
Condition	Good	Good		Good		Good	
Above Grade	Total Bdrms Baths	Total Bdrms Baths		Total Bdrms Baths		Total Bdrms Baths	-7,000
Room Count	4 : 2 : 1.5	4 : 2 : 1.5		4 : 2 : 1.5		4 : 2 : 2	
Gross Living Area	965 Sq. Ft.	965 Sq. Ft.		965 Sq. Ft.		1,000 Sq. Ft.	-1,000
Basement & Finished Rooms Below Grade	None	None		None		None	
Functional Utility	Avg	Avg		Avg		Avg	
Heating/Cooling	F/A/CA	F/A CA		F/A CA		F/A/CA	
Energy Efficient Items	Good	Good		Good		Good	
Car Storage	1 Open space	1 open space		1 open space		None	+7,000
Balcony, Patio, Fireplace(s), etc.	Patio	Deck		Deck		Deck	
Extras/Upgrades	None	None		None		None	
Net Adj. (total)		☐ + ☒ - :\$ 7,000		☐ + ☒ - :\$ 7,000		☐ + ☒ - :\$ 6,000	
Adjusted Sales Price of Comparable		\$ 128,000		\$ 128,000		\$ 129,000	
Date, Price and Data Source for prior sales within year of appraisal	None Reported Or Uncovered.	None Reported Or Uncovered.		None Report or uncovered		LP: \$144,900 119 days-on-mkt	

SALES COMPARISON

RETAIL VALUE ESTIMATE: FIRST FLOOR (GARDEN) UNITS

ITEM	SUBJECT	COMPARABLE NO. 7		COMPARABLE NO. 8		COMPARABLE NO. 9	
Address and Larrabee		250 W. Scott					
Project Name Mohawk North "A"		#101					
Proximity to Subject		2 blocks					
Sales Price	\$ ---	\$ 154,900		\$		\$	
Price/Gross Liv. Area	\$ ϕ	\$ 148.09 ϕ		\$ ϕ		\$ ϕ	
Data and/or Verification Sources	Insp Developer	MCL Developers					
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION	+ (-) \$ Adjustment	DESCRIPTION	+ (-) \$ Adjustment	DESCRIPTION	+ (-) \$ Adjustment
Sales or Financing Concessions		Pending					
Date of Sale/Time							
Location	Avg	Sup/butTrain	-15,000				
Leasehold/Fee Simple	Fee Simple	Fee Simple					
HOA Mo. Assessment	\$100 (est)	\$100 (est)					
Common Elements and Rec. Facilities	None	None					
Project Size/Type	3units/wlkup	24 units					
Floor Location	1st flr	1st flr					
View	Avg	Avg					
Design and Appeal	New/Avg	New/Avg					
Quality of Construction	Avg	Brick					
Age	New	New					
Condition	Good	Good					
Above Grade Room Count	Total Bdrms Baths 4 : 2 : 1.5	Total Bdrms Baths 5 : 2 : 2	-7,000	Total Bdrms Baths		Total Bdrms Baths	
Gross Living Area	965 Sq. Ft.	1,046 Sq. Ft.	-2,400	Sq. Ft.		Sq. Ft.	
Basement & Finished Rooms Below Grade	None	None					
Functional Utility	Avg	Avg					
Heating/Cooling	F/A/CA	F/A/CA					
Energy Efficient Items	Good	Good					
Car Storage	1 Open space	1 open space					
Balcony, Patio, Fireplace(s), etc.	Patio	1FP; Patio	-2,000				
Extras/Upgrades	None	None					
Net Adj. (total)		☐ + ☒ - : \$	26,400	☐ + ☐ - : \$		☐ + ☐ - : \$	
Adjusted Sales Price of Comparable		\$ 128,500		\$		\$	
Date, Price and Data Source for prior sales within year of appraisal	None Reported Or Uncovered.	LP: \$154,900					

SALES COMPARISON ANALYSIS

RETAIL VALUE ESTIMATE: SECOND FLOOR UNITS

ITEM	SUBJECT	COMPARABLE NO. 1		COMPARABLE NO. 2		COMPARABLE NO. 3	
Address and	1491 N. Larrabee	1463 N. Larrabee		1471 N. Larrabee		1453 N. Larrabee	
Project Name "B" unit		A-36		A-39		A-32	
Proximity to Subject		same block		same block		same block	
Sales Price	\$	\$ 127,500		\$ 125,000		\$ 136,839	
Price/Gross Liv. Area	\$	\$ 134.50		\$ 141.80		\$ 141.80	
Data and/or Verification Sources	Insp Developer	Redlink, public records Doc #97389683		Redlink, Public records Doc #97317007		Closing, developer	
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION	+ (-) \$ Adjustment	DESCRIPTION	+ (-) \$ Adjustment	DESCRIPTION	+ (-) \$ Adjustment
Sales or Financing Concessions		Conventional		Conventional		Conventional	
Date of Sale/Time		6/97		5/97		7/25/97	
Location	Avg	Avg		Avg		Avg	
Leasehold/Fee Simple	Fee Simple	Fee Simple		Fee Simple		Fee Simple	
HOA Mo. Assessment	\$100 (est)	\$100 (est)		\$100 (est)		\$100 (est)	
Common Elements and Rec. Facilities	None	None		None		None	
Project Size/Type	3 unit/wlkup	3unit/wlkup		3 unit/wlkup		3 unit/wlkup	
Floor Location	2nd flr	1st flr	+7,000	1st flr	+7,000	1st Flr	+7,000
View	Avg	Avg		Avg		Avg	
Design and Appeal	New/Avg	New/Avg		New/Avg		New/Avg	
Quality of Construction	Avg	Avg		Avg		Avg	
Age	New	New		New		New	
Condition	Good	Good		Good		Good	
Above Grade Room Count	Total Bdrms Baths 4 : 2 : 1.5	Total Bdrms Baths 4 : 2 : 1.5		Total Bdrms Baths 4 : 2 : 1.5		Total Bdrms Baths 4 : 2 : 1.5	
Gross Living Area	965 Sq. Ft.	965 Sq. Ft.		965 Sq. Ft.		965 Sq. Ft.	
Basement & Finished Rooms Below Grade	None	None		None		None	
Functional Utility	Avg	Avg		Avg			
Heating/Cooling	F/A/CA	F/A/CA		F/A/CA		F/A/CA	
Energy Efficient Items	Good	Good		Good		Good	
Car Storage	1 open space	1 open space		1 open space		1 open space	
Balcony, Patio, Fireplace(s), etc.	Patio	Patio		Patio		Patio	
Extras/Upgrades	None	None		None		Extras	-9,339
Net Adj. (total)		☒ + ☐ -	\$ 7,000	☒ + ☐ -	\$ 7,000	☐ + ☒ -	\$ 2,339
Adjusted Sales Price of Comparable		\$ 134,500		\$ 132,000		\$ 134,500	

SALES COMPARISON ANALYSIS

RETAIL VALUE ESTIMATE: SECOND FLOOR UNITS

ITEM	SUBJECT	COMPARABLE NO. 4		COMPARABLE NO. 5		COMPARABLE NO. 6	
Address and Project Name "B" unit	1491 N. Larrabee	1483 N. Larrabee B-44		1455 N. Larrabee B-33		1445 N. Mohawk #1	
Proximity to Subject		same block		same block		1/2 block	
Sales Price	\$	\$ 135,000		\$ 134,900		\$ 135,000	
Price/Gross Liv. Area	\$ / Sq. Ft.	\$ 139.90 / Sq. Ft.		\$ 139.79 / Sq. Ft.		\$ 135.00 / Sq. Ft.	
Data and/or Verification Sources	Insp Developer	Redlink, Public records Document #97221102		MLS of N. IL		MLS of N. IL	
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION	+ (-) \$ Adjustment	DESCRIPTION	+ (-) \$ Adjustment	DESCRIPTION	+ (-) \$ Adjustment
Sales or Financing Concessions		Conv.		Conv		Conv	
Date of Sale/Time		4/97		7/97		4/97	
Location	Avg	Avg		Avg		Sup	-25,000
Leasehold/Fee Simple	Fee Simple	Fee Simple		Fee Simple		Fee Simple	
HOA Mo. Assessment	\$100 (est)	\$100 (est)		\$100		\$50	
Common Elements and Rec. Facilities	None	None		None		None	
Project Size/Type	3 unit/wlkup	3unit/wlkup		4 unit		4 units	
Floor Location	2nd flr	2nd flr		2nd flr		1st flr	+7,000
View	Avg	Avg		Avg		Avg	
Design and Appeal	New/Avg	New/avg		Vintage/Avg		Vintage/Avg	
Quality of Construction	Avg	Avg		Avg		Avg	
Age	New	New		New		80/Rehab	+20,000
Condition	Good	Good		Good		Good	
Above Grade Room Count	Total Bdrms Baths 4 2 1.5	Total Bdrms Baths 4 2 1.5		Total Bdrms Baths 4 2 2		Total Bdrms Baths 4 2 2	-7,000
Gross Living Area	965 Sq. Ft.	965 Sq. Ft.		965 Sq. Ft.		1,000 Sq. Ft.	-1,000
Basement & Finished Rooms Below Grade	None	None		None		None	
Functional Utility	Avg	Avg		Avg		Avg	
Heating/Cooling	F/A/CA	F/A/CA		F/A/CA		F/A/CA	
Energy Efficient Items	Good	Good		Good		Good	
Car Storage	1 open space	1 open space		1 open space		None	+7,000
Balcony, Patio, Fireplace(s), etc.	Patio	Deck		Deck		Deck	
Extras/Upgrades	None	None		None		None	
Net Adj. (total)		☐ + ☐ - \$		☒ + ☐ - \$		☒ + ☐ - \$	1,000
Adjusted Sales Price of Comparable		\$ 135,000		\$ 134,900		\$ 136,000	
Date, Price and Data Source for prior sales within year of appraisal	None Reported Or Uncovered.						

SALES COMPARISON ANALYSIS

RETAIL VALUE ESTIMATE: SECOND FLOOR UNITS

ITEM	SUBJECT	COMPARABLE NO. 7		COMPARABLE NO. 8		COMPARABLE NO. 9	
Address and Project Name "B" unit	1491 N. Larrabee	250 W. Scott #101					
Proximity to Subject		2 blocks					
Sales Price	\$	\$ 154,900		\$		\$	
Price/Gross Liv. Area	\$	148.09		\$		\$	
Data and/or Verification Sources	Insp Developer	MCL Developers					
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION	+ (-) \$ Adjustment	DESCRIPTION	+ (-) \$ Adjustment	DESCRIPTION	+ (-) \$ Adjustment
Sales or Financing Concessions		Pending					
Date of Sale/Time							
Location	Avg	Sup/butTrain	-15,000				
Leasehold/Fee Simple	Fee Simple	Fee Simple					
HOA Mo. Assessment	\$100 (est)	\$100 (est)					
Common Elements and Rec. Facilities	None	None					
Project Size/Type	3 unit/wlkup	24 units					
Floor Location	2nd flr	1st flr	+7,000				
View	Avg	Avg					
Design and Appeal	New/Avg	New/Avg					
Quality of Construction	Avg	Brick					
Age	New	New					
Condition	Good	Good					
Above Grade Room Count	Total Bdrms Baths	Total Bdrms Baths		Total Bdrms Baths		Total Bdrms Baths	
	4 : 2 : 1.5	5 : 2 : 2	-7,000				
Gross Living Area	965 Sq. Ft.	1,046 Sq. Ft.	-2,400	Sq. Ft.		Sq. Ft.	
Basement & Finished Rooms Below Grade	None	None					
Functional Utility	Avg	Avg					
Heating/Cooling	F/A/CA	F/A/CA					
Energy Efficient Items	Good	Good					
Car Storage	1 open space	1 open space					
Balcony, Patio, Fireplace(s), etc.	Patio	1FP Patio	-2,000				
Extras/Upgrades	None						
Net Adj. (total)		☐ + ☒ - \$	19,400	☐ + ☐ - \$		☐ + ☐ - \$	
Adjusted Sales Price of Comparable		\$	135,500	\$		\$	
Date, Price and Data Source for prior sales within year of appraisal	None Reported Or Uncovered.						

SALES COMPARISON ANALYSIS