

No. 98-1807

Defendants.

Chief Judge Marvin E. Aspen

**Volume V**

**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  |
| Order of August 26, 1997        | 2  |
| Order of February 23, 1998      | 3  |
| Order of May 12, 1998           | 4  |
| Order of May 19, 1998 (1 of 2)  | 5  |
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| Order of May 20, 1998           | 7  |
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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  
(with attached Exhibits)

H

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

I

Excerpts from prior HOPE VI Applications  
produced by CHA on 5/20/98

J

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

**Volume III**

Exhibit 15 to Affidavit of Phillip Hickman dated 3/30/98

**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 V* 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

IN THE UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION

DOROTHY GAUTREAUX, at al.,

Plaintiffs,

v.

CHICAGO HOUSING AUTHORITY,

Defendant.

66 C 1459

AFFIDAVIT OF PHILIP A. HICKMAN

EXHIBIT 25

SECOND OF FOUR PARTS

RECEIVED  
MAR 21 1988  
Judge [illegible] - Aspen  
U.S. District Court

EXHIBIT A

LEGAL DESCRIPTION

PARCEL 1:

LOTS 25 THROUGH 45, BOTH INCLUSIVE, IN W. L. NEWBERRY'S SUBDIVISION OF BLOCK 4 IN THE STATE BANK OF ILLINOIS SUBDIVISION OF THE NORTHEAST QUARTER OF THE NORTHWEST QUARTER OF SECTION 4, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

ALSO

PARCEL 2:

LOTS 1 THROUGH 6, BOTH INCLUSIVE, IN THE SUBDIVISION OF LOT 1 IN BLOCK 5 IN THE STATE BANK OF ILLINOIS SUBDIVISION OF THE NORTHEAST QUARTER OF THE NORTHWEST QUARTER OF SECTION 4, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, TOGETHER WITH LOTS 1, 3, THE WEST HALF OF LOTS 4 THROUGH 7, BOTH INCLUSIVE, IN ASSESSOR'S DIVISION OF LOTS 2, 3 AND 4 IN BLOCK 5 IN THE STATE BANK OF ILLINOIS SUBDIVISION OF THE NORTHEAST QUARTER OF THE NORTHWEST QUARTER OF SECTION 4, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, AND ALL OF LOTS 12 THROUGH 15, BOTH INCLUSIVE, IN C.N. MCCUBBIN'S SUBDIVISION OF LOTS 5 AND 6 IN THE SUBDIVISION OF BLOCK 5 IN THE STATE BANK OF ILLINOIS SUBDIVISION OF THE NORTHEAST QUARTER OF THE NORTHWEST QUARTER OF SECTION 4, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, TOGETHER WITH LOTS 1 THROUGH 6, BOTH INCLUSIVE, IN SCHMITT'S SUBDIVISION OF LOTS 7, 8, AND THE NORTH HALF OF LOT 9 IN THE SUBDIVISION OF BLOCK 5 IN THE STATE BANK OF ILLINOIS SUBDIVISION OF THE NORTHEAST QUARTER OF THE NORTHWEST QUARTER OF SECTION 4, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THRID PRINCIPAL MERIDIAN, ALSO THE WEST HALF OF THE SOUTH HALF OF LOT 9 IN BLOCK 5 IN THE STATE BANK OF ILLINOIS SUBDIVISION OF THE NORTHEAST QUARTER OF THE NORTHWEST QUARTER OF SECTION 4, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN; IN COOK COUNTY, ILLINOIS.

Permanent Index Numbers: 17-04-108-008,009,010,011,012,013,014,015,016,  
017,018,019,020,021,033,034,035,036,038

17-04-121-001,002,003,004,005,006,007,008,009,  
010,011,012,013,014,015,016,017,018,019,020,  
021,022,023,024,037,050,077,034

96445425

**EXHIBIT B**

**SITE PLANS AND ARCHITECTURAL DRAWINGS**

Available from the Department of Planning and Development, City of Chicago.

96445425



EXHIBIT C  
ALLEY DESCRIPTION

Description for Proposed Alley: That part of Lots 5 and 6 in the Subdivision of Lot 1 in Block 5 in the State Bank of Illinois Subdivision of the Northeast Quarter of the Northwest Quarter of Section 4, Township 39 North, Range 14, East of the Third Principal Meridian, together with that part of Lots 1, 3, 4, 5, 6, and 7 in Assessor's Division of Lots 2, 3 and 4 in Block 5 in the State Bank of Illinois Subdivision aforesaid together with that part of Lots 15, 14, 13 and 12 in C. N. McCubbin's Subdivision of Lots 5 and 6 in the Subdivision of Block 5 in the State Bank of Illinois Subdivision aforesaid; together with that part of Lots 1, 2, 3, 4, 5 and 6 in Schmitt's Subdivision of Lots 7, 8 and the North Half of Lot 9 in the Subdivision of Block 5 in the State Bank of Illinois Subdivision aforesaid; together with that part of the West Half of the South Half of Lot 9 in Block 5 in the State Bank of Illinois Subdivision aforesaid, taken as a tract, described as follows: beginning at a point in the North line of said tract 113.64 feet East of the Northwest corner thereof; Thence South 89° 51' 54" East along said North line 18.0 feet to the Northerly extension of the East line of Lot 3 in the Assessor's Division aforesaid; Thence South 00° 00' 55" East 567.29 feet; Thence North 89° 51' 00" West 131.79 feet to the West line of said tract; Thence North 00° 00' 00" East along said West line 18.0 feet; Thence South 89° 51' 00" East 113.79 feet; Thence North 00° 00' 55" West 549.29 feet to the point of beginning, in Cook County, Illinois.





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3. ELIGIBILITY OF THE PROJECT FOR TAX INCREMENTAL REDEVELOPMENT

4. COMMUNITY DEVELOPMENT PROJECT DESCRIPTION

5. REDEVELOPMENT PLAN

6. REDEVELOPMENT PROJECT DESCRIPTION

7. COMMUNITY DEVELOPMENT PLAN AND MAP

8. FINANCIAL STATEMENTS AND PROJECTIONS

9. REDEVELOPMENT PLAN AND PROJECT PROJECTIONS

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11. CITY OF CHICAGO COMMUNITY DEVELOPMENT DEPARTMENT APPROVING A PLAN

APPENDIX A: THE PROJECT

APPENDIX B: REDEVELOPMENT PLAN

APPENDIX C: COMMUNITY MAP

**NEAR NORTH  
TAX INCREMENT REDEVELOPMENT  
PLAN AND PROJECT**

**Prepared for:  
The City of Chicago**

**By:  
Camiros, Ltd.  
Applied Real Estate Analysis, Inc.  
Sonoc/ Hutter/ Lee Ltd.**

**June, 1997 Corrected from  
May, 1997 Version**

**This plan is subject to review and may be revised after comment and public hearing**

# **NEAR NORTH TAX INCREMENT REDEVELOPMENT PLAN AND PROJECT**

## **1. INTRODUCTION**

This document presents the Near North Tax Increment Redevelopment Plan and Project for the Near North neighborhood that surrounds and includes the Cabrini-Green public housing complex located in the City of Chicago, Illinois. The Plan and Project responds to blighting conditions found to be present within the Near North Redevelopment Project Area ("the Area") and reflects the commitment by the City to improve and revitalize the Redevelopment Project Area.

The vision for the Near North Redevelopment Project Area is a community in which families of all economic backgrounds can live and work in a vital, thriving neighborhood. Making this vision a reality will involve creating affordable housing for families and individuals with a mix of incomes as well as providing job training programs and job opportunities and a full range of new public facilities including a police station, a library, a fire station, parks, schools and other community amenities.

### **Tax Increment Financing**

In adopting the Tax Increment Allocation Redevelopment Act (65 ILCS 5/11-74.1 et seq.), (the "Act") the Illinois State Legislature found that

"...there exist in many municipalities within this State blighted, conservation and industrial park conservation areas, that the conservation areas are rapidly deteriorating and declining and may soon become blighted areas if their decline is not checked...It is hereby found and declared that in order to promote and protect the health, safety, morals, and welfare of the public, that blighted conditions need to be eradicated and conservation measures instituted, and that redevelopment of such areas be undertaken...The eradication of blighted areas and treatment and improvement of conservation areas and industrial park conservation areas is hereby declared to be essential to the public interest."

In order to use the tax increment financing technique, a municipality must first establish that the proposed redevelopment project area meets the statutory criteria for designation as a "blighted area", a "conservation area" or an "industrial conservation area." A redevelopment plan must then be prepared which describes the development or redevelopment program intended to be undertaken to reduce or eliminate those conditions which qualified the redevelopment project area as a "blighted area", "conservation area", or combination thereof, or "industrial conservation area", and thereby enhance the tax bases of the taxing districts which extend into the redevelopment project area. Redevelopment projects are defined as any public or private development projects undertaken in furtherance of the objectives of the redevelopment plan.

The legislation requires that each redevelopment plan set forth in writing the program which will be undertaken to accomplish the municipality's redevelopment objectives. The Act also states that

"No redevelopment plan shall be adopted by a municipality without findings that (1) the redevelopment project area on the whole has not been subject to growth and development through investment by private enterprise and would not be reasonably be anticipated to be developed without the adoption of the redevelopment plan, (2) the redevelopment plan and project conform to the comprehensive plan for the development of the municipality as a whole, or, for municipalities with a population of 100,000 or more, regardless of when the

This Redevelopment Plan and Project summarizes the analyses and findings of the consultant's work, which unless otherwise noted, is solely the responsibility of Camiros, Ltd and its subconsultants. Camiros, Ltd. has prepared this Near North Redevelopment Plan and Project and the related eligibility report with the understanding that the City would rely (i) on the findings and conclusions of the Redevelopment Plan and Project and the related eligibility report in proceeding with the designation of the Redevelopment Project Area and the adoption and implementation of the Near North Redevelopment Plan and Project, and (ii) on the fact that Camiros, Ltd. has obtained the necessary information so that the Redevelopment Plan and project and the related eligibility report will comply with the Act.

The Near North Redevelopment Plan and Project has been formulated in accordance with the provisions of the Act. This document is a guide to all proposed public and private actions in the Redevelopment Project Area to be financed pursuant to the Act.



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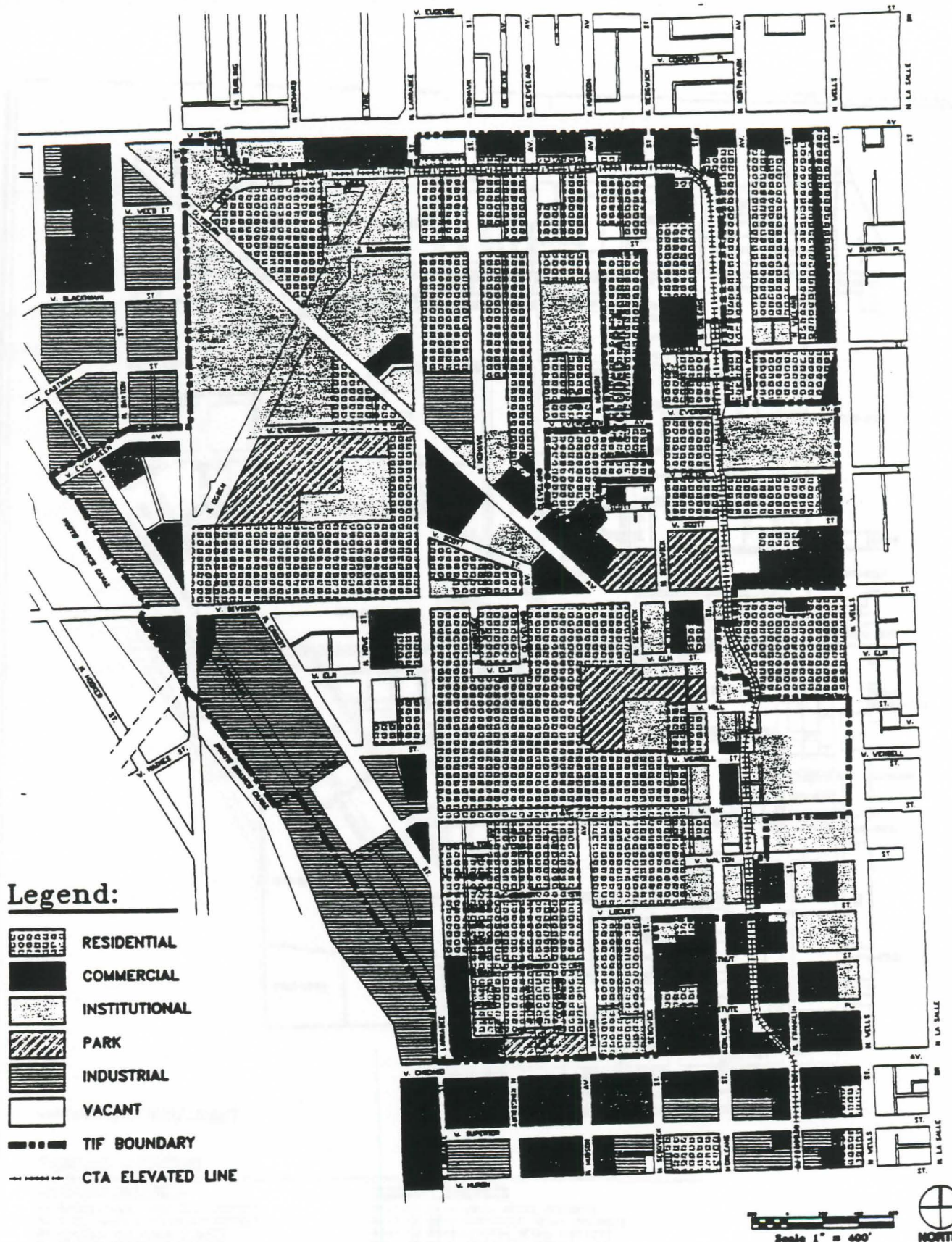
This Redevelopment Plan and Project summarizes the analyses and findings of the consultant's work, which unless otherwise noted, is solely the responsibility of Camiros, Ltd and its subconsultants. Camiros, Ltd. has prepared this Near North Redevelopment Plan and Project and the related eligibility report with the understanding that the City would rely (i) on the findings and conclusions of the Redevelopment Plan and Project and the related eligibility report in proceeding with the designation of the Redevelopment Project Area and the adoption and implementation of the Near North Redevelopment Plan and Project, and (ii) on the fact that Camiros, Ltd. has obtained the necessary information so that the Redevelopment Plan and project and the related eligibility report will comply with the Act.

The Near North Redevelopment Plan and Project has been formulated in accordance with the provisions of the Act. This document is a guide to all proposed public and private actions in the Redevelopment Project Area to be financed pursuant to the Act.









**FIGURE 2**  
**EXISTING LAND USE**  
 Near North Redevelopment Project Area  
 Chicago, Illinois







### Need for Public Intervention

In 1993, with a \$50 million grant from the U.S. Department of Housing and Urban Development, the CHA began an ambitious effort to replace the most deteriorated housing within Cabrini-Green and to rehabilitate other units. Initially, three buildings containing 660 units were slated for demolition. A further evaluation of building conditions resulted in one additional building being scheduled for demolition because it had also deteriorated to the point where it could not be successfully rehabilitated. Demolition of four additional CHA buildings is also being considered. The Orchard Park development, located along Clybourn Avenue and Weed Street represents the beginning of the CHA's effort to replace deteriorated public housing units and add a mixed-income component to the neighborhood.

In addition to CHA's initiatives, the City of Chicago has also provided development assistance for the Mohawk North residential development in the area east of Larrabee and south of North Avenue. Land acquired by the City as part of an urban renewal project was sold to a private developer who is developing this project which includes a mixed-income component.

The Near North Redevelopment Project Area is ringed by well-established land use districts. River North and the Moody Bible Institute are located to the south and west. Lincoln Park, Old Town and the Wells Street neighborhoods lie to the north and east. Industrial, warehouse and distribution uses follow the North Branch Canal along the western edge of the Redevelopment Project Area. The Clybourn Corridor with substantial amounts of recent commercial development extends to the northwest.

In the last decade, there has been considerable residential development north of North Avenue in the Lincoln Park community area. Similarly, residential, commercial and institutional development has occurred east of Wells Street beginning with the Carl Sandburg urban renewal project in the 1960s and 1970s, followed by Atrium Village, development of the Moody Bible Institute campus, and other development projects in the eastern portion of the Near North Side community area. The area south of Chicago Avenue has also seen the construction of several major commercial and residential developments over the last three decades including construction of the Montgomery Wards Headquarters, and several more recent high rise residential developments. Residential loft conversions and restaurants have also become major new land use trends in the River North area. The Clybourn corridor located north and west of the Redevelopment Project Area has also experienced a substantial amount of commercial development and redevelopment activity in recent years.

The Redevelopment Project Area has not shared in the development interest shown in the surrounding areas. The assessment base of property in the Redevelopment Project Area is substantially lower than would be expected from a market perspective given the Area's proximity to the Loop and the Gold Coast. In spite of the strength of River North, Lincoln Park and the Clybourn corridor, the assessed value of property within the Near North Project Area has remained stagnant. The increase in equalized assessed value (EAV) of property within the Redevelopment Project Area from \$40,870,982 in 1994 to \$41,343,984 in 1995 was primarily due to the increase in the state multiplier between the two years. The assessed value for property within the Redevelopment Project Area increased by only \$61,940 during this period.

Between 1990 and 1995, the EAV for the City of Chicago increased by 33%. During the same period the EAV within the Redevelopment Project Area increased by 37%. While on the surface the Near North Redevelopment Project Area appears to have a growth rate that is slightly higher than that of the whole city, the Area is failing to generate a proper share of tax revenues commensurate with the capacity of the Area had it developed in past decades in keeping with its development potential given its prime location.

Much of the EAV growth for both Chicago and the Redevelopment Project Area which occurred between 1990 and 1995 is attributable to the triennial reassessment that occurred in 1991. Between 1991 and 1995 the EAV for the City of Chicago increased by 10%. During the same period, the EAV within the Redevelopment Project Area increased by 8%. Although the equalized assessed value of



investment in the area. Among these efforts is the start of construction of replacement units for the Cabrini units scheduled for demolition as part of the CHA's efforts to develop mixed income housing, such as the Orchard Park townhomes. Throughout the planning of these projects, it became clear that the level of assistance needed to transform this area into a viable residential neighborhood would far exceed the resources available without the adoption of a tax increment redevelopment plan and project.

#### **4. COMMUNITY PLANNING OBJECTIVES/REDEVELOPMENT PLAN GOALS AND OBJECTIVES**

The proposed Near North Redevelopment Plan and Project is consistent with the City plans for the area. The land uses conform to those approved by the Chicago Planning Commission and current zoning for the area.

The Near North Redevelopment Plan and Project will enhance the City's ability to achieve a number of long-standing goals and community planning objectives for the area. The Redevelopment Project Area includes underutilized land that has not developed despite the active development of property in the surrounding area, including Lincoln Park, the eastern half of the Near North Community Area, and River North. The previous designation of several urban renewal areas covering portions of the Near North Redevelopment Project Area has also done little to attract new private investment to the area over the last three decades.

##### **Redevelopment Plan Goals and Objectives**

The overall goals of the Near North Redevelopment Plan and Project are to:

- Create a healthy mixed-income residential neighborhood with amenities including schools, parks, churches, community facilities, shopping and employment opportunities.
- Reduce or eliminate the blighting conditions in the Redevelopment Project Area which qualified the area as a tax increment financing district.
- Employ residents of the Redevelopment Project Area, in jobs in the Redevelopment Project Area and in future adjacent redevelopment project areas.

The following objectives have been established in furtherance of these goals:

- Stimulate private investment in order to facilitate development of an economically integrated residential neighborhood that includes both public and private housing units.
- Establish a coherent land use pattern for the area.
- Reestablish a logical street grid to facilitate circulation within the neighborhoods slated for new residential development.
- Accommodate public facilities including schools, police station, library, parks, open space and other amenities designed to meet the needs of the surrounding community.
- Promote the development of new low, very low, and moderate income housing in the Redevelopment Project Area.
- Promote the development of neighborhood shopping areas as part of a town center concept that integrates commercial, community support and recreational uses.
- Establish job training and job readiness programs to provide residents of the Redevelopment Project Area with the skills necessary to secure jobs in the Area and in adjacent redevelopment project areas.

## **5. REDEVELOPMENT PLAN**

The City proposes to achieve its redevelopment goals and objectives for the Redevelopment Project Area through the use of public financing techniques, including tax increment financing, and by undertaking some or all of the following actions:

1. Assembling sites for redevelopment through appropriate land assembly techniques. The City may determine that it is necessary to participate in property acquisition or may use other means to induce transfer of such property to a private developer.
2. Providing relocation assistance as needed to facilitate new development within the Redevelopment Project Area.
3. Providing public improvements and facilities which may include, but are not limited to utilities, signalization and surface right-of-way improvements, facilities for the provision of community support services including libraries, schools, health care facilities, parks, police and fire facilities, and streetscape amenities.
4. Entering into redevelopment agreements for the rehabilitation or construction of public or private improvements in accordance with the Redevelopment Plan.
5. Providing job training and readiness programs as allowed for under the Act.
6. Incurring or reimbursing redevelopers for other eligible redevelopment project costs as provided in the Act.
7. Incurring other eligible redevelopment project costs allowed under the Act in implementing the Redevelopment Plan and Project.









- FIGURE 9**  
**NEIGHBORHOOD DEVELOPMENT CONCEPT**  
**Near North Redevelopment Project Area**  
**Chicago, Illinois**

Prepared By  
**CAMIROS**  
411 South Wells Street  
Chicago, Illinois 60607  
(312) 922-0211  
Planning, Zoning,  
Economic Development  
and Landscape Architecture

***Financing Costs Pursuant to the Act***

Interest on any obligations issued under the Act accruing during the estimated period of construction of the redevelopment project and other financing costs may be paid from the incremental tax revenues pursuant to the provisions of the Act.

***Interest Costs Pursuant to the Act***

Pursuant to the Act, the City may allocate a portion of the incremental tax revenues to pay or reimburse redevelopers for interest costs incurred in connection with redevelopment activities in order to enhance the redevelopment potential of the Redevelopment Project Area.



## **8. DESIGN CONTROLS AND CRITERIA**

It is the intent of this Redevelopment Plan and Project that the Area become an economically integrated residential neighborhood that includes conveniently located commercial uses, community support facilities and services, and employment opportunities.

The following design and development objectives should be used to guide new development and improvements within the Redevelopment Project Area, and apply equally to all areas included in the land use plan.

- Ensure that new development within the Redevelopment Project Area complies with the Zoning Ordinance and other applicable City development regulations.
- Enhance, or re-establish where needed, an internal street grid that serves the residential neighborhoods, and promotes safety and security.
- Locate land uses to create an understandable land use pattern and identifiable residential neighborhoods.
- Locate community facilities such as parks, schools, police and fire stations in a logical fashion.
- Consolidate vacant property into appropriately sized redevelopment sites consistent with the Redevelopment Plan and Project.
- Establish attractive gateways to the community.

### Estimated Project Costs

A range of activities and improvements will be required to implement this tax increment financing project. The proposed eligible activities and their costs previously described in Chapter 6 are further briefly described below and also shown in Table 1.

1. Professional services including: Planning, legal, surveys, fees and other related development costs. This budget element provides for studies and survey costs for planning and implementation of the project, including planning and legal fees, architectural and engineering, marketing, financial and special service costs. *(Estimated cost: \$8,000,000)*
2. Property assembly costs, including acquisition of land and other property, real or personal or rights or interests therein, and other appropriate and eligible costs needed to prepare the property for redevelopment. Land acquisition may include acquisition of both improved and vacant property in order to create development sites, accommodate public rights-of-way or to provide other public facilities needed to achieve goals and objectives of this redevelopment plan. Property assembly costs also include: demolition of existing improvements, including clearance of blighted properties or clearance required to prepare sites for new development; site preparation, including grading, and other appropriate and eligible site activities needed to facilitate new construction; and environmental clean up costs associated with property assembly which are required to render the property suitable for redevelopment. *(Estimated cost: \$65,000,000)*
3. Rehabilitation, reconstruction, repair or remodeling of existing public or private buildings and fixtures. *(Estimated cost: \$35,000,000)*
4. Construction of public improvements which may include, but are not limited to, provision of water and sewer service in the public way, road construction, or other roadway improvements, provision of public support facilities, and streetscape amenities. These improvements are intended to improve access to the Redevelopment Project Area, stimulate private investment, and establish a more coherent pattern of land use and public facilities intended to serve the area. Among the public facilities that may be constructed as part of this Redevelopment Plan and Project are schools, parks, a library and district police station. *(Estimated cost: \$75,000,000)*
5. Costs of job training and retraining projects. *(Estimated cost: \$5,000,000)*
6. Financing costs pursuant to the provisions of the Act. *(Estimated cost: \$18,000,000)*
7. Capital costs incurred by tax districts resulting from the Redevelopment Project or in furtherance of the Redevelopment Plan and Project. *(Estimated cost: \$35,000,000)*
8. Relocation costs as judged to by the City to be appropriate or required to further implementation of the Near North Redevelopment Plan and Project. *(Estimated cost: \$10,000,000)*
9. Payments in lieu of taxes. *(Estimated cost: \$5,000,000)*
10. Job training and retraining projects, advanced vocational education or career education as provided for in the Act. *(Estimated cost: \$5,000,000)*
11. Interest costs pursuant to the provisions of the Act. *(Estimated cost: \$20,000,000)*



The City, at its sole discretion, may issue general obligation bonds secured by the full faith and credit of the City for the purpose of financing redevelopment project costs. Such bonds may be payable from ad valorem taxes levied against all taxable property in the City of Chicago.

Development of the Near North Redevelopment Project Area would not be reasonably expected to occur without the use of the incremental revenues provided by the Act. Redevelopment project costs include those eligible project costs set forth in the Act. Tax increment financing or other public sources will be used to the extent needed to encourage commitments for private redevelopment activity.

#### **Nature and Term of Obligations to be Issued**

The City of Chicago may issue obligations secured by the tax increment special tax allocation fund established for the project area pursuant to the Act or such other funds or security as are available to the City by virtue of its powers pursuant to the Illinois State Constitution and are available under the Act.

All obligations issued by the City of Chicago in order to implement this Redevelopment Plan and Project shall be retired within twenty-three (23) years from the adoption of the ordinance approving the Redevelopment Project Area. The final maturity date of any such obligations which are issued may not be later than twenty (20) years from their respective dates of issue. One or more series of obligations may be sold at one or more times in order to implement this Redevelopment Plan and Project. The City may also issue obligations to a developer as reimbursement for project costs incurred by the developer.

Revenues shall be used for the scheduled and/or early retirement of obligations, and for reserves, bond sinking funds and redevelopment project costs, and, to the extent that the real property tax increment is not used for such purposes, shall be declared surplus and shall then become available for distribution annually to taxing districts in the Redevelopment Project Area in the manner provided by the Act.

#### **Most Recent Equalized Assessed Valuation**

As of the 1995 tax year, the total initial equalized assessed valuation for all property within the Near North Redevelopment Project Area is \$41,343,984. The equalized assessed valuation for each of the parcels contained within the Near North Redevelopment Project Area is presented in Appendix C.

The initial equalized assessed valuation is subject to final determination and verification by the Cook County Assessor. After verification, the correct figure shall be certified by the County Clerk of Cook County, Illinois.

#### **Anticipated Equalized Assessed Valuation**

Once the project has been completed and the property is fully assessed, the equalized assessed valuation of real property within the Redevelopment Project Area is estimated at between \$341,000,000 and \$464,000,000. This estimate has been calculated assuming that the Redevelopment Project Area will be developed in accordance with the general land use plan described in Figure 10 of this document.

The estimated equalized assessed valuation assumes that the assessed value of property within the study area will increase substantially as a result of new development within the Redevelopment Project Area.

Calculation of the projected equalized assessed valuation is based on several other assumptions, including: 1) redevelopment of the Near North Redevelopment Project Area will occur in a timely manner; 2) the application of a State Multiplier of 2.1041 to the projected assessed value of property within the study area; and 3) an annual inflation rate of 3%. The projected State Multiplier was



jurisdictions are expected to share the benefits of a substantially improved tax base. However, prior to the completion of the Redevelopment Plan and Project, certain taxing districts may experience an increased demand for services.

Real estate tax revenues resulting from increases in the equalized assessed value over and above the certified initial equalized assessed value established with the adoption of this Redevelopment Plan and Project will be used to pay eligible redevelopment costs in the area. At the end of such period, the real estate tax revenues attributable to the increase in the equalized assessed value over the certified initial equalized assessed value will be distributed to all taxing districts levying property taxes against property located in the Redevelopment Project Area. Successful implementation of this Redevelopment Plan and Project is expected to result in new development and private investment on a scale sufficient to overcome blighted conditions and substantially improve the long-term economic value of the area.

#### **Completion of the Redevelopment Project and Retirement of Obligations to Finance Redevelopment Project Costs**

This Redevelopment Plan and Project will be completed, including the retirement of any obligations issued to finance improvements, on or before a date twenty-three (23) years from the adoption of the ordinance designating the Redevelopment Project Area. Improvements will be phased and scheduled to facilitate redevelopment in accordance with this Redevelopment Plan and Project.

## **11. CITY OF CHICAGO COMMITMENT TO FAIR EMPLOYMENT PRACTICES AND AFFIRMATIVE ACTION**

As part of any Redevelopment Agreement entered into by the City and the private developer, the developer will agree to establish and implement an affirmative action program that serves appropriate sectors of the City of Chicago.

With respect to the public/private development's internal operations, both entities will pursue employment practices which provide equal opportunity to all people regardless of sex, color, race or creed, etc. Neither party will countenance discrimination against any employee or applicant because of sex, marital status, national origin, age, or the presence of physical handicaps. These nondiscriminatory practices will apply to all areas of employment, including hiring, upgrading and promotions, termination's, compensation, benefit programs and educational opportunities.

Anyone involved with employment or contracting activities for this Redevelopment Plan and Project will be responsible for conformance with this policy and the compliance requirements of applicable city, state and federal laws and regulations.

The City and the private developers involved in the implementation of this Redevelopment Plan and Project will adopt a policy of equal employment opportunity and will include or require the inclusion of this statement in all contracts and subcontracts at any level for the Project being undertaken in the Redevelopment Project Area. Any public/private partnership established for the development project in the Redevelopment Project Area will seek to ensure and maintain a working environment free of harassment, intimidation, and coercion at all sites, and in all facilities at which employees are assigned to work. It shall be specifically ensured that all on-site supervisory personnel are aware of and carry out the obligation to maintain such a working environment, with specific attention to minority and/or female individuals. The partnership will utilize affirmative action to ensure that business opportunities are provided and that job applicants are employed and treated in a nondiscriminatory manner.

Underlying this policy is the recognition that successful affirmative action programs are important to the continued growth and vitality of the City of Chicago.



## APPENDIX A

NEAR NORTH REDEVELOPMENT PROJECT AREA  
LEGAL DESCRIPTION

A TRACT OF LAND COMPRISED OF A PART OF SECTION 4, AND A PART OF THE EAST HALF OF SECTION 5, ALL IN TOWNSHIP 39 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, WHICH TRACT OF LAND IS MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE INTERSECTION OF THE EAST LINE OF NORTH HALSTED STREET WITH THE SOUTH LINE OF WEST NORTH AVENUE IN SECTION 4 AFORESAID;

THENCE EAST ALONG SAID SOUTH LINE TO THE NORTHEAST CORNER OF LOT 3 IN OGDEN AND TOWNE S SUBDIVISION OF LOT 158 IN BUTTERFIELD S ADDITION TO CHICAGO, IN AFORESAID SECTION 4;

THENCE SOUTH ALONG THE EAST LINE OF SAID LOT 3 TO THE SOUTHEAST CORNER THEREOF (BEING ALSO A POINT ON THE NORTH LINE OF A VACATED ALLEY);

THENCE SOUTHEASTERLY TO THE INTERSECTION OF THE CENTERLINE OF SAID VACATED ALLEY WITH A NORTHEASTERLY LINE OF THE CHICAGO TRANSIT AUTHORITY RIGHT-OF-WAY;

THENCE EAST AND NORTHEASTERLY ALONG SAID CENTERLINE TO A INTERSECTION WITH THE NORTHWARD PROJECTION OF A EAST LINE OF SAID RIGHT-OF-WAY;

THENCE SOUTH ALONG SAID NORTHWARD PROJECTION AND SAID EAST LINE TO AN INTERSECTION WITH A NORTH LINE OF SAID RIGHT-OF-WAY;

THENCE EAST ALONG SAID NORTH LINE TO AN INTERSECTION WITH THE CENTERLINE OF VACATED NORTH BURLING STREET;

THENCE SOUTH ALONG SAID CENTERLINE TO AN INTERSECTION WITH A NORTH LINE OF SAID RIGHT-OF-WAY;

THENCE EAST ALONG SAID NORTH LINE, CROSSING THE EAST HALF OF VACATED NORTH BURLING STREET, TO AN INTERSECTION WITH AN EAST LINE OF SAID RIGHT-OF-WAY;

THENCE SOUTH ALONG SAID EAST LINE TO AN INTERSECTION WITH A NORTH LINE OF SAID RIGHT-OF-WAY;

THENCE EAST ALONG SAID NORTH LINE, PASSING INTO VACATED NORTH ORCHARD STREET, TO AN INTERSECTION WITH THE CENTERLINE OF SAID VACATED STREET;

THENCE NORTH ALONG SAID CENTERLINE TO AN INTERSECTION WITH A NORTH LINE OF SAID RIGHT-OF-WAY;

THENCE EAST ALONG SAID NORTH LINE, CROSSING THE EAST HALF OF VACATED NORTH ORCHARD STREET, TO AN INTERSECTION WITH THE CENTERLINE OF A VACATED ALLEY;

THENCE SOUTH ALONG SAID CENTERLINE TO AN INTERSECTION WITH A NORTH LINE OF SAID RIGHT-OF-WAY;

THENCE EAST ALONG SAID NORTH LINE, CROSSING THE EAST HALF OF SAID VACATED ALLEY TO AN INTERSECTION WITH THE CENTERLINE OF VACATED NORTH FRONTIER AVENUE;

THENCE SOUTH ALONG SAID CENTERLINE TO AN INTERSECTION WITH A NORTH LINE OF SAID RIGHT-OF-WAY;

THENCE EAST ALONG SAID NORTH LINE, CROSSING THE EAST HALF OF VACATED NORTH FRONTIER AVENUE AND CROSSING NORTH OGDEN AVENUE, TO AN INTERSECTION WITH THE WEST LINE OF NORTH LARRABEE STREET;

THENCE CONTINUING EAST ALONG SAID NORTH LINE EXTENDED TO AN INTERSECTION WITH THE EAST LINE OF NORTH LARRABEE STREET;

THENCE NORTH ALONG SAID EAST LINE, CROSSING A PUBLIC ALLEY TO AN INTERSECTION WITH THE SOUTH LINE OF WEST NORTH AVENUE;

THENCE EAST ALONG SAID SOUTH LINE, CROSSING NORTH MOHAWK STREET, NORTH CLEVELAND AVENUE, NORTH HUDSON AVENUE, NORTH SEDGWICK STREET,



THENCE SOUTH ALONG SAID WEST LINE EXTENDED SOUTH AND ALONG SAID WEST LINE, CROSSING WEST HILL STREET, VACATED WEST WENDELL STREET AND WEST OAK STREET, TO AN INTERSECTION WITH THE SOUTH LINE OF WEST OAK STREET;

THENCE WEST ALONG SAID SOUTH LINE, CROSSING VACATED ALLEYS AND VACATED NORTH FRANKLIN STREET TO THE NORTHEAST CORNER OF LOT 1 IN THE ASSESSOR S DIVISION OF LOTS 5 TO 8 IN THE SUBDIVISION OF BLOCK 19 OF JOHNSTON, ROBERTS AND STORR S ADDITION;

THENCE SOUTH ALONG THE EAST LINE OF LOTS 1 AND 10 IN SAID DIVISION, AND THE SOUTHWARD EXTENSION OF SAID EAST LINE, TO AN INTERSECTION WITH THE CENTERLINE OF WEST WALTON STREET;

THENCE WEST ALONG SAID CENTERLINE TO AN INTERSECTION WITH THE NORTHWARD EXTENSION OF THE EAST LINE OF THE AFOREMENTIONED RIGHT-OF-WAY;

THENCE SOUTH ALONG SAID EAST LINE AND SAID EAST LINE EXTENDED SOUTH, CROSSING WEST WALTON STREET, A PUBLIC ALLEY AND WEST LOCUST STREET, TO AN INTERSECTION WITH THE SOUTH LINE OF WEST LOCUST STREET;

THENCE WEST ALONG SAID SOUTH LINE CROSSING PUBLIC ALLEYS AND NORTH ORLEANS STREET, TO AN INTERSECTION WITH THE EAST LINE OF NORTH SEDGWICK STREET;

THENCE SOUTH ALONG SAID EAST LINE TO AN INTERSECTION WITH THE NORTH LINE OF WEST CHICAGO AVENUE;

THENCE WEST ALONG SAID NORTH LINE EXTENDED WEST AND ALONG SAID NORTH LINE, CROSSING NORTH SEDGWICK STREET, NORTH HUDSON AVENUE, NORTH CLEVELAND AVENUE, NORTH CAMBRIDGE AVENUE AND NORTH LARRABEE STREET TO AN INTERSECTION WITH THE WEST LINE OF SAID NORTH LARRABEE STREET;

THENCE NORTH ALONG SAID WEST LINE TO AN INTERSECTION WITH THE SOUTHWESTERLY LINE OF NORTH KINGSBURY STREET;

THENCE NORTHWESTERLY ALONG SAID SOUTHWESTERLY LINE, CROSSING VACATED NORTH BRANCH STREET, TO THE SOUTHEAST CORNER OF LOT 10 IN BLOCK 96 OF ELSTON S ADDITION TO CHICAGO;

THENCE SOUTHWESTERLY ALONG THE SOUTHEASTERLY LINE OF SAID LOT 10 TO THE SOUTHWEST CORNER THEREOF;

THENCE NORTHWESTERLY ALONG THE SOUTHWESTERLY LINE OF BLOCK 96, TO THE NORTHWEST CORNER OF LOT 1 IN SAID BLOCK;

THENCE NORTHWESTERLY, CROSSING VACATED HAINES STREET, TO THE SOUTHWEST CORNER OF LOT 7 IN BLOCK 85 OF ELSTON S ADDITION, AFORESAID;

THENCE NORTHWESTERLY ALONG THE SOUTHWESTERLY LINE OF SAID BLOCK 85 TO A WESTERLY CORNER OF LOT 5 IN SAID BLOCK;

THENCE NORTHWESTERLY, CROSSING NORTH HALSTED STREET AND ENTERING SECTION 5, AFORESAID, TO THE SOUTHEAST CORNER OF BLOCK 73 IN ELSTON S ADDITION;

THENCE NORTHWESTERLY ALONG THE SOUTHWESTERLY LINE OF SAID BLOCK 73 TO AN INTERSECTION WITH THE SOUTH LINE OF WEST DIVISION STREET;

THENCE NORTHEASTERLY TO THE SOUTHWEST CORNER OF LOT 15, BLOCK 71, IN CHICAGO LAND COMPANY S RESUBDIVISION OF CERTAIN BLOCKS IN ELSTON S ADDITION;

THENCE NORTHERLY, NORTHWESTERLY AND WESTERLY ALONG THE SOUTHWESTERLY LINES OF BLOCK 71 OF ELSTON S ADDITION, AFORESAID, TO THE NORTHWEST CORNER OF LOT 1 IN SAID CHICAGO LAND COMPANY S RESUBDIVISION;

THENCE NORTHWESTERLY CROSSING WEST EVERGREEN AVENUE, TO THE SOUTHWEST CORNER OF LOT 7, BLOCK 62, IN SAID CHICAGO LAND COMPANY S RESUBDIVISION;

THENCE NORTHEASTERLY ALONG THE NORTHWESTERLY LINE OF SAID WEST EVERGREEN AVENUE, CROSSING NORTH KINGSBURY STREET, TO AN INTERSECTION WITH THE WEST LINE OF NORTH DAYTON STREET;

THENCE EASTERLY TO THE INTERSECTION OF THE EAST LINE OF NORTH DAYTON STREET WITH THE NORTH LINE OF WEST EVERGREEN AVENUE;

THENCE EAST ALONG SAID NORTH LINE AND SAID NORTH LINE EXTENDED EAST, CROSSING A PUBLIC ALLEY AND NORTH HALSTED STREET, AND PASSING INTO SECTION



## APPENDIX B

**NEAR NORTH  
TAX INCREMENT REDEVELOPMENT PROJECT AREA  
ELIGIBILITY REPORT**

The purpose of this analysis is to determine whether a portion of the City of Chicago located north of the Chicago River in the area generally bounded by North Avenue, the North Branch Canal, Wells Street and Chicago Avenue qualifies for designation as a Redevelopment Project Area within the definitions set forth under 65 ILCS 5/11-74.4 contained in the "Tax Increment Allocation Redevelopment Act" (65 ILCS 5/11-74.1 et seq.), hereinafter referred to as the "Act". This legislation focuses on the elimination of blighted or rapidly deteriorating areas through the implementation of a redevelopment plan. The Act authorizes the use of tax increment revenues derived in a project area for the payment or reimbursement of eligible redevelopment project costs.

The proposed Near North Tax Increment Redevelopment Project Area is shown in Figure 1 and is bounded on the north by West Evergreen Avenue, West North Avenue and CTA right-of-way, on the east by North Orleans, CTA right-of-way, North Wells Street and North Sedgwick, on the south by West Oak Street, West Locust Street, and West Chicago Avenue, and on the west by North Larabee Street, North Kingsbury Street, the east bank of the North Branch Canal and North Halsted Street. Excluded from these boundaries is an irregularly shaped area bounded by West Evergreen Avenue and West Blackhawk Street on the north, North Sedgwick and North Hudson on the east, West Goethe, and an alley north of Clybourn Avenue on the south, and North Cleveland and North Hudson on the west.

The proposed redevelopment project area is approximately 339.8 acres in size and includes 1,438 tax parcels of which 744 are improved and 694 were classified as vacant. The study area includes only contiguous parcels and street right-of way and is not less than 1-1/2 acres in size. As of the 1995 tax year, 644 parcels representing 45% of the total number of parcels, were exempt from property taxes. The distribution of exempt parcels is shown in Figure 2. Table 1 identifies the major owners of tax exempt property within the proposed redevelopment project area.

This report summarizes the analyses and findings of the consultant's work, which, unless otherwise noted, is solely the responsibility of Camiros, Ltd. Camiros, Ltd. has prepared this eligibility report with the understanding that the City would rely (i) on the findings and conclusions of this report in proceeding with the designation of the Study Area as a redevelopment project area under the Act, and (ii) on the fact that Camiros, Ltd. has obtained the necessary information to conclude that the Study Area can be designated as a redevelopment project area in compliance with the Act.





Prepared By  
**CAMIROS**  
411 South Wells Street  
Chicago, Illinois 60607  
(312) 662-0211  
Planning, Landscaping,  
Landscape Development  
and Landscape Architecture



## 1. INTRODUCTION

The Act permits municipalities to induce redevelopment of eligible "blighted", "conservation" or "industrial park conservation areas" in accordance with an adopted redevelopment plan. The Act stipulates specific procedures which must be adhered to in designating a redevelopment project area. One of those procedures is the determination that the area meets the statutory eligibility requirements. By definition, a redevelopment project area is:

"... an area designated by the municipality, which is not less in the aggregate than 1-1/2 acres and in respect to which the municipality has made a finding that there exist conditions which cause the area to be classified as an industrial park conservation area or a blighted area or a conservation area, or combination of both blighted areas and conservation areas."

In adopting this legislation, the Illinois General Assembly found:

1. That there exists in many municipalities within the State blighted and conservation areas; and
2. That the eradication of blighted areas and the treatment and improvement of conservation areas by redevelopment projects are essential to the public interest.

The legislative findings were made on the basis that the presence of blight or conditions which lead to blight is detrimental to the safety, health, welfare and morals of the public. The Act specifies certain requirements which must be met before a municipality may proceed with implementing a redevelopment project in order to ensure that the exercise of these powers is proper and in the public interest.

Before the tax increment financing technique can be used, the municipality must first determine that the proposed redevelopment area qualifies for designation as a blighted area, conservation area, or an industrial park conservation area. The Act defines a "blighted area" as any improved or vacant area within the boundaries of a redevelopment project area located within the territorial limits of the municipality where, because of a combination of factors, an improved area is detrimental to the public safety, health, morals or welfare, or if vacant, the sound growth of the taxing districts is impaired.

### **Blighted Areas**

If the property under consideration is improved, a combination of five or more of the following 14 factors must be present for designation as a blighted area:

- Age
- Deleterious land use or layout
- Depreciation of physical maintenance
- Dilapidation
- Deterioration
- Excessive land coverage
- Illegal use of individual structures
- Excessive vacancies
- Inadequate utilities

### Industrial Park Conservation Area

In order to qualify for designation as an "industrial park conservation area", a redevelopment project area must meet all of the following conditions:

- Be within a labor surplus municipality (unemployment for the municipality at any time within the last 6 months was at or above the national average and was also greater than 6 percent);
- Be within the territorial limits of the municipality or within 1-1/2 miles of the territorial limits of the municipality and is annexed and zoned as industrial;
- Include both vacant land suitable for use as an industrial park and a blighted area or conservation area contiguous to such vacant land.

Although the Act defines blighted and conservation areas, it does not define when the factors present qualify an area for such designation. Therefore, it is necessary to establish reasonable and defensible criteria to support each local finding that serves to qualify an area as either a blighted or conservation area.

The presence and documentation of the minimum number of factors may be sufficient to establish eligibility for designation as a blighted or conservation area. However, this evaluation was made on the basis that such factors should be present to an extent which would lead reasonable persons to conclude that public intervention is appropriate or necessary. In other words, each factor identified should be present to a meaningful degree so that a local governing body may reasonably find that the factor is clearly present within the intent of the Act. Similarly, blighting factors should be reasonably distributed throughout the study area so that basically good areas are not arbitrarily found to be blighted because of their proximity to areas which are blighted.

The test of eligibility of the study area is based on the conditions of the area as a whole. The Act does not require that eligibility be established for each and every property in the study area.

Improved property clearly constitutes a majority of parcels on 26 of the 41 analysis blocks. The vacant parcel count was artificially high for several blocks where various institutional owners had not consolidated ownership prior to development and parcels could not be easily attributed to a particular structure. Parks, school grounds and other parcels that lacked any structural improvements were also generally classified as vacant. In other blocks, new construction is transforming land that was vacant at the time of the condition survey into improved property.

Vacant land, defined generally under the Act as land without buildings, constitutes a majority of parcels on fifteen analysis blocks (B1, B2, C7, C8, C9, C10, C11, D3, E2, E3, E5, E6, E9, F2 and F3). Only analysis block E6 is entirely vacant.



Most blocks contained a mix of improved and vacant property. Consequently, the eligibility analysis considered both the blighting factors present with respect to improved property and blighting factors which pertain to vacant land.

Of the 41 analysis blocks, only one block (E6) was made up entirely of vacant land. This block was qualified as blighted vacant property. Improved parcels constituted 50% or more of parcels on 26 analysis blocks. These blocks were qualified as improved blighted property. The remaining 14 analysis blocks were qualified both as blighted improved and blighted vacant property.

## IMPROVED PROPERTY

Improved property includes parcels that contain buildings, structures, parking or other physical improvements. Improved property may include single parcels or multiple parcels under a single or common ownership. Landscaped yards, open space or other accessory functions may also be classified as improved property for the purposes of the eligibility analysis if they are an obvious part of adjacent buildings.

Within the study area, 744 parcels were defined as improved. The distribution of improved property is shown in Figure 4. All analysis blocks contain at least some improved property except for the area bounded by Hobie, Crosby, vacated Oak, and vacated Kingsbury (E6). Therefore, 40 of the 41 analysis blocks were qualified under the criteria for improved property. Table 2 shows the distribution of vacant and improved parcels in each analysis block. Improved property qualifies as blighted if at least five of fourteen blighting conditions are present.

### Age

The age of a structure is often a key indicator of the relative usefulness of a piece of property. Older structures frequently require extensive maintenance in order to maintain mechanical systems or maintain structural integrity. The costs involved in maintaining and upgrading aging buildings often create adverse impacts on existing users and create impediments to the marketability and reuse of industrial or commercial structures.

In establishing a conservation area under the Act, 35 years is used as an indication of the point at which age becomes a potentially blighting factor with respect to structures within a study area. For buildings intended for long-term occupancy, this is the point at which building systems can be expected to begin to fail, and building types may become obsolete as a result of changing technology or use. For buildings that are designed for a shorter life span, age can become a blighting factor even in relatively new buildings. (The Act does not define age as a factor with respect to blighted areas.)

Much of the single-family housing stock was built before the turn of the century and is approximately 100 years old. The Cabrini Homes were built in the 1940s and the Cabrini Extension was built in the late 1950s. The Green Homes, located north of Division Street were built in 1962, and as of 1997 are now 35 years old.

Age is present to a major extent within the proposed Near North Redevelopment Project Area. The majority of structures are 35 years of age or older. Of the 460 buildings within the study area, 396 or 86% are at least 35 years old. As shown in Figure 5 and Table 3, this condition is present in nearly all parts of the study area, with 37 of 40 analysis blocks with improved property affected to a major extent and 2 blocks to a minor extent.

### Deleterious Land Use or Layout

Deleterious land uses include instances of incompatible land use relationships, single-purpose buildings converted to accommodate other activity, buildings occupied by inappropriate mixed uses, or uses which may be considered noxious, offensive, or environmentally unsuitable. This condition also exists if any of the following are present:

- Platting does not conform to the current subdivision code with respect to lot size, configuration and public access.
- Parcels are of inadequate size or shape for contemporary development.
- Land uses are nonconforming with respect to current zoning.
- There are land use conflicts with adjacent land uses.



# Appendix C 1995 EAV By PIN

| PIN       | EAV      | PIN    | EAV       | PIN      | EAV    |
|-----------|----------|--------|-----------|----------|--------|
| 17-04-100 | 001-0000 | Exempt | 17-04-101 | 008-0000 | Exempt |
| 17-04-100 | 002-0000 | Exempt | 17-04-101 | 009-0000 | Exempt |
| 17-04-100 | 003-0000 | Exempt | 17-04-101 | 010-0000 | Exempt |
| 17-04-100 | 004-0000 | Exempt | 17-04-101 | 029-0000 | Exempt |
| 17-04-100 | 005-0000 | Exempt | 17-04-101 | 030-0000 | Exempt |
| 17-04-100 | 008-0000 | Exempt | 17-04-101 | 031-0000 | Exempt |
| 17-04-100 | 013-0000 | Exempt | 17-04-101 | 032-0000 | Exempt |
| 17-04-100 | 014-0000 | Exempt | 17-04-101 | 036-0000 | Exempt |
| 17-04-100 | 015-0000 | Exempt | 17-04-101 | 037-0000 | Exempt |
| 17-04-100 | 016-0000 | Exempt | 17-04-101 | 038-0000 | Exempt |
| 17-04-100 | 017-0000 | Exempt | 17-04-101 | 039-0000 | Exempt |
| 17-04-100 | 018-0000 | Exempt | 17-04-101 | 040-0000 | Exempt |
| 17-04-100 | 021-0000 | Exempt | 17-04-101 | 041-0000 | Exempt |
| 17-04-100 | 022-0000 | Exempt | 17-04-101 | 042-0000 | Exempt |
| 17-04-100 | 023-0000 | Exempt | 17-04-101 | 044-0000 | Exempt |
| 17-04-100 | 024-0000 | Exempt | 17-04-101 | 045-0000 | Exempt |
| 17-04-100 | 027-0000 | Exempt | 17-04-101 | 047-0000 | Exempt |
| 17-04-100 | 028-0000 | Exempt | 17-04-101 | 048-0000 | Exempt |
| 17-04-100 | 030-0000 | Exempt | 17-04-101 | 050-0000 | Exempt |
| 17-04-100 | 031-0000 | Exempt | 17-04-101 | 051-0000 | Exempt |
| 17-04-100 | 032-0000 | Exempt | 17-04-101 | 052-0000 | Exempt |
| 17-04-100 | 033-0000 | Exempt | 17-04-102 | 008-0000 | Exempt |
| 17-04-100 | 034-0000 | Exempt | 17-04-102 | 013-0000 | Exempt |
| 17-04-100 | 035-0000 | Exempt | 17-04-102 | 018-0000 | Exempt |
| 17-04-100 | 036-0000 | Exempt | 17-04-102 | 024-0000 | Exempt |
| 17-04-100 | 037-0000 | Exempt | 17-04-102 | 027-0000 | Exempt |
|           |          |        | 17-04-102 | 028-0000 | Exempt |
|           |          |        | 17-04-102 | 030-0000 | Exempt |
|           |          |        | 17-04-102 | 031-0000 | Exempt |
|           |          |        | 17-04-103 | 010-0000 | Exempt |
|           |          |        | 17-04-103 | 011-0000 | Exempt |
|           |          |        | 17-04-103 | 012-0000 | Exempt |
|           |          |        | 17-04-103 | 015-0000 | Exempt |
|           |          |        | 17-04-103 | 022-0000 | Exempt |
|           |          |        | 17-04-103 | 023-0000 | Exempt |
|           |          |        | 17-04-103 | 026-0000 | Exempt |
|           |          |        | 17-04-103 | 027-0000 | Exempt |
|           |          |        | 17-04-103 | 028-0000 | Exempt |
|           |          |        | 17-04-103 | 029-0000 | Exempt |
|           |          |        | 17-04-103 | 030-0000 | Exempt |
|           |          |        | 17-04-103 | 037-0000 | Exempt |
|           |          |        | 17-04-103 | 038-0000 | Exempt |
|           |          |        | 17-04-103 | 039-0000 | Exempt |
|           |          |        | 17-04-103 | 041-0000 | Exempt |
|           |          |        | 17-04-103 | 042-0000 | Exempt |
|           |          |        | 17-04-103 | 043-0000 | Exempt |
|           |          |        | 17-04-103 | 044-0000 | Exempt |
|           |          |        | 17-04-103 | 045-0000 | Exempt |
|           |          |        | 17-04-103 | 046-0000 | Exempt |
|           |          |        | 17-04-106 | 001-0000 | Exempt |
|           |          |        | 17-04-106 | 002-0000 | Exempt |
|           |          |        | 17-04-106 | 003-0000 | Exempt |

# Appendix C 1995 EAV By PIN

| PIN       |          | EAV        | PIN       |          | EAV        | PIN       |          | EAV        |
|-----------|----------|------------|-----------|----------|------------|-----------|----------|------------|
| 17-04-109 | 018-0000 | \$ 16,287  | 17-04-110 | 006-0000 | \$ 64,722  | 17-04-110 | 032-0000 | \$ 11,614  |
| 17-04-109 | 019-0000 | \$ 21,190  | 17-04-110 | 007-0000 | \$ 9,105   | 17-04-110 | 033-0000 | \$ 30,877  |
| 17-04-109 | 020-0000 | \$ 25,538  | 17-04-110 | 008-0000 | \$ 1,347   | 17-04-110 | 034-0000 | \$ 37,479  |
| 17-04-109 | 021-0000 | \$ 11,614  | 17-04-110 | 009-0000 | \$ 11,507  | 17-04-110 | 035-0000 | \$ 17,875  |
| 17-04-109 | 022-0000 | \$ 11,614  | 17-04-110 | 010-0000 | \$ 15,580  | 17-04-110 | 036-0000 | \$ 17,956  |
| 17-04-109 | 023-0000 | \$ 11,614  | 17-04-110 | 011-0000 | \$ 159,323 | 17-04-110 | 037-0000 | \$ 9,226   |
| 17-04-109 | 024-0000 | \$ 34,116  | 17-04-110 | 012-0000 | \$ 8,446   | 17-04-110 | 038-0000 | \$ 15,919  |
| 17-04-109 | 025-0000 | \$ 8,750   | 17-04-110 | 013-0000 | \$ 15,224  | 17-04-110 | 039-0000 | \$ 11,614  |
| 17-04-109 | 026-0000 | \$ 11,614  | 17-04-110 | 014-0000 | \$ 11,614  | 17-04-110 | 040-0000 | \$ 29,035  |
| 17-04-109 | 027-0000 | \$ 50,469  | 17-04-110 | 015-0000 | \$ 11,614  | 17-04-110 | 041-0000 | \$ 11,614  |
| 17-04-109 | 028-0000 | \$ 23,564  | 17-04-110 | 016-0000 | \$ 11,614  | 17-04-110 | 042-0000 | \$ 26,035  |
| 17-04-109 | 029-0000 | \$ 16,036  | 17-04-110 | 017-0000 | \$ 11,614  | 17-04-110 | 043-0000 | \$ 18,920  |
| 17-04-109 | 030-0000 | \$ 57,801  | 17-04-110 | 018-0000 | \$ 11,614  | 17-04-110 | 045-0000 | \$ 399,445 |
| 17-04-109 | 031-0000 | \$ 11,614  | 17-04-110 | 019-0000 | \$ 11,614  | 17-04-110 | 046-0000 | \$ 40,574  |
| 17-04-109 | 032-0000 | \$ 25,555  | 17-04-110 | 020-0000 | \$ 11,614  | 17-04-110 | 047-0000 | \$ 27,405  |
| 17-04-109 | 033-0000 | \$ 39,012  | 17-04-110 | 021-0000 | \$ 26,298  | 17-04-111 | 001-0000 | \$ 335,639 |
| 17-04-109 | 034-0000 | \$ 21,314  | 17-04-110 | 022-0000 | \$ 25,024  | 17-04-111 | 002-0000 | \$ 316,512 |
| 17-04-109 | 035-0000 | \$ 42,074  | 17-04-110 | 023-0000 | \$ 13,315  | 17-04-111 | 003-0000 | \$ 73,038  |
| 17-04-109 | 036-0000 | \$ 20,174  | 17-04-110 | 024-0000 | \$ 13,315  | 17-04-111 | 005-0000 | \$ 95,135  |
| 17-04-109 | 037-0000 | \$ 29,918  | 17-04-110 | 025-0000 | \$ 8,446   | 17-04-111 | 006-0000 | \$ 155,176 |
| 17-04-109 | 038-0000 | \$ 16,965  | 17-04-110 | 026-0000 | \$ 25,965  | 17-04-111 | 007-0000 | \$ 363,255 |
| 17-04-109 | 039-0000 | \$ 30,991  | 17-04-110 | 027-0000 | \$ 5,580   | 17-04-111 | 008-0000 | \$ 18,443  |
| 17-04-109 | 040-0000 | \$ 10,025  | 17-04-110 | 028-0000 | \$ 55,261  | 17-04-111 | 009-0000 | \$ 23,435  |
| 17-04-110 | 003-0000 | \$ 127,966 | 17-04-110 | 029-0000 | \$ 32,752  | 17-04-111 | 010-0000 | \$ 21,210  |
| 17-04-110 | 004-0000 | \$ 98,402  | 17-04-110 | 030-0000 | \$ 19,245  | 17-04-111 | 011-0000 | \$ 11,614  |
| 17-04-110 | 005-0000 | \$ 60,882  | 17-04-110 | 031-0000 | \$ 11,614  | 17-04-111 | 012-0000 | \$ 20,458  |



# Appendix C 1995 EAV By PIN

| PIN                | EAV    | PIN                | EAV    | PIN                | EAV    |
|--------------------|--------|--------------------|--------|--------------------|--------|
| 17-04-113 018-0000 | Exempt | 17-04-113 060-0000 | Exempt | 17-04-114 018-0000 | Exempt |
| 17-04-113 020-0000 | Exempt | 17-04-113 061-0000 | Exempt | 17-04-114 019-0000 | Exempt |
| 17-04-113 021-0000 | Exempt | 17-04-113 062-0000 | Exempt | 17-04-114 020-0000 | Exempt |
| 17-04-113 022-0000 | Exempt | 17-04-113 063-0000 | Exempt | 17-04-114 021-0000 | Exempt |
| 17-04-113 026-0000 | Exempt | 17-04-113 064-0000 | Exempt | 17-04-114 022-0000 | Exempt |
| 17-04-113 027-0000 | Exempt | 17-04-113 065-0000 | Exempt | 17-04-114 023-0000 | Exempt |
| 17-04-113 030-0000 | Exempt | 17-04-113 066-0000 | Exempt | 17-04-114 024-0000 | Exempt |
| 17-04-113 031-0000 | Exempt | 17-04-113 067-0000 | Exempt | 17-04-114 025-0000 | Exempt |
| 17-04-113 032-0000 | Exempt | 17-04-113 068-0000 | Exempt | 17-04-114 026-0000 | Exempt |
| 17-04-113 033-0000 | Exempt | 17-04-114 001-0000 | Exempt | 17-04-114 027-0000 | Exempt |
| 17-04-113 034-0000 | Exempt | 17-04-114 002-0000 | Exempt | 17-04-114 028-0000 | Exempt |
| 17-04-113 035-0000 | Exempt | 17-04-114 003-0000 | Exempt | 17-04-114 029-0000 | Exempt |
| 17-04-113 036-0000 | Exempt | 17-04-114 004-0000 | Exempt | 17-04-114 030-0000 | Exempt |
| 17-04-113 037-0000 | Exempt | 17-04-114 005-0000 | Exempt | 17-04-114 031-0000 | Exempt |
| 17-04-113 041-0000 | Exempt | 17-04-114 006-0000 | Exempt | 17-04-115 003-0000 | Exempt |
| 17-04-113 042-0000 | Exempt | 17-04-114 007-0000 | Exempt | 17-04-115 011-0000 | Exempt |
| 17-04-113 043-0000 | Exempt | 17-04-114 008-0000 | Exempt | 17-04-115 016-0000 | Exempt |
| 17-04-113 049-0000 | Exempt | 17-04-114 009-0000 | Exempt | 17-04-115 017-0000 | Exempt |
| 17-04-113 050-0000 | Exempt | 17-04-114 010-0000 | Exempt | 17-04-115 018-0000 | Exempt |
| 17-04-113 053-0000 | Exempt | 17-04-114 011-0000 | Exempt | 17-04-115 019-0000 | Exempt |
| 17-04-113 054-0000 | Exempt | 17-04-114 012-0000 | Exempt | 17-04-115 025-0000 | Exempt |
| 17-04-113 055-0000 | Exempt | 17-04-114 013-0000 | Exempt | 17-04-115 026-0000 | Exempt |
| 17-04-113 056-0000 | Exempt | 17-04-114 014-0000 | Exempt | 17-04-115 027-0000 | Exempt |
| 17-04-113 057-0000 | Exempt | 17-04-114 015-0000 | Exempt | 17-04-115 028-0000 | Exempt |
| 17-04-113 058-0000 | Exempt | 17-04-114 016-0000 | Exempt | 17-04-115 029-0000 | Exempt |
| 17-04-113 059-0000 | Exempt | 17-04-114 017-0000 | Exempt | 17-04-115 030-0000 | Exempt |

# Appendix C 1995 EAV By PIN

| PIN                | EAV       | PIN                | EAV        | PIN                | EAV        |
|--------------------|-----------|--------------------|------------|--------------------|------------|
| 17-04-120 025-0000 | Exempt    | 17-04-121 026-0000 | \$ 9,697   | 17-04-121 054-0000 | \$ 11,282  |
| 17-04-121 001-0000 | Exempt    | 17-04-121 027-0000 | \$ 9,697   | 17-04-121 055-0000 | \$ 10,870  |
| 17-04-121 002-0000 | Exempt    | 17-04-121 028-0000 | \$ 9,666   | 17-04-121 056-0000 | \$ 10,870  |
| 17-04-121 003-0000 | Exempt    | 17-04-121 029-0000 | \$ 10,726  | 17-04-121 058-0000 | \$ 163,501 |
| 17-04-121 004-0000 | Exempt    | 17-04-121 030-0000 | \$ 9,942   | 17-04-121 059-0000 | \$ 10,135  |
| 17-04-121 005-0000 | Exempt    | 17-04-121 031-0000 | \$ 11,051  | 17-04-121 060-0000 | \$ 354,809 |
| 17-04-121 006-0000 | Exempt    | 17-04-121 032-0000 | \$ 10,407  | 17-04-121 061-0000 | \$ 70,246  |
| 17-04-121 007-0000 | Exempt    | 17-04-121 033-0000 | \$ 1,491   | 17-04-121 062-0000 | \$ 56,859  |
| 17-04-121 008-0000 | Exempt    | 17-04-121 034-0000 | Exempt     | 17-04-121 063-0000 | \$ 22,600  |
| 17-04-121 009-0000 | Exempt    | 17-04-121 035-0000 | \$ 21,014  | 17-04-121 064-0000 | \$ 17,574  |
| 17-04-121 010-0000 | Exempt    | 17-04-121 036-0000 | Exempt     | 17-04-121 065-0000 | \$ 57,229  |
| 17-04-121 011-0000 | Exempt    | 17-04-121 037-0000 | \$ 36,672  | 17-04-121 066-0000 | \$ 23,505  |
| 17-04-121 012-0002 | Exempt    | 17-04-121 039-0000 | Exempt     | 17-04-121 067-0000 | \$ 17,604  |
| 17-04-121 013-0000 | Exempt    | 17-04-121 040-0000 | \$ 40,437  | 17-04-121 068-0000 | \$ 19,070  |
| 17-04-121 014-0000 | Exempt    | 17-04-121 041-0000 | \$ 49,925  | 17-04-121 069-0000 | Exempt     |
| 17-04-121 015-0000 | Exempt    | 17-04-121 042-0000 | \$ 44,043  | 17-04-121 070-0000 | \$ 4,193   |
| 17-04-121 016-0000 | \$ 14,970 | 17-04-121 043-0000 | \$ 105,590 | 17-04-121 071-0000 | \$ 841     |
| 17-04-121 017-0000 | \$ 16,633 | 17-04-121 044-0000 | \$ 17,578  | 17-04-121 072-0000 | \$ 9,961   |
| 17-04-121 018-0000 | Exempt    | 17-04-121 045-0000 | Exempt     | 17-04-121 073-0000 | \$ 23,726  |
| 17-04-121 019-0000 | Exempt    | 17-04-121 046-0000 | \$ 11,881  | 17-04-121 074-0000 | \$ 18,093  |
| 17-04-121 020-0000 | Exempt    | 17-04-121 047-0000 | Exempt     | 17-04-121 075-0000 | \$ 18,392  |
| 17-04-121 021-0000 | Exempt    | 17-04-121 048-0000 | \$ 11,881  | 17-04-121 076-0000 | \$ 30,525  |
| 17-04-121 022-0000 | Exempt    | 17-04-121 049-0000 | Exempt     | 17-04-121 077-0000 | \$ 618     |
| 17-04-121 023-0000 | Exempt    | 17-04-121 050-0000 | Exempt     | 17-04-122 001-0000 | \$ 11,484  |
| 17-04-121 024-0000 | Exempt    | 17-04-121 051-0000 | \$ 9,961   | 17-04-122 002-0000 | \$ 11,484  |
| 17-04-121 025-0000 | \$ 27,807 | 17-04-121 053-0000 | \$ 11,184  | 17-04-122 003-0000 | \$ 50,160  |



# Appendix C 1995 EAV By PIN

| PIN                | EAV       | PIN                | EAV    | PIN                | EAV       |
|--------------------|-----------|--------------------|--------|--------------------|-----------|
| 17-04-122 082-0000 | Exempt    | 17-04-123 004-0000 | Exempt | 17-04-123 030-0000 | Exempt    |
| 17-04-122 083-0000 | Exempt    | 17-04-123 005-0000 | Exempt | 17-04-123 031-0000 | Exempt    |
| 17-04-122 084-0000 | Exempt    | 17-04-123 006-0000 | Exempt | 17-04-123 032-0000 | Exempt    |
| 17-04-122 085-0000 | Exempt    | 17-04-123 007-0000 | Exempt | 17-04-123 033-0000 | Exempt    |
| 17-04-122 086-0000 | \$ 51,886 | 17-04-123 008-0000 | Exempt | 17-04-123 034-0000 | Exempt    |
| 17-04-122 087-0000 | \$ 25,942 | 17-04-123 009-0000 | Exempt | 17-04-123 035-0000 | Exempt    |
| 17-04-122 088-0000 | \$ 25,942 | 17-04-123 010-0000 | Exempt | 17-04-123 036-0000 | Exempt    |
| 17-04-122 089-0000 | \$ 11,843 | 17-04-123 011-0000 | Exempt | 17-04-123 037-0000 | Exempt    |
| 17-04-122 090-0000 | \$ 11,843 | 17-04-123 012-0000 | Exempt | 17-04-123 038-0000 | Exempt    |
| 17-04-122 091-0000 | Exempt    | 17-04-123 013-0000 | Exempt | 17-04-124 006-0000 | Exempt    |
| 17-04-122 092-0000 | \$ 11,720 | 17-04-123 014-0000 | Exempt | 17-04-124 007-0000 | Exempt    |
| 17-04-122 093-0000 | \$ 30,214 | 17-04-123 015-0000 | Exempt | 17-04-125 008-0000 | \$ 7,278  |
| 17-04-122 094-0000 | \$ 10,184 | 17-04-123 016-0000 | Exempt | 17-04-125 011-0000 | \$ 6,732  |
| 17-04-122 095-0000 | \$ 15,722 | 17-04-123 017-0000 | Exempt | 17-04-125 012-0000 | \$ 8,380  |
| 17-04-122 096-0000 | \$ 15,722 | 17-04-123 018-0000 | Exempt | 17-04-125 013-0000 | \$ 7,278  |
| 17-04-122 097-0000 | \$ 12,210 | 17-04-123 019-0000 | Exempt | 17-04-125 014-0000 | \$ 6,392  |
| 17-04-122 098-0000 | \$ 11,741 | 17-04-123 020-0000 | Exempt | 17-04-125 015-0000 | \$ 4,317  |
| 17-04-122 099-0000 | \$ 29,407 | 17-04-123 021-0000 | Exempt | 17-04-125 017-0000 | \$ 302    |
| 17-04-122 100-0000 | \$ 11,741 | 17-04-123 022-0000 | Exempt | 17-04-125 018-0000 | \$ 185    |
| 17-04-122 101-0000 | \$ 10,991 | 17-04-123 023-0000 | Exempt | 17-04-125 019-0000 | \$ 13,423 |
| 17-04-122 102-0000 | \$ 7,220  | 17-04-123 024-0000 | Exempt | 17-04-125 020-0000 | Exempt    |
| 17-04-122 103-0000 | \$ 5,719  | 17-04-123 025-0000 | Exempt | 17-04-126 001-0000 | Exempt    |
| 17-04-122 107-0000 | \$ 60,041 | 17-04-123 026-0000 | Exempt | 17-04-126 007-0000 | \$ 3,237  |
| 17-04-123 001-0000 | Exempt    | 17-04-123 027-0000 | Exempt | 17-04-126 008-0000 | Exempt    |
| 17-04-123 002-0000 | Exempt    | 17-04-123 028-0000 | Exempt | 17-04-127 029-0000 | Exempt    |
| 17-04-123 003-0000 | Exempt    | 17-04-123 029-0000 | Exempt | 17-04-127 030-0000 | Exempt    |

# Appendix C 1995 EAV By PIN

| PIN                | EAV    | PIN                | EAV       | PIN                | EAV        |
|--------------------|--------|--------------------|-----------|--------------------|------------|
| 17-04-136 035-0000 | Exempt | 17-04-141 010-0000 | Exempt    | 17-04-142 009-0000 | \$ 13,802  |
| 17-04-136 037-0000 | Exempt | 17-04-141 011-0000 | Exempt    | 17-04-142 010-0000 | \$ 12,461  |
| 17-04-136 038-0000 | Exempt | 17-04-141 012-0000 | Exempt    | 17-04-142 011-0000 | \$ 6,929   |
| 17-04-136 039-0000 | Exempt | 17-04-141 013-0000 | Exempt    | 17-04-142 012-0000 | \$ 61,456  |
| 17-04-137 001-0000 | Exempt | 17-04-141 016-0000 | \$ 7,446  | 17-04-142 013-0000 | \$ 122,256 |
| 17-04-137 002-0000 | Exempt | 17-04-141 017-0000 | \$ 23,928 | 17-04-142 014-0000 | \$ 7,495   |
| 17-04-137 003-0000 | Exempt | 17-04-141 020-0000 | Exempt    | 17-04-142 015-0000 | \$ 24,217  |
| 17-04-137 012-0000 | Exempt | 17-04-141 021-0000 | Exempt    | 17-04-143 010-0000 | \$ 175,329 |
| 17-04-137 013-0000 | Exempt | 17-04-141 022-0000 | Exempt    | 17-04-143 011-0000 | \$ 13,313  |
| 17-04-137 026-0000 | Exempt | 17-04-141 023-0000 | Exempt    | 17-04-143 012-0000 | \$ 130,647 |
| 17-04-137 027-0000 | Exempt | 17-04-141 029-0000 | \$ 8,495  | 17-04-143 013-0000 | \$ 6,449   |
| 17-04-137 033-0000 | Exempt | 17-04-141 030-0000 | \$ 8,100  | 17-04-143 022-0000 | Exempt     |
| 17-04-137 034-0000 | Exempt | 17-04-141 031-0000 | \$ 7,692  | 17-04-143 025-0000 | Exempt     |
| 17-04-137 035-0000 | Exempt | 17-04-141 032-0000 | \$ 16,992 | 17-04-143 028-0000 | \$ 101,864 |
| 17-04-138 035-0000 | Exempt | 17-04-141 035-0000 | Exempt    | 17-04-143 029-0000 | \$ 5,842   |
| 17-04-138 036-0000 | Exempt | 17-04-141 036-0000 | Exempt    | 17-04-143 030-0000 | \$ 5,842   |
| 17-04-139 010-0000 | Exempt | 17-04-141 037-0000 | Exempt    | 17-04-143 031-0000 | \$ 5,842   |
| 17-04-139 038-0000 | Exempt | 17-04-141 038-0000 | Exempt    | 17-04-143 034-0000 | Exempt     |
| 17-04-139 039-0000 | Exempt | 17-04-141 039-0000 | Exempt    | 17-04-143 035-0000 | Exempt     |
| 17-04-139 040-0000 | Exempt | 17-04-142 001-0000 | \$ 22,843 | 17-04-143 046-0000 | Exempt     |
| 17-04-140 013-0000 | Exempt | 17-04-142 002-0000 | \$ 54,860 | 17-04-143 047-0000 | Exempt     |
| 17-04-140 036-0000 | Exempt | 17-04-142 003-0000 | \$ 20,024 | 17-04-143 050-0000 | Exempt     |
| 17-04-141 001-0000 | Exempt | 17-04-142 004-0000 | \$ 12,461 | 17-04-143 051-0000 | Exempt     |
| 17-04-141 007-0000 | Exempt | 17-04-142 006-0000 | \$ 6,929  | 17-04-143 052-0000 | Exempt     |
| 17-04-141 008-0000 | Exempt | 17-04-142 007-0000 | \$ 65,562 | 17-04-143 053-0000 | \$ 440,212 |
| 17-04-141 009-0000 | Exempt | 17-04-142 008-0000 | \$ 16,436 | 17-04-143 055-0000 | \$ 47,015  |



# Appendix C 1995 EAV By PIN

| PIN                | EAV        | PIN                | EAV        | PIN                | EAV        |
|--------------------|------------|--------------------|------------|--------------------|------------|
| 17-04-212 007-0000 | \$ 9,844   | 17-04-214 016-0000 | \$ 47,782  | 17-04-219 065-0000 | \$ 155,868 |
| 17-04-212 008-0000 | \$ 66,726  | 17-04-214 017-0000 | \$ 38,430  | 17-04-219 066-0000 | \$ 196,302 |
| 17-04-212 009-0000 | Exempt     | 17-04-214 035-0000 | Exempt     | 17-04-219 067-0000 | \$ 89,176  |
| 17-04-212 010-0000 | \$ 19,690  | 17-04-214 036-0000 | Exempt     | 17-04-220 001-0000 | Exempt     |
| 17-04-212 011-0000 | \$ 23,711  | 17-04-214 037-0000 | Exempt     | 17-04-220 002-0000 | Exempt     |
| 17-04-212 019-0000 | \$ 11,684  | 17-04-214 041-0000 | Exempt     | 17-04-220 008-0000 | \$ 87,145  |
| 17-04-212 020-0000 | \$ 143,409 | 17-04-214 042-0000 | Exempt     | 17-04-220 009-0000 | \$ 57,458  |
| 17-04-212 021-0000 | \$ 13,154  | 17-04-214 045-0000 | Exempt     | 17-04-220 010-0000 | \$ 97,913  |
| 17-04-212 022-0000 | \$ 105,654 | 17-04-214 056-0000 | Exempt     | 17-04-220 011-0000 | \$ 60,729  |
| 17-04-212 023-0000 | \$ 178,288 | 17-04-214 059-0000 | Exempt     | 17-04-220 012-0000 | \$ 52,355  |
| 17-04-212 024-0000 | \$ 27,787  | 17-04-214 060-0000 | Exempt     | 17-04-220 013-0000 | \$ 15,892  |
| 17-04-212 025-0000 | \$ 40,399  | 17-04-214 061-0000 | Exempt     | 17-04-220 014-0000 | \$ 11,847  |
| 17-04-212 026-0000 | \$ 46,327  | 17-04-214 062-0000 | Exempt     | 17-04-220 015-0000 | \$ 526,567 |
| 17-04-212 027-0000 | \$ 46,241  | 17-04-214 063-0000 | Exempt     | 17-04-220 016-0000 | Exempt     |
| 17-04-212 028-0000 | \$ 129,393 | 17-04-214 064-0000 | Exempt     | 17-04-220 022-0000 | \$ 297,005 |
| 17-04-212 029-0000 | \$ 12,648  | 17-04-214 066-0000 | \$ 87,328  | 17-04-220 024-0000 | \$ 236,282 |
| 17-04-212 033-0000 | \$ 1,285   | 17-04-214 069-0000 | \$ 34      | 17-04-220 025-0000 | \$ 5,357   |
| 17-04-212 034-0000 | Exempt     | 17-04-214 070-0000 | \$ 5,876   | 17-04-220 026-0000 | \$ 153,122 |
| 17-04-212 035-0000 | \$ 14,626  | 17-04-214 071-0000 | \$ 87,670  | 17-04-220 027-0000 | \$ 117,610 |
| 17-04-212 037-1001 | \$ 39,726  | 17-04-219 056-0000 | \$ 915,403 | 17-04-220 028-0000 | \$ 153,122 |
| 17-04-212 037-1002 | \$ 37,723  | 17-04-219 057-0000 | \$ 181,225 | 17-04-220 034-0000 | \$ 109,877 |
| 17-04-212 037-1003 | \$ 38,655  | 17-04-219 058-0000 | \$ 111,908 | 17-04-220 035-0000 | \$ 36,803  |
| 17-04-212 037-1004 | \$ 1,332   | 17-04-219 059-0000 | \$ 141,236 | 17-04-220 036-0000 | \$ 71,132  |
| 17-04-212 037-1005 | \$ 1,332   | 17-04-219 060-0000 | \$ 131,114 | 17-04-220 037-0000 | \$ 179,858 |
| 17-04-212 037-1006 | \$ 1,332   | 17-04-219 061-0000 | \$ 102,877 | 17-04-220 038-0000 | \$ 98,211  |
| 17-04-214 015-0000 | \$ 32,637  | 17-04-219 062-0000 | \$ 111,441 | 17-04-220 039-0000 | \$ 333,934 |

# Appendix C 1995 EAV By PIN

| PIN                | EAV       | PIN                | EAV        | PIN                | EAV        |
|--------------------|-----------|--------------------|------------|--------------------|------------|
| 17-04-310 001-0000 | \$ 22,853 | 17-04-311 038-0000 | Exempt     | 17-04-319 030-0000 | Exempt     |
| 17-04-310 002-0000 | \$ 4,283  | 17-04-311 039-0000 | Exempt     | 17-04-320 008-0000 | Exempt     |
| 17-04-310 003-0000 | \$ 4,283  | 17-04-312 037-0000 | Exempt     | 17-04-321 029-0000 | Exempt     |
| 17-04-310 004-0000 | \$ 5,712  | 17-04-312 038-0000 | Exempt     | 17-04-322 005-0000 | \$ 420,446 |
| 17-04-310 005-0000 | \$ 5,712  | 17-04-313 033-0000 | Exempt     | 17-04-322 012-0000 | \$ 7,165   |
| 17-04-310 006-0000 | \$ 5,712  | 17-04-314 031-0000 | Exempt     | 17-04-322 013-0000 | \$ 5,315   |
| 17-04-310 007-0000 | \$ 5,712  | 17-04-314 032-0000 | Exempt     | 17-04-322 014-0000 | \$ 60,073  |
| 17-04-310 008-0000 | \$ 11,427 | 17-04-316 005-0000 | \$ 18,571  | 17-04-322 015-0000 | \$ 47,253  |
| 17-04-310 009-0000 | \$ 2,691  | 17-04-316 007-0000 | \$ 181,152 | 17-04-322 016-0000 | \$ 5,124   |
| 17-04-310 014-0000 | \$ 4,729  | 17-04-316 008-0000 | \$ 42,174  | 17-04-322 017-0000 | Exempt     |
| 17-04-310 015-0000 | \$ 4,729  | 17-04-316 009-0000 | \$ 16,211  | 17-04-322 019-0000 | \$ 695,957 |
| 17-04-310 016-0000 | \$ 4,729  | 17-04-317 001-0000 | \$ 7,325   | 17-04-323 002-0000 | \$ 23,425  |
| 17-04-310 017-0000 | \$ 4,729  | 17-04-317 002-0000 | \$ 2,649   | 17-04-323 003-0000 | \$ 14,864  |
| 17-04-310 018-0000 | \$ 14,842 | 17-04-317 003-0000 | \$ 4,070   | 17-04-323 004-0000 | \$ 6,770   |
| 17-04-310 019-0000 | Exempt    | 17-04-317 004-0000 | \$ 20,890  | 17-04-324 001-0000 | \$ 4,200   |
| 17-04-310 020-0000 | \$ 4,729  | 17-04-317 005-0000 | \$ 7,718   | 17-04-324 002-0000 | \$ 4,200   |
| 17-04-310 021-0000 | \$ 4,729  | 17-04-317 006-0000 | \$ 7,352   | 17-04-324 003-0000 | \$ 4,200   |
| 17-04-310 022-0000 | \$ 4,729  | 17-04-317 007-0000 | \$ 6,381   | 17-04-324 004-0000 | \$ 5,179   |
| 17-04-310 023-0000 | \$ 4,729  | 17-04-317 008-0000 | \$ 4,300   | 17-04-324 005-0000 | \$ 4,382   |
| 17-04-310 024-0000 | \$ 19,537 | 17-04-317 009-0000 | \$ 7,932   | 17-04-324 006-0000 | \$ 10,585  |
| 17-04-310 025-0000 | \$ 5,432  | 17-04-317 010-0000 | \$ 185,377 | 17-04-324 007-0000 | \$ 60,693  |
| 17-04-310 026-0000 | \$ 19,753 | 17-04-317 011-0000 | \$ 187,678 | 17-04-324 008-0000 | \$ 9,453   |
| 17-04-310 027-0000 | \$ 8,436  | 17-04-317 012-0000 | \$ 4,697   | 17-04-324 009-0000 | \$ 30,490  |
| 17-04-310 028-0000 | \$ 448    | 17-04-317 013-0000 | \$ 4,542   | 17-04-324 010-0000 | \$ 5,872   |
| 17-04-310 029-0000 | \$ 2,691  | 17-04-317 014-0000 | \$ 25,800  | 17-04-324 011-0000 | \$ 5,283   |
| 17-04-310 030-0000 | \$ 8,931  | 17-04-318 031-0000 | Exempt     | 17-04-324 012-0000 | \$ 5,283   |



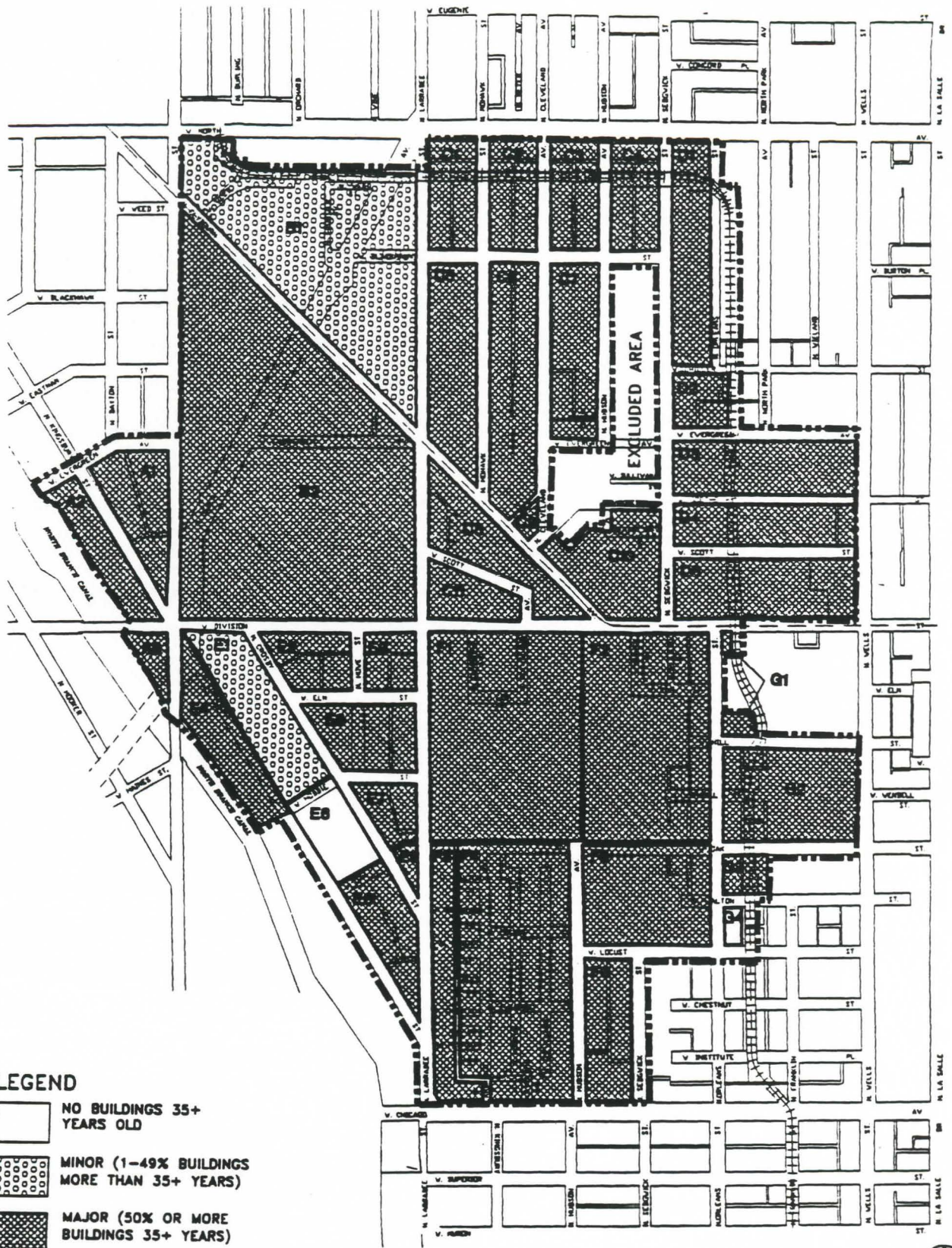


TABLE 2  
Distribution of Improved Property

| Analysis Block        | Total Number Parcels | Number Improved Parcels | Percent Improved |
|-----------------------|----------------------|-------------------------|------------------|
| A1                    | 19                   | 12                      | 63%              |
| A2                    | 5                    | 4                       | 80%              |
| A3                    | 4                    | 3                       | 75%              |
| B1 <sup>1</sup>       | 176                  | 37                      | 20%              |
| B2 <sup>1</sup>       | 205                  | 56                      | 28%              |
| C1                    | 38                   | 23                      | 61%              |
| C2                    | 40                   | 31                      | 78%              |
| C3                    | 44                   | 31                      | 71%              |
| C4                    | 37                   | 30                      | 81%              |
| C5                    | 74                   | 56                      | 76%              |
| C6                    | 105                  | 48                      | 46%              |
| C7 <sup>2&amp;3</sup> | 40                   | 7                       | 18%              |
| C8 <sup>4</sup>       | 49                   | 23                      | 47%              |
| C9                    | 6                    | 2                       | 33%              |
| C10 <sup>3</sup>      | 21                   | 9                       | 43%              |
| C11 <sup>3</sup>      | 23                   | 9                       | 39%              |
| D1                    | 72                   | 63                      | 88%              |
| D2                    | 31                   | 20                      | 65%              |
| D3 <sup>2&amp;3</sup> | 20                   | 7                       | 35%              |
| D4                    | 10                   | 7                       | 70%              |
| D5                    | 31                   | 21                      | 68%              |
| E1                    | 3                    | 3                       | 100%             |
| E2                    | 25                   | 1                       | 4%               |
| E3                    | 18                   | 7                       | 39%              |
| E4                    | 6                    | 3                       | 50%              |
| E5                    | 29                   | 4                       | 14%              |
| E6                    | 4                    | 0                       | 0%               |
| E7                    | 14                   | 7                       | 50%              |
| E8                    | 8                    | 7                       | 88%              |
| E9                    | 3                    | 1                       | 33%              |
| F1                    | 11                   | 9                       | 82%              |
| F2 <sup>1</sup>       | 49                   | 24                      | 49%              |
| F3                    | 32                   | 15                      | 47%              |
| F4                    | 25                   | 20                      | 80%              |
| F5                    | 19                   | 15                      | 79%              |
| F6                    | 6                    | 6                       | 100%             |
| G1                    | 2                    | 1                       | 50%              |
| G2                    | 72                   | 63                      | 88%              |
| G3                    | 10                   | 7                       | 70%              |
| G4                    | 4                    | 4                       | 100%             |
| H1                    | 48                   | 48                      | 100%             |
| TOTAL                 | 1438                 | 744                     | 52%              |

Footnote: see next page





**FIGURE 5**  
**BLIGHTING FACTORS**  
**BUILDING AGE**  
**Near North Redevelopment Project Area**  
**Chicago, Illinois**





- Single purpose buildings have been converted to accommodate another activity, or buildings are occupied by inappropriate mixed uses.
- Residential uses front on or near heavily traveled streets, thus causing susceptibility to noise, fumes and glare;
- Structures are located in a 100 year flood plain; or
- Environmental contamination is present which hampers reuse.

This factor is present to a major extent within the study area as shown in Figure 6 and Table 4. This condition is especially prevalent with respect to the CHA's holdings generally south of Division Street and west of Clybourn Avenue. The vacation of streets to create superblocks for the construction of the Cabrini-Green housing complex, resulted in disruption of the traditional street grid. Access to and circulation within this area is, therefore, severely restricted, and is provided largely through fire lanes and parking lots.

The current platting of tax parcels bears little relation to either the existing street grid or the development pattern which has evolved over time. In some instances, parcels exist without any street access. In other blocks, such as analysis block A1, alleys function as streets. Buildings throughout the area exist on multiple parcels which were not consolidated into single-building sites.

Because the area evolved as a mixed industrial and working class neighborhood, there are numerous examples of incompatible land uses. Examples include the residential uses and horse barns along Sedgwick and the industrial/residential land use mix along Larabee between Chicago Avenue and vacated West Oak Street and along Cleveland near Clybourn.

The concentration of deteriorated Cabrini-Green buildings has also had a deleterious effect on adjacent properties, which has resulted in disinvestment in the entire area. There are a number of abandoned buildings scattered throughout the area which constitute instances of deleterious land use because of their negative impact on adjacent property. This factor is found in 24 of the 40 analysis blocks, (15 analysis blocks to a major extent and 9 blocks to a minor extent.)

#### **Depreciation of Physical Maintenance**

This factor refers to the effects of deferred maintenance or lack of maintenance of buildings, improvements and grounds. This condition is present where buildings have unpainted or unfinished surfaces, peeling paint, limited amounts of loose or missing materials, broken windows, deteriorated gutters and downspouts, or are in need of minor tuck pointing. Deterioration of streetlights, sidewalks, curbs and gutters adjacent to the building, the presence of construction debris, deteriorated parking areas or parking areas that exhibit an accumulation of trash or debris also are indicative of depreciation of physical maintenance.

This factor is present to a major extent. All of the 40 blocks in the study area that contain improved property include improved parcels that exhibit this condition. In two analysis blocks, this factor is present to a limited extent. In all of the remaining 38 blocks containing improved property, at least half of the improved property reflects the depreciation of physical maintenance.

This factor affects 363 of 460 structures, or 79% of all structures within the Redevelopment Project Area. The distribution of this factor is shown in Figure 7 and Table 5.

**TABLE 4**  
**Deleterious Land Use or Layout**

| Analysis Block | Number<br>Improved<br>Parcels | Number<br>Affected<br>Improved Parcels | Percent of<br>Improved<br>Parcels Affected<br>on Block |
|----------------|-------------------------------|----------------------------------------|--------------------------------------------------------|
| A1             | 12                            | 1                                      | 9%                                                     |
| A2             | 4                             | 0                                      | 0%                                                     |
| A3             | 3                             | 0                                      | 0%                                                     |
| B1             | 37                            | 37                                     | 100%                                                   |
| B2             | 56                            | 56                                     | 100%                                                   |
| C1             | 23                            | 0                                      | 0%                                                     |
| C2             | 31                            | 5                                      | 17%                                                    |
| C3             | 31                            | 0                                      | 0%                                                     |
| C4             | 30                            | 0                                      | 0%                                                     |
| C5             | 56                            | 16                                     | 29%                                                    |
| C6             | 48                            | 3                                      | 7%                                                     |
| C7             | 7                             | 3                                      | 43%                                                    |
| C8             | 23                            | 20                                     | 87%                                                    |
| C9             | 2                             | 0                                      | 0%                                                     |
| C10            | 9                             | 2                                      | 23%                                                    |
| C11            | 9                             | 8                                      | 89%                                                    |
| D1             | 63                            | 22                                     | 35%                                                    |
| D2             | 20                            | 0                                      | 0%                                                     |
| D3             | 7                             | 3                                      | 43%                                                    |
| D4             | 7                             | 3                                      | 43%                                                    |
| D5             | 21                            | 2                                      | 10%                                                    |
| E1             | 3                             | 0                                      | 0%                                                     |
| E2             | 1                             | 1                                      | 100%                                                   |
| E3             | 7                             | 2                                      | 29%                                                    |
| E4             | 3                             | 3                                      | 100%                                                   |
| E5             | 4                             | 0                                      | 0%                                                     |
| E6             | 0                             | 0                                      | 0%                                                     |
| E7             | 7                             | 5                                      | 72%                                                    |
| E8             | 7                             | 0                                      | 0%                                                     |
| E9             | 1                             | 0                                      | 0%                                                     |
| F1             | 9                             | 2                                      | 23%                                                    |
| F2             | 24                            | 23                                     | 96%                                                    |
| F3             | 15                            | 15                                     | 100%                                                   |
| F4             | 20                            | 5                                      | 25%                                                    |
| F5             | 15                            | 15                                     | 100%                                                   |
| F6             | 6                             | 6                                      | 100%                                                   |
| G1             | 1                             | 0                                      | 0%                                                     |
| G2             | 63                            | 0                                      | 0%                                                     |
| G3             | 7                             | 0                                      | 0%                                                     |
| G4             | 4                             | 0                                      | 0%                                                     |
| H1             | 48                            | 0                                      | 0%                                                     |
| <b>TOTAL</b>   | <b>744</b>                    | <b>258</b>                             | <b>35%</b>                                             |



**TABLE 5**  
**Depreciation of Physical Maintenance of Structures**

| Analysis Block | Total Number Structures | Number Structures Impacted | Percentage Structures Impacted |
|----------------|-------------------------|----------------------------|--------------------------------|
| A1             | 6                       | 5                          | 83%                            |
| A2             | 2                       | 2                          | 100%                           |
| A3             | 1                       | 1                          | 100%                           |
| B1             | 8                       | 5                          | 63%                            |
| B2             | 13                      | 12                         | 92%                            |
| C1             | 11                      | 6                          | 55%                            |
| C2             | 30                      | 14                         | 47%                            |
| C3             | 30                      | 23                         | 77%                            |
| C4             | 27                      | 21                         | 78%                            |
| C5             | 14                      | 8                          | 58%                            |
| C6             | 42                      | 20                         | 48%                            |
| C7             | 4                       | 2                          | 50%                            |
| C8             | 14                      | 14                         | 100%                           |
| C9             | 2                       | 2                          | 100%                           |
| C10            | 6                       | 4                          | 67%                            |
| C11            | 2                       | 1                          | 50%                            |
| D1             | 38                      | 34                         | 90%                            |
| D2             | 16                      | 10                         | 63%                            |
| D3             | 5                       | 3                          | 60%                            |
| D4             | 7                       | 6                          | 86%                            |
| D5             | 20                      | 13                         | 65%                            |
| E1             | 3                       | 3                          | 100%                           |
| E2             | 1                       | 1                          | 100%                           |
| E3             | 5                       | 5                          | 100%                           |
| E4             | 3                       | 2                          | 67%                            |
| E5             | 4                       | 4                          | 100%                           |
| E6             | 0                       | 0                          | 0%                             |
| E7             | 4                       | 3                          | 75%                            |
| E8             | 3                       | 3                          | 100%                           |
| E9             | 1                       | 1                          | 100%                           |
| F1             | 8                       | 8                          | 100%                           |
| F2             | 20                      | 16                         | 80%                            |
| F3             | 10                      | 10                         | 100%                           |
| F4             | 84                      | 84                         | 100%                           |
| F5             | 6                       | 5                          | 84%                            |
| F6             | 3                       | 3                          | 100%                           |
| G1             | 1                       | 1                          | 100%                           |
| G2             | 3                       | 3                          | 100%                           |
| G3             | 2                       | 1                          | 50%                            |
| G4             | 3                       | 3                          | 100%                           |
| H1             | 1                       | 1                          | 100%                           |
| <b>TOTAL</b>   | <b>460</b>              | <b>363</b>                 | <b>79%</b>                     |







Prepared By  
**CAMIROS**  
411 South Wells Street  
Chicago, Illinois 60607  
(312) 832-8211  
Planning, Zoning,  
Environmental Development  
and Landscape Architecture



This condition is not present to a sufficient degree to warrant inclusion as a blighting factor in establishing the eligibility of the study area as a "blighted area" under the Act. For the most part, the structures associated with this factor are multi-story commercial structures that occupied most of their sites, leaving little or no space for off-street parking and other site amenities. These buildings are sufficiently dispersed throughout the study area that they do not have a substantial adverse impact on neighboring properties or the study area as a whole.

#### Illegal Use of Individual Structures

Illegal use of individual structures refers to the presence of uses or activities which are not permitted by law. This condition also exists when the use of a structure does not conform to the requirements of the existing zoning code.

This factor was not found to be present to a sufficient degree to warrant its inclusion as a blighting factor within the study area. Land uses were found to generally correspond to existing zoning. Thirty-five residential structures were found within the manufacturing districts in the area. While new housing is not permitted within manufacturing districts, these units have been "grandfathered" in and exist as legal nonconforming uses.

#### Excessive Vacancies

This condition is present when the occupancy or use level of a building is low for frequent or lengthy periods. The presence of buildings or sites which are unoccupied or underutilized generally represents an adverse influence on the area. Excessive vacancies include abandoned properties which evidence no apparent effort directed toward their occupancy or utilization.

Residential uses account for approximately 53% of the structures within the Redevelopment Project Area. Most of the identified vacant and abandoned buildings also are residential buildings. Therefore, the evaluation of this factor focused on an analysis of residential vacancy rate data.

According to 1990 U.S. Census, the residential vacancy rate of the census tracts that contain most of the study area far exceeds the city-wide vacancy rate of 9.5% as shown in Table 8. This factor affects 23 of the 40 improved analysis blocks. This factor is present to a major extent on 15 analysis blocks, and to an minor extent on 8 analysis blocks. The remaining 17 analysis blocks contain no residential uses.

**TABLE 8**  
**Near North Area Residential Vacancy Rate**

| Census Tract | Analysis Blocks with Residential Uses | 1990 Vacancy Rate |
|--------------|---------------------------------------|-------------------|
| 0803         | D1, D2, D3, D4, D5                    | 19.6%             |
| 0804         | C1, C2, C3, C4, C5, C6, C7, C11       | 41.0%             |
| 0805         | B1, B2                                | 40.9%             |
| 0807         | E3, E5                                | 26.3%             |
| 0808         | F1, F2, Part of F5                    | 40.7%             |
| 0818         | Part of F5, F6                        | 12.9%             |
| 0819         | F3, F4                                | 14.1%             |
| Chicago      | Not applicable                        | 9.5%              |

Sources: 1990 U.S. Census  
Camiro, Ltd.

Vacant, abandoned and dilapidated residential structures in the neighborhoods surrounding the Cabrini-Green complex account for many of the vacant units. However, most of the vacant units are found in CHA buildings which have deteriorated to the point where they can no longer be occupied. This factor is present to a major extent within the study area.



Tax parcels continue to reflect the original street grid rather than development patterns, which have evolved over the last 40 years. The consolidation and resubdivision of parcels was not required as more recent development occurred under a variety of institutional owners. This has made determination of ownership of land difficult in many instances and can be expected to exacerbate the inherent difficulties in promoting redevelopment in the Near North Redevelopment Project Area. Current platting of the area is shown in Figure 11 and illustrates the extent to which this is an issue in any reuse plans for the area.

The current pattern of zoning, shown in Figure 12, reflects the diversity of land uses and intensities that have been found in this area throughout its history. Major streets continue to contain a mix of industrial, commercial and residential uses, often without any clear land use pattern, further evidence of lack of community planning.

#### **Lack of Ventilation, Light, or Sanitary Facilities**

Conditions, such as lack of indoor plumbing or lack of adequate windows or other means of providing ventilation or light, can negatively influence the health and welfare of a building's residents or users. Typical requirements for ventilation, light, and sanitary facilities include:

- Adequate mechanical ventilation for air circulation in rooms without windows such as bathrooms, and dust, odor, or smoke producing activity areas;
- Adequate natural light and ventilation by means of skylights or windows for interior rooms with proper window sizes and amounts by room area to window area ratios; and
- Adequate sanitary facilities, including garbage storage, bathroom facilities, hot water and kitchens.

Insufficient information was available to determine the degree to which this factor may be present in the study area.

#### **Obsolescence**

Functional obsolescence is characterized by buildings designed for a single or specific purpose or use, buildings of inadequate size to accommodate alternative uses, or buildings using a type of construction which limits long term use and marketability. Site improvements such as water and sewer lines, public utility lines, roadways, parking areas, parking structures, sidewalks, curbs and gutters, and lighting may be inadequate or obsolete in relation to contemporary standards for such improvements. Functional obsolescence includes poor design or layout, improper orientation of the building on the site, inadequate loading facilities, height, or other factors which detract from the overall usefulness or desirability of the property. As an inherent deficiency, functional obsolescence results in a loss in value of the property.

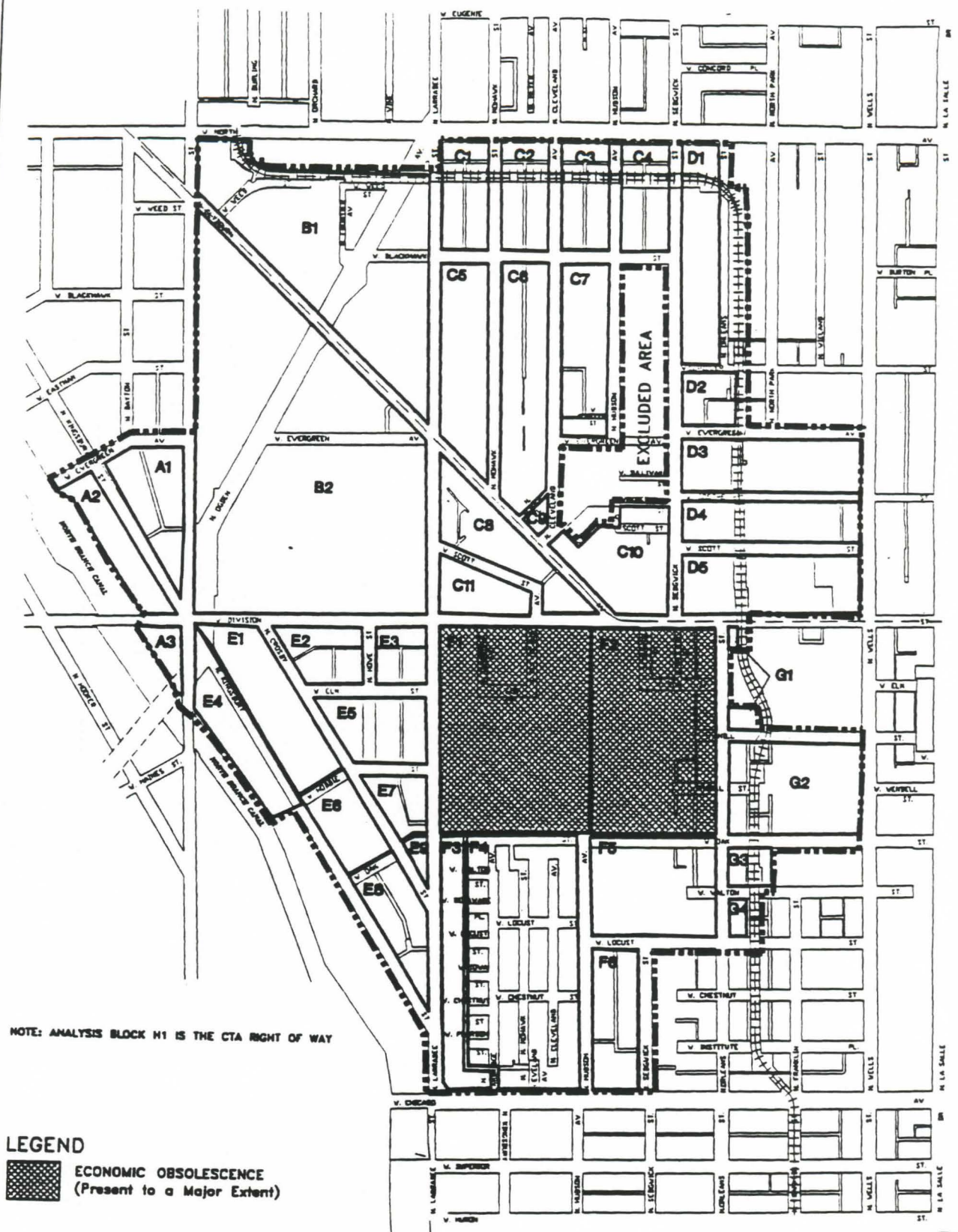
Economic obsolescence may be evidenced by a variety of factors including deterioration of the physical environment, streets of inadequate width or parcels of inadequate size or irregular shape which prevent reasonable development. This condition is often a result of adverse conditions which cause some degree of market rejection and, therefore, a depreciation of market values. The majority of buildings within the study area were designed for residential use and continue to be used for this purpose. The few commercial and industrial structures which may be obsolete for continued non-residential use are sufficiently dispersed within the study area that they do not adversely affect adjacent properties or the area as a whole. These obsolete non-residential uses may also have some potential for conversion to other appropriate neighborhood uses, including housing.

Many of the CHA's housing units, especially those in the high-rise buildings have reached the point where rehabilitation is no longer economically justified. Consequently, economic obsolescence is a factor with respect to certain CHA properties. The two analysis blocks where this factor is considered to be present to a major extent are highlighted in Figure 13. However, because obsolescence was felt to be generally limited to CHA properties within the area, this factor was judged to be present to a limited extent within the study area as a whole.









**FIGURE 13**  
**BLIGHTING FACTORS**  
**OBSOLESCENCE**  
 Near North-Redevelopment Project Area  
 Chicago, Illinois

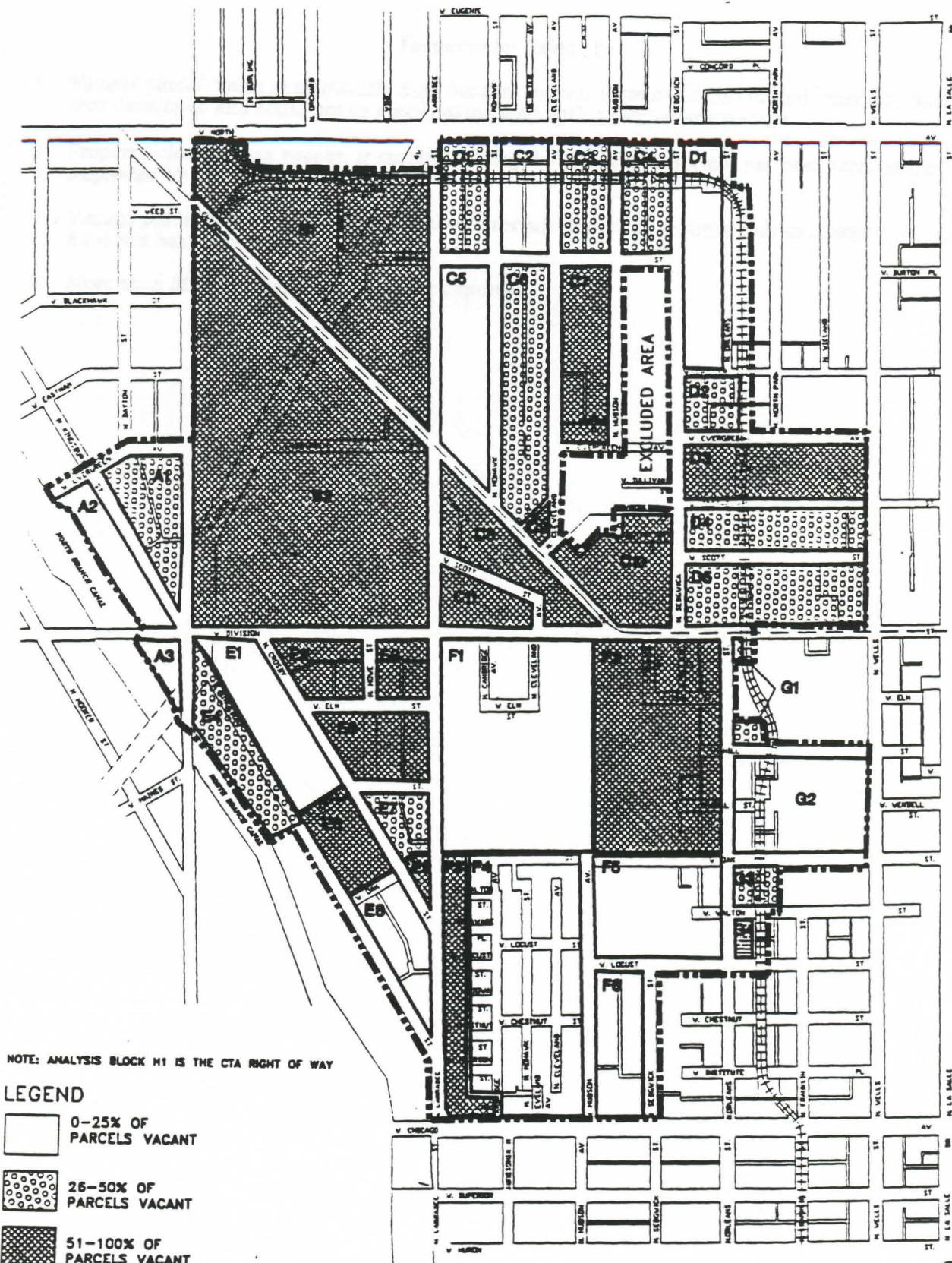
more of the structures have been cited with building code violations. Thus, presence of structures below minimum code standards is considered to be present to a major extent on 19 of the 40 analysis blocks. An additional 12 analysis blocks have at least one building below minimum code standards, representing between 5% and 43% of structures on the analysis block; this factor was found to be present to a minor extent on these 12 blocks. All in all, 31 of the 40 analysis blocks with improvements have buildings which have been cited with building code violations. Therefore, this factor is present to a major extent within the study area.



**TABLE 10**  
**Presence of Structures Below Minimum Code Standards**

| Analysis Block | Total Number of Structures | Building Code Violations | Percentage of Structures with Violations |
|----------------|----------------------------|--------------------------|------------------------------------------|
| A1             | 6                          | 0                        | 0%                                       |
| A2             | 2                          | 0                        | 0%                                       |
| A3             | 1                          | 0                        | 0%                                       |
| B1             | 8                          | 3                        | 38%                                      |
| B2             | 13                         | 7                        | 54%                                      |
| C1             | 11                         | 8                        | 73%                                      |
| C2             | 30                         | 4                        | 13%                                      |
| C3             | 30                         | 5                        | 17%                                      |
| C4             | 27                         | 6                        | 22%                                      |
| C5             | 14                         | 11                       | 79%                                      |
| C6             | 42                         | 14                       | 33%                                      |
| C7             | 4                          | 2                        | 50%                                      |
| C8             | 14                         | 6                        | 43%                                      |
| C9             | 2                          | 2                        | 100%                                     |
| C10            | 6                          | 7                        | *                                        |
| C11            | 2                          | 1                        | 50%                                      |
| D1             | 38                         | 11                       | 29%                                      |
| D2             | 16                         | 8                        | 50%                                      |
| D3             | 5                          | 1                        | 20%                                      |
| D4             | 7                          | 8                        | *                                        |
| D5             | 20                         | 1                        | 5%                                       |
| E1             | 3                          | 0                        | 0%                                       |
| E2             | 1                          | 2                        | *                                        |
| E3             | 5                          | 6                        | *                                        |
| E4             | 3                          | 2                        | 67%                                      |
| E5             | 4                          | 7                        | *                                        |
| E6             | 0                          | 0                        | 0%                                       |
| E7             | 4                          | 2                        | 50%                                      |
| E8             | 3                          | 2                        | 67%                                      |
| E9             | 1                          | 1                        | 100%                                     |
| F1             | 8                          | 7                        | 88%                                      |
| F2             | 20                         | 6                        | 30%                                      |
| F3             | 10                         | 7                        | 70%                                      |
| F4             | 84                         | 23                       | 27%                                      |
| F5             | 6                          | 4                        | 67%                                      |
| F6             | 3                          | 1                        | 33%                                      |
| G1             | 1                          | 0                        | 0%                                       |
| G2             | 3                          | 0                        | 0%                                       |
| G3             | 2                          | 0                        | 0%                                       |
| G4             | 0                          | 0                        | 0%                                       |
| H1             | 1                          | 0                        | 0%                                       |
| <b>TOTAL</b>   | <b>460</b>                 | <b>175</b>               | <b>38%</b>                               |

\* The 'Percentage of Block with Violations' was over 100% for these analysis blocks because violation data was compiled from 1994 to the present and some violations occurred at buildings which have since been demolished. Therefore, those structures were not accounted for in the building survey.



**FIGURE 15**  
**DISTRIBUTION OF VACANT PARCELS**  
 Near North Redevelopment Project Area  
 Chicago, Illinois



Prepared By  
**CAMIROS**

411 South Wabash Street  
 Chicago, Illinois 60607  
 (312) 662-6211  
 Planning, Zoning  
 Economic Development  
 and Landscape Architecture



Footnotes for Table 11

- 1 *Vacant parcel count is artificially high because parcels were not consolidated when the block was developed and could not be clearly associated with a particular structure.*
- 2 *Property classified as vacant, is currently being developed but has not yet been reclassified as improved by the assessor's office.*
- 3 *Vacant parcel count includes parks, school grounds and other institutional uses where parcels have not been consolidated.*
- 4 *More than 50% of land area on block is improved.*







Prepared By  
**CAMIROS**  
411 South Wells Street  
Chicago, Illinois 60607  
(312) 652-6211  
Planning, Zoning,  
Community Development  
and Landscape Architecture









Prepared By  
**CAMIROS**  
411 South Oaks Street  
Chicago, Illinois 60607  
(312) 662-6211  
Planning, Zoning,  
Economic Development  
and Landscape Architecture

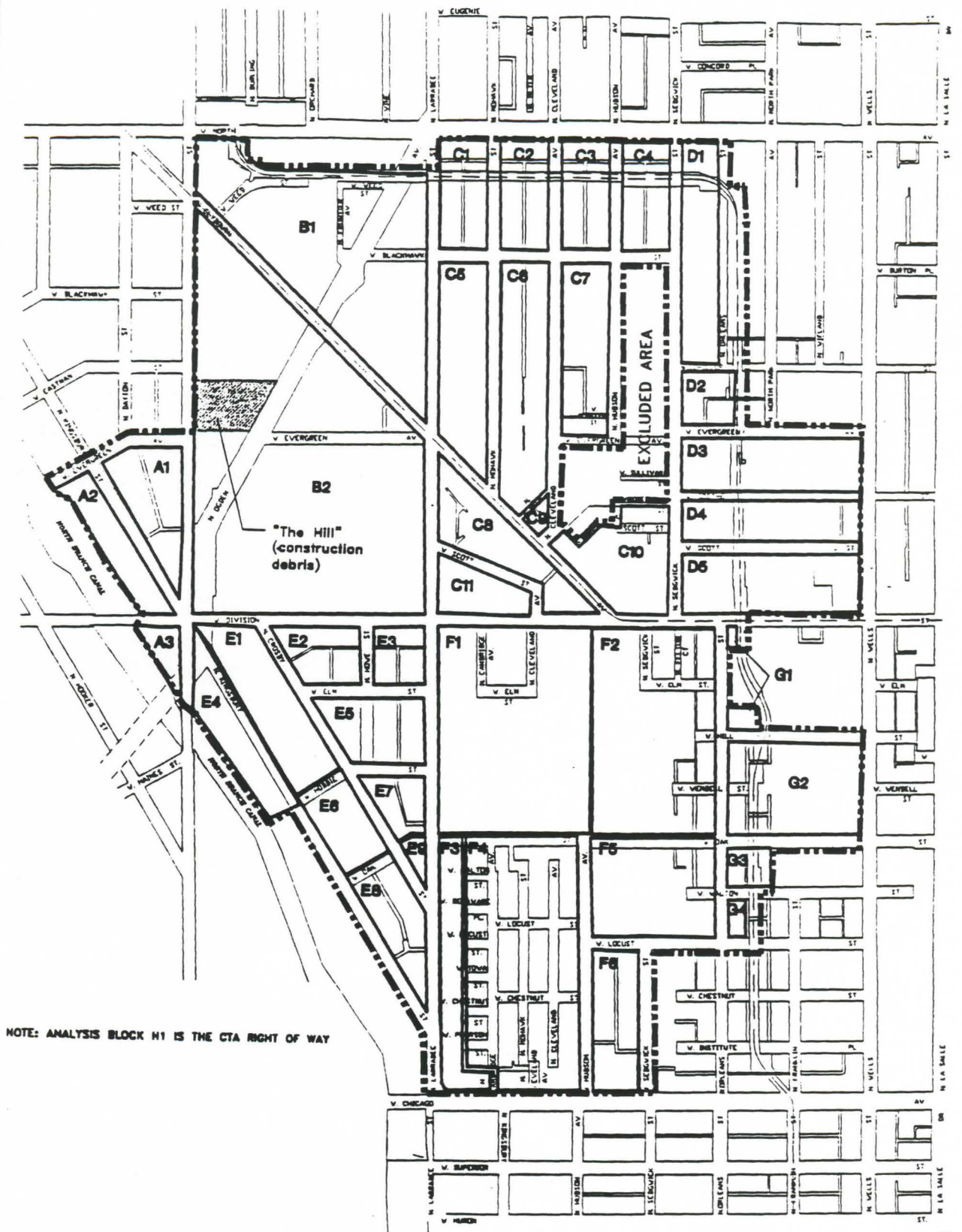


FIGURE 21  
 BLIGHTING FACTORS  
 UNUSED DISPOSAL SITE  
 Near North Redevelopment Project Area  
 Chicago, Illinois



Prepared by  
**CAMIROS**

411 South State Street  
 Chicago, Illinois 60607  
 (312) 622-8211  
 Planning, Zoning,  
 Economic Development  
 and Landscape Architecture







**TABLE 16**  
**Distribution of Blighting Factors On Blocks Where More Than 50% of Parcels are Classified as Vacant**

| Blighting Factors                                                 | Analysis Block |     |    |    |    |     |     |    |    |    |    |     |    |    |    |
|-------------------------------------------------------------------|----------------|-----|----|----|----|-----|-----|----|----|----|----|-----|----|----|----|
|                                                                   | B1             | B2  | C7 | C8 | C9 | C10 | C11 | D3 | E2 | E3 | E5 | E6  | E9 | F2 | F3 |
| # Vacant Parcels                                                  | 139            | 149 | 33 | 26 | 4  | 12  | 14  | 13 | 24 | 11 | 25 | 4   | 2  | 25 | 17 |
| % Vacant Parcel                                                   | 79             | 72  | 83 | 53 | 67 | 57  | 61  | 65 | 96 | 61 | 87 | 100 | 67 | 51 | 53 |
| <b>Presence of 2 factors qualifies vacant land as blighted</b>    |                |     |    |    |    |     |     |    |    |    |    |     |    |    |    |
| Deterioration in Neighboring Areas                                | •              | •   | Δ  | •  | Δ  | •   | •   | Δ  | •  | •  | •  | Δ   | •  | •  | •  |
| Diversity of Ownership                                            |                |     |    | Δ  | •  | Δ   |     |    |    | Δ  | Δ  |     |    | Δ  | •  |
| Flooding                                                          |                |     |    |    |    |     |     |    |    |    |    |     |    |    |    |
| Obsolete Platting                                                 | •              | •   | Δ  |    |    | Δ   |     | Δ  |    |    | Δ  | Δ   |    | Δ  |    |
| Tax Delinquencies                                                 |                |     |    | Δ  |    |     |     |    |    | Δ  | Δ  |     |    |    | Δ  |
| <b>Presence of 1 factor qualifies vacant land and as blighted</b> |                |     |    |    |    |     |     |    |    |    |    |     |    |    |    |
| Blighted before becoming vacant                                   |                |     |    |    |    |     |     |    |    |    |    |     |    |    |    |
| Unused quarry or quarries                                         |                |     |    |    |    |     |     |    |    |    |    |     |    |    |    |
| Unused railroad tracks or R.O.W.                                  |                |     |    |    |    |     |     |    |    |    |    | •   |    |    |    |
| Unused disposal area                                              |                | •   |    |    |    |     |     |    |    |    |    |     |    |    |    |
| Subject to chronic flooding                                       |                |     |    |    |    |     |     |    |    |    |    |     |    |    |    |
| Designated but unused                                             |                |     |    |    |    |     |     |    |    |    |    |     |    |    |    |

• - Factor Present to a Major Extent

Δ - Factor Present to a Minor Extent





**APPRAISAL AND CONSULTATION SERVICE**

**SCATTERED SITE PROGRAM:  
SIXTEEN UNITS, MOHAWK NORTH DEVELOPMENT  
1400 N. BLOCK, LARRABEE AVENUE  
CHICAGO, ILLINOIS**



**MEYER-MURIELLO**  
**APPRAISERS & VALUATION ANALYSTS**





**MEYER-MURIELLO**  
APPRAISERS & VALUATION ANALYSTS  
500 E. Higgins Road, Suite #105  
Elk Grove Village, Illinois 60007-1437  
708/593-5151 ♦ FAX: 708/593-5158

September 24, 1997

File No.: 0650CH7.494

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

Re: Appraisal and Consultation Service  
Scattered Site Program  
Sixteen Units, Mohawk North Development  
1400 N. Block, Larrabee Avenue  
Chicago, Illinois

Dear Mr. Hickman:

As requested, we have completed an appraisal and consultation service relative to the property above captioned. This report is being prepared for The Habitat Company as Receiver for the CHA's Scattered Site/Replacement Housing Program. This report has been prepared in strict conformance with the Uniform Standards of Professional Appraisal Practice (USPAP) and the Supplemental Standards of the Appraisal Institute. These include a review of the report by an authorized committee of the Appraisal Institute, if they so request.

This report is a combination of USPAP reporting options, including a Real Estate Consulting Service (Standard 5) and a Limited Appraisal - Summary Report. This report is "limited" by virtue of various USPAP departures, including the following:

1. We have been asked to estimate only the retail value of the subject units. The Departure is the Present Worth Analysis of the subject as a single project.
2. The omission of the Cost Approach, including underlying land. This is not considered to be a significant USPAP Departure for the estimate of individual unit retail value since the Cost Approach is simply not utilized by typical buyers and sellers of individual condominiums and townhouse units in this market area.

m

**MEYER-MURIELLO**  
APPRAISERS & VALUATION ANALYSTS

Mr. Philip A. Hickman  
The Habitat Company  
September 24, 1997  
Page 3

The following are the results of our studies as of July 29, 1997, subject to all Definitions, Assumptions, Special Assumptions, and Limiting Conditions as outlined in the body of this report

|                                                              |             |
|--------------------------------------------------------------|-------------|
| AGGREGATE RETAIL VALUE                                       | \$2,154,000 |
| PRESENT WORTH, MARKET VERSUS<br>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   |

Disclosure of the contents of this appraisal is governed by the Bylaws and Regulations of the Appraisal Institute. In furtherance of the aims of the Institute to develop higher standards of professional performance by its members, the appraisers may be required to submit to authorized committees of said Institute copies of this report and any subsequent changes or modifications thereof. Our appraisal is prepared in conformance with the Code of Professional Ethics and the Uniform Standards of Professional Appraisal Practice and Supplemental Standards of the Appraisal Institute, and also is consistent with appraisal requirements and guidelines mandated by FIRREA.

This letter of transmittal sets forth the value conclusions resulting from our inspection, research, and analyses. Some of the data and analyses to support these conclusions immediately follows in the form of a Limited Appraisal - Summary Report, and Consultation Service

Respectfully submitted,



THOMAS G. MURIELLO, SRA  
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



## 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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**MEYER-MURIELLO**  
APPRAISERS & VALUATION ANALYSTS

Mr. Philip A. Hickman  
The Habitat Company  
September 24, 1997  
Page 2

3. We have been asked to project the "value" of the subject units at the end of a 40 year lease term for purposes that will be explained below. Such a projection is extremely speculative by character and nature, and falls better under the category of investment value given certain parameters and assumptions. In no way is this conclusion/projection to be construed as a supportable and bona fide opinion of market value.

\* \* \* \* \*

We understand that this appraisal report is intended to be used as part of the negotiation process in contemplating a 40 year lease for the subject units. At your request, our appraisal and consultation service includes the following:

1. Estimate of market rents for the subject units.
2. Preparation of a discounted cash flow study to reflect the present worth of the difference between gross rent at market levels versus gross rent at contract levels over the 40 year lease term. The results will represent the amount due to the developers as a one-time, up-front capital payment.
3. Analysis of the developer's proforma monthly operating expense and advise accordingly in comparison to market levels.
4. Estimate a "residual payment" upon the sale of the subject units at the end of the lease term, acknowledging that the final amount will be 25% of the net sale proceeds (understood as gross sales less unpaid CMHDC debt).

The subject consists of 16 individual, scattered condominium units in a development known as The Homes of Mohawk North. The 16 units are at various locations in the 22-building, 66-unit section of this development, located along the east side of Larrabee Avenue between North and Clybourn Avenues, in the expanding westerly sector of the Old Town community. The units include 6 "A" first floor, 6 "B" second floor, and 4 "C" third floor units, all five room, 2-bedroom, 1½ bath dwellings. We have been asked to appraise the retail value of these units as standard models, no options.

## **ANALYSIS AND CONCLUSIONS**

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**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" having 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 Clybourn.

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

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View of adjacent SFR section



**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

**Subject**



- |    |                                   |
|----|-----------------------------------|
| 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        |



### **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.

**SECTION ONE**  
**MARKET RENTS VERSUS CONTRACT RENTS**



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

\* \* \* \* \*

**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<br>Municipal Bonds | 5.50% | 5.75% | 5.95% | 6.19% | 5.63% | 6.41% | 6.89% | 7.25%      | 7.24%      |
| Corporate Aaa<br>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<br>% | 10.87<br>% |

**TABLE II: RATE CHANGE ANALYSIS**

| Period                         | 1996 to<br>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<br>Municipal<br>Bonds | -25%             | -2%   | -19%  | 20%   | -12%  | -7%   | -5%   | 0%    |
| Corporate<br>Aaa Bonds         | -1%              | -3%   | 15%   | 10%   | -11%  | -7%   | -6%   | 1%    |
| Discount<br>Rate               | N/A              | -4%   | 45%   | 28%   | -8%   | -40%  | -22%  | 1%    |
| Prime Rate                     | 3%               | -4%   | 23%   | 42%   | -4%   | -26%  | -15%  | -8%   |
| Average<br>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) <sup>1</sup> |       |       |       |       |       |
| 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%  |

<sup>1</sup> 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 <sup>1</sup> , at start, Year 1 |
| First Year Gross Contract Rents: | \$76,800                                |
| First Year Gross Market Rents:   | \$247,200                               |

<sup>1</sup> Gross  $\$247,200 \div 16 \text{ units} \div 12 \text{ months}$ .



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                              | 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.

**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 (misc.)     | 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                 | \$ $\phi$         | \$ $\phi$                                                             |                     | \$ $\phi$                                                             |                     | \$ 141.80 $\phi$                                                          |                     |
| 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)                      |                   | <input checked="" type="checkbox"/> + <input type="checkbox"/> - \$ 0 |                     | <input checked="" type="checkbox"/> + <input type="checkbox"/> - \$ 0 |                     | <input type="checkbox"/> + <input checked="" type="checkbox"/> - \$ 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<br>119 days-on-mkt |                     |

SALES COMPARISON ANALYSIS

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                                                | \$ 148.09                        | \$ 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                                                    | 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<br>4 : 2 : 1.5 | Total Bdrms Baths<br>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)                                                     |                                  | <input type="checkbox"/> + <input checked="" type="checkbox"/> - : \$ 26,400 |                     | <input type="checkbox"/> + <input type="checkbox"/> - : \$ |                     | <input type="checkbox"/> + <input type="checkbox"/> - : \$ |                     |
| 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 Project Name "B" unit     | 1491 N. Larrabee  | 1463 N. Larrabee<br>A-36                 |                     | 1471 N. Larrabee<br>A-39                 |                     | 1453 N. Larrabee<br>A-32 |                     |
| Proximity to Subject                  |                   | same block                               |                     | same block                               |                     | same block               |                     |
| Sales Price                           | \$                | \$ 127,500                               |                     | \$ 125,000                               |                     | \$ 136,839               |                     |
| Price/Gross Liv. Area                 | \$                | \$ 141.80                                |                     | \$ 141.80                                |                     | \$ 141.80                |                     |
| Data and/or Verification Sources      | Insp Developer    | Redlink, public records<br>Doc #97389683 |                     | Redlink, Public records<br>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                           | 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                                      |                     |                          |                     |
| 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<br>B-44                                 |                     | 1455 N. Larrabee<br>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                                                | \$                           | \$ 139.90                                                |                     | \$ 139.79                                                           |                     | \$ 135.00                                                           |                     |
| Data and/or Verification Sources                                     | Insp Developer               | Redlink, Public records<br>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<br>4 2 1.5 | Total Bdrms Baths<br>4 2 1.5                             |                     | Total Bdrms Baths<br>4 2 2                                          |                     | Total Bdrms Baths<br>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)                                                     |                              | <input type="checkbox"/> + <input type="checkbox"/> - \$ |                     | <input checked="" type="checkbox"/> + <input type="checkbox"/> - \$ |                     | <input checked="" type="checkbox"/> + <input type="checkbox"/> - \$ | 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)                                                     |                             | <input type="checkbox"/> + <input checked="" type="checkbox"/> - \$ | 19,400              | <input type="checkbox"/> + <input type="checkbox"/> - \$ |                     | <input type="checkbox"/> + <input type="checkbox"/> - \$ |                     |
| 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



RETAIL VALUE ESTIMATE: THIRD FLOOR UNITS

| ITEM                                  | SUBJECT               | COMPARABLE NO. 5  |                     | COMPARABLE NO. 6  |                     | COMPARABLE NO. 7  |                     | COMPARABLE NO. 8  |                     |
|---------------------------------------|-----------------------|-------------------|---------------------|-------------------|---------------------|-------------------|---------------------|-------------------|---------------------|
| Address and                           | 247 W. Scott, 3rd Flr | 250 W. Scott #302 |                     | 250 W. Scott #103 |                     | 250 W. Scott #104 |                     | 250 W. Scott #404 |                     |
| Project Name                          | OldTown West          | Old Town West     |                     | Old Town West     |                     | Old Town West     |                     | Old Town West     |                     |
| Proximity to Subject                  |                       | Same Block        |                     | Same Block        |                     | Same              |                     | Same              |                     |
| Sales Price                           | \$ ---                | \$ 188,488        |                     | \$ 174,900        |                     | \$ 170,955        |                     | \$ 134,900        |                     |
| Price/Gross Liv. Area                 | \$ 0                  | \$ 180.20 0       |                     | \$ 167.21 0       |                     | \$ 163.44 0       |                     | \$ 165.52 0       |                     |
| Data and/or Verification Sources      | Developer             | MCL               |                     | MCL               |                     | MCL               |                     | MCL               |                     |
| VALUE ADJUSTMENTS                     | DESCRIPTION           | DESCRIPTION       | + (-) \$ Adjustment | DESCRIPTION       | + (-) \$ Adjustment | DESCRIPTION       | + (-) \$ Adjustment | DESCRIPTION       | + (-) \$ Adjustment |
| Sales or Financing                    |                       | Under             |                     | Under             |                     | Under             |                     | Under             |                     |
| Concessions                           |                       | Contract          |                     | Contract          |                     | Contract          |                     | Contract          |                     |
| Date of Sale/Time                     |                       | 4-97              |                     | 7-97              |                     | 4-97              |                     | 8-97              |                     |
| Location                              | Adjacent "L"          | Adjacent "L"      |                     | Adjacent "L"      |                     | Adjacent "L"      |                     | Adjacent "L"      |                     |
| Leasehold/Fee Simple                  | Fee Simple            | Fee Simple        |                     | Fee Simple        |                     | Fee Simple        |                     | Fee Simple        |                     |
| HOA Mo. Assessment                    | \$100 (Est)           | Compet.           |                     | Compet.           |                     | Compet.           |                     | Compt.            |                     |
| Common Elements and Rec. Facilities   | None                  | None              |                     | None              |                     | None              |                     | None              |                     |
| Project Size/Type                     | 24 Units              | Multi             |                     | Multi             |                     | Multi             |                     | Multi             |                     |
| Floor Location                        | 3rd. floor            | 2nd. floor        | -10,000             | 3rd. floor        |                     | 4th. floor        | +10,000             | 4th. floor        | +10,000             |
| View                                  | Train                 | Train             |                     | Train             |                     | Train             |                     | Train             |                     |
| Design and Appeal                     | New/Average           | New/Average       |                     | New/Average       |                     | New/Average       |                     | New/Average       |                     |
| Quality of Construction               | Brick                 | Brick             |                     | Brick             |                     | Brick             |                     | Brick             |                     |
| Age                                   | New                   | New               |                     | New               |                     | New               |                     | New               |                     |
| Condition                             | Good                  | Good              |                     | Good              |                     | Good              |                     | Good              |                     |
| Above Grade                           | Total Bdrms Baths     | Total Bdrms Baths |                     | Total Bdrms Baths |                     | Total Bdrms Baths |                     | Total Bdrms Baths |                     |
| Room Count                            | 5 : 2 : 1             | 5 : 2 : 2         | -12,000             | 5 : 2 : 2         | -12,000             | 5 : 2 : 2         | -12,000             | 4 : 1 : 1         |                     |
| Gross Living Area                     | 1,046 Sq. Ft.         | 1,046 Sq. Ft.     |                     | 1,046 Sq. Ft.     |                     | 1,046 Sq. Ft.     |                     | 815 Sq. Ft.       | +12,600             |
| Basement & Finished Rooms Below Grade | None                  | None              |                     | None              |                     | None              |                     | None              |                     |
| Functional Utility                    | Average               | Average           |                     | Average           |                     | Average           |                     | 1-Bedroom         | +5,000              |
| Heating/Cooling                       | FA; CA                | FA; CA            |                     | FA; CA            |                     | FA; CA            |                     | FA; CA            |                     |
| Energy Efficient Items                | Good                  | Good              |                     | Good              |                     | Good              |                     | Good              |                     |
| Car Storage                           | 1-Open                | 1-Open            |                     | 1-Open            |                     | 1-Open            |                     | 1-Open            |                     |
| Balcony, Patio, Fireplace(s), etc.    | Patio                 | Patio             |                     | Patio             |                     | Patio             |                     | Patio             |                     |
|                                       | 1-Fireplace           | 1-Fireplace       |                     | 1-Fireplace       |                     | 1-Fireplace       |                     | 1-Fireplace       |                     |
|                                       |                       | Extras            | -3,588              |                   |                     | Extras            | -6,055              |                   |                     |
| Net Adj. (Total)                      |                       | ☐ + ☒ - :\$       | 25,588              | ☐ + ☒ - :\$       | 12,000              | ☐ + ☒ - :\$       | 8,055               | ☒ + ☐ - :\$       | 27,600              |
| Adjusted Sales Price of Comparable    |                       | \$                | 162,900             | \$                | 162,900             | \$                | 162,900             | \$                | 162,500             |

SALES COMPARISON ANALYSIS

RETAIL VALUE ESTIMATE: FOURTH FLOOR UNITS

| ITEM                                  | SUBJECT                              | COMPARABLE NO. 1               |                     | COMPARABLE NO. 2                          |                     | COMPARABLE NO. 3               |                     | COMPARABLE NO. 4                   |                     |
|---------------------------------------|--------------------------------------|--------------------------------|---------------------|-------------------------------------------|---------------------|--------------------------------|---------------------|------------------------------------|---------------------|
| Address and Project Name              | 247 W. Scott, 4th Fl<br>OldTown West | 1445 Mohawk #1                 |                     | 1483 N. Larrabee #44-B                    |                     | 1530 N. Mohawk #2              |                     | 250 W. Scott #101<br>Old Town West |                     |
| Proximity to Subject                  |                                      | 2-Blocks                       |                     | 2-Blocks                                  |                     | 3-Blocks                       |                     | Same Block                         |                     |
| Sales Price                           | \$ ---                               | \$ 135,000                     |                     | \$ 135,000                                |                     | \$ 158,000                     |                     | \$ 154,900                         |                     |
| Price/Gross Liv. Area                 | \$ ---                               | \$ 135.00                      |                     | \$ 139.90                                 |                     | \$ 148.64                      |                     | \$ 148.09                          |                     |
| Data and/or Verification Sources      | Developer                            | MLS of Northern Illinois       |                     | Redlink; Public Records<br>Doc. #97221102 |                     | Inspection;<br>MLS of No. ILL  |                     | MCL/Developer                      |                     |
| VALUE ADJUSTMENTS                     | DESCRIPTION                          | DESCRIPTION                    | + (-) \$ Adjustment | DESCRIPTION                               | + (-) \$ Adjustment | DESCRIPTION                    | + (-) \$ Adjustment | DESCRIPTION                        | + (-) \$ Adjustment |
| Sales or Financing Concessions        |                                      | Conventional                   |                     | Conventional                              |                     | Conventional                   |                     | Under Contract                     |                     |
| Date of Sale/Time                     |                                      | 4-97                           |                     | 4-97                                      |                     | 1-96                           |                     | 11-96                              |                     |
| Location                              | Adjacent "L"                         | Inferior                       | +5,000              | Inf/General                               | +10,000             | Inferior                       | +5,000              | Adjacent "L"                       |                     |
| Leasehold/Fee Simple                  | Fee Simple                           | Fee Simple                     |                     | Fee Simple                                |                     | Fee Simple                     |                     | Fee Simple                         |                     |
| HOA Mo. Assessment                    | \$100 (Est)                          | \$50                           |                     | \$100 (Est)                               |                     | \$100 (Est)                    |                     | \$100                              |                     |
| Common Elements and Rec. Facilities   | None                                 | None                           |                     | None                                      |                     | None                           |                     | None                               |                     |
| Project Size/Type                     | 24 Units                             | 4 Units                        |                     | 3 Units                                   |                     | 3 Units                        |                     | Multi                              |                     |
| Floor Location                        | 4th. floor                           | 1st. floor                     | +7,000              | 2nd. floor                                |                     | 2nd. floor                     |                     | 1st. floor                         | +10,000             |
| View                                  | Train                                | Residence                      | -5,000              | School                                    | -3,000              | Residence                      |                     | Train                              |                     |
| Design and Appeal                     | New/Average                          | Vintage/Avg                    |                     | New/Inferior                              | +10,000             | New/Avg                        |                     | New/Average                        |                     |
| Quality of Construction               | Brick                                | Brick                          |                     | Brick                                     |                     | Brick                          |                     | Brick                              |                     |
| Age                                   | New                                  | 80+-/Rehab                     | +15,000             | New                                       |                     | New                            |                     | New                                |                     |
| Condition                             | Good                                 | Good                           |                     | Good                                      |                     | Good                           |                     | Good                               |                     |
| Above Grade Room Count                | Total Bdrms Baths<br>5 : 2 : 1       | Total Bdrms Baths<br>4 : 2 : 2 | -10,000             | Total Bdrms Baths<br>4 : 2 : 1.5          | -7,000              | Total Bdrms Baths<br>5 : 2 : 2 | -12,000             | Total Bdrms Baths<br>5 : 2 : 2     | -12,000             |
| Gross Living Area                     | 1,046 Sq. Ft.                        | 1,000 Sq. Ft.                  | +2,300              | 965 Sq. Ft.                               | +4,000              | 1,063 Sq. Ft.                  |                     | 1,046 Sq. Ft.                      |                     |
| Basement & Finished Rooms Below Grade | None                                 | None                           |                     | None                                      |                     | None                           |                     | None                               |                     |
| Functional Utility                    | Average                              | Average                        |                     | Average                                   |                     | Average                        |                     | Average                            |                     |
| Heating/Cooling                       | FA;CA                                | FA;CA                          |                     | FA;CA                                     |                     | FA;CA                          |                     | FA;CA                              |                     |
| Energy Efficient Items                | Good                                 | Good                           |                     | Good                                      |                     | Good                           |                     | Good                               |                     |
| Car Storage                           | 1-Open                               | None                           | +7,000              | 1-Open                                    |                     | 1-Open                         |                     | 1-Open                             |                     |
| Balcony, Patio, Fireplace(s), etc.    | Patio<br>1-Fireplace                 | Deck                           | +3,000              | Patio                                     | +3,000              | Deck<br>1-Fireplace            |                     | Patio<br>1-Fireplace               |                     |
| Net Adj. (total)                      |                                      | ☒ + ☐ - : \$                   | 24,300              | ☒ + ☐ - : \$                              | 17,000              | ☐ + ☒ - : \$                   | 7,000               | ☐ + ☒ - : \$                       | 2,000               |
| Adjusted Sales Price of Comparable    |                                      | \$                             | 159,300             | \$                                        | 152,000             | \$                             | 151,000             | \$                                 | 152,900             |

SALES COMPARISON SETS



RETAIL VALUE ESTIMATE: FOURTH FLOOR UNITS

| ITEM                                  | SUBJECT              | COMPARABLE NO. 5  |                     | COMPARABLE NO. 6  |                     | COMPARABLE NO. 7  |                     | COMPARABLE NO. 8  |                     |
|---------------------------------------|----------------------|-------------------|---------------------|-------------------|---------------------|-------------------|---------------------|-------------------|---------------------|
| Address and                           | 247 W. Scott, 4th Fl | 250 W. Scott #302 |                     | 250 W. Scott #103 |                     | 250 W. Scott #104 |                     | 250 W. Scott #404 |                     |
| Project Name                          | Old Town West        | Old Town West     |                     | Old Town West     |                     | Old Town West     |                     | Old Town West     |                     |
| Proximity to Subject                  |                      | Same Block        |                     | Same Block        |                     | Same              |                     | Same              |                     |
| Sales Price                           | \$ ---               | \$ 188,488        |                     | \$ 174,900        |                     | \$ 170,955        |                     | \$ 134,900        |                     |
| Price/Gross Liv. Area                 | \$ ---               | \$ 180.20         |                     | \$ 167.21         |                     | \$ 163.44         |                     | \$ 165.52         |                     |
| Data and/or Verification Sources      | Developer            | MCL               |                     | MCL               |                     | MCL               |                     | MCL               |                     |
| VALUE ADJUSTMENTS                     | DESCRIPTION          | DESCRIPTION       | + (-) \$ Adjustment | DESCRIPTION       | + (-) \$ Adjustment | DESCRIPTION       | + (-) \$ Adjustment | DESCRIPTION       | + (-) \$ Adjustment |
| Sales or Financing                    |                      | Under Contract    |                     | Under Contract    |                     | Under Contract    |                     | Under Contract    |                     |
| Concessions                           |                      |                   |                     |                   |                     |                   |                     |                   |                     |
| Date of Sale/Time                     |                      | 4-97              |                     | 7-97              |                     | 4-97              |                     | 8-97              |                     |
| Location                              | Adjacent "L"         | Adjacent "L"      |                     | Adjacent "L"      |                     | Adjacent "L"      |                     | Adjacent "L"      |                     |
| Leasehold/Fee Simple                  | Fee Simple           | Fee Simple        |                     | Fee Simple        |                     | Fee Simple        |                     | Fee Simple        |                     |
| HOA Mo. Assessment                    | \$100 (Est)          | Compet.           |                     | Compet.           |                     | Compet.           |                     | Compt.            |                     |
| Common Elements and Rec. Facilities   | None                 | None              |                     | None              |                     | None              |                     | None              |                     |
| Project Size/Type                     | 24 Units             | Multi             |                     | Multi             |                     | Multi             |                     | Multi             |                     |
| Floor Location                        | 4th. floor           | 2nd. floor        | -20,000             | 3rd. floor        | -10,000             | 4th. floor        |                     | 4th. floor        |                     |
| View                                  | Train                | Train             |                     | Train             |                     | Train             |                     | Train             |                     |
| Design and Appeal                     | New/Average          | New/Average       |                     | New/Average       |                     | New/Average       |                     | New/Average       |                     |
| Quality of Construction               | Brick                | Brick             |                     | Brick             |                     | Brick             |                     | Brick             |                     |
| Age                                   | New                  | New               |                     | New               |                     | New               |                     | New               |                     |
| Condition                             | Good                 | Good              |                     | Good              |                     | Good              |                     | Good              |                     |
| Above Grade                           | Total Bdrms Baths    | Total Bdrms Baths |                     | Total Bdrms Baths |                     | Total Bdrms Baths |                     | Total Bdrms Baths |                     |
| Room Count                            | 5 : 2 : 1            | 5 : 2 : 2         | -12,000             | 5 : 2 : 2         | -12,000             | 5 : 2 : 2         | -12,000             | 4 : 1 : 1         |                     |
| Gross Living Area                     | 1,046 Sq. Ft.        | 1,046 Sq. Ft.     |                     | 1,046 Sq. Ft.     |                     | 1,046 Sq. Ft.     |                     | 815 Sq. Ft.       | +12,600             |
| Basement & Finished Rooms Below Grade | None                 | None              |                     | None              |                     | None              |                     | None              |                     |
| Functional Utility                    | Average              | Average           |                     | Average           |                     | Average           |                     | 1-Bedroom         | +5,000              |
| Heating/Cooling                       | FA;CA                | FA;CA             |                     | FA;CA             |                     | FA;CA             |                     | FA;CA             |                     |
| Energy Efficient Items                | Good                 | Good              |                     | Good              |                     | Good              |                     | Good              |                     |
| Car Storage                           | 1-Open               | 1-Open            |                     | 1-Open            |                     | 1-Open            |                     | 1-Open            |                     |
| Balcony, Patio, Fireplace(s), etc.    | Patio                | Patio             |                     | Patio             |                     | Patio             |                     | Patio             |                     |
|                                       | 1-Fireplace          | 1-Fireplace       |                     | 1-Fireplace       |                     | 1-Fireplace       |                     | 1-Fireplace       |                     |
|                                       |                      | Extras            | -3,588              |                   |                     | Extras            | -6,055              |                   |                     |
| Net Adj. (total)                      |                      | ☐ + ☒ - : \$      | 35,588              | ☐ + ☒ - : \$      | 22,000              | ☐ + ☒ - : \$      | 18,055              | ☒ + ☐ - : \$      | 17,600              |
| Adjusted Sales Price of Comparable    |                      | \$                | 152,900             | \$                | 152,900             | \$                | 152,900             | \$                | 152,500             |

SALES COMPARISON ANALYSIS

## CONCLUSIONS:

The sales cited in the grid summaries represent the best of the total number uncovered for this analysis. Primary variations are attributed to location, size, age, and number of baths (i.e. sales outside of the subject development), and floor location.

We have presented eight sales for comparison purposes, including five under contract in the Old Town Square development. These five are all of approximately 14 that are under contract. Four of the 14, all 2-bedroom, 2 bath units, did close in August of 1997. The balance are set for closings from between September 1997 through March of 1998, depending upon completion.

The other cited are from this general market area, and therefore would be considered as viable comparisons, at least initially. One of these in The Homes of Mohawk development, at the westerly edge of the redevelopment district. However, there is little doubt that the subject location, despite the exposure of some units to the elevated tracks, is superior to these alternate comparisons.

Comparison to units of a given new construction development is normally considered to be prudent in traditional appraisal practice. But in many instances a developer can create a unique market within that specific development. This appears to be the case for the condominium section of Old Town Square, evident mostly in the healthy differences between prices for varying floor locations. For example, the two-bedroom two bath "Sullivan II" model is priced at a base rate of \$154,900 for the first floor and then jumps rather dramatically \$184,900 for the second floor, and then drops \$10,000 to \$174,900 for the third floor, and then drops still again \$10,000 to \$164,900 for the fourth floor. It must be understood that this is a walk-up building, and traditionally garden units will sell for less than upper floors. It is also likely that the second and third floor units might sell for similar amounts, and sometimes the third floor can sell for more. This is not the case at Old Town Square. The decrease for the fourth floor is understandable, i.e. \$10,000, since this is the highest level in a walk-up building. But initially, we did question the substantial nearly 20% increase from the garden level to the first floor units in this development. But the key is that sale data within the development, although much of it is still under contract, seems to be proving that the developer is correct with this price variation.

With this in mind, it is our suspicion that the better comparatives for the subject units are within the same development by and large. One of the reasons is that the likelihood of



achieving \$30,000 more for a second floor unit in Mohawk North in comparison to the garden unit in the same building is virtually impossible. So in some cases in our grids, the floor location adjustment made the sales outside of the development what is perceived as applicable within the comparable sale development itself, and not at the same gross amount as in Old Town Square. Much of the difference might be attributed to an under-estimation of the superior locational attributes of the subject. In any event, in the final analysis we have placed most emphasis on the sale comparison date from the subject development. Primary variation otherwise are for differences in bathrooms and bedrooms, in one case, in addition to floor locations.

After careful analysis of all factors, it is our opinion that the following are the aggregate retail values suggested by comparison. Please note that the values allocated to the units not backing up to the elevated train tracks are approximately 4% higher than the units abutting the tracks.

**AGGREGATE RETAIL VALUE SUMMARY:**

| No. Units                    | Floor  | TER <sup>1</sup> | Est. Value via Sales Comparison | Aggregate Value |
|------------------------------|--------|------------------|---------------------------------|-----------------|
| 3                            | garden | Yes              | \$142,000                       | \$426,000       |
| 3                            | second | Yes              | \$172,000                       | \$516,000       |
| 3                            | third  | Yes              | \$162,000                       | \$486,000       |
| 3                            | fourth | Yes              | \$152,000                       | \$456,000       |
| 4                            | garden | No               | \$147,000                       | \$588,000       |
| 4                            | second | No               | \$177,000                       | \$708,000       |
| 4                            | third  | No               | \$167,000                       | \$668,000       |
| 4                            | fourth | No               | \$157,000                       | \$628,000       |
| Total Aggregate Retail Value |        |                  |                                 | \$4,476,000     |

<sup>1</sup> Note: TER = Train Exposure Rear

#### **DISCOUNTING ASSUMPTIONS:**

Generically, discounting is the process of converting an income stream, etc. into a value estimate. Discounted cash flow analyses usually apply to an investment grade property or "stream" in the more traditional sense. Investors given certain other parameters are not likely to project beyond a five to ten year period, depending upon the quality, quantity, and durability of the income.

Added to the final year's income in the DCF process is the reversion, or estimated sale price at the end of the term. For investment grade properties, again given certain parameters, this is usually derived by capitalization of projected net operating income in that final year, or one year forward. Projecting reversion is somewhat speculative, although is usually based on reputable investor surveys. For this particular assignment, we are essentially estimating a reversion, but after 40 years. Only in rare instances where a, say, master lease of a high profile space with a "Fortune 500" anchor, is this even considered.

Granted, there is technically an income stream for the subject, being a rental property. But this is only by design and in intent of the lease agreement. In reality, the subject units are individual condominiums and would most likely be sold as such at the end of the term. It is also likely, based upon all indications and assumptions, that the highest and best use of the subject units is as individual condominiums. There is no reason to anticipate that this would change in 40 years.

So as a result, an investor is not likely to estimate the reversion of the subject units on the basis of this as a residential rental property. It is also very unlikely that any investor would project market value in 40 years in the first place. But in order to satisfy this portion of the consultation assignment, we have made an estimate of projected "value" at the expiration of the 40 year lease term. For lack of any viable methodology considering the term, the projection is based upon a given rate of appreciation. Again, this is simply an investment projection and it is not based upon discernible market evidence.

Estimating rates of appreciation from even one year to the next is risky, and is usually only found in investment pro forma per investor specifications. We realize that some data might be available by reference to various condominium projects in Lincoln Park, many buildings of which came on-line during the furious condominium conversion of the 1970's. Our study suggests varying rates of appreciation even over a 20 year period, but there does not appear to be much rhyme or reason.



In light of all of these weaknesses, we have projected an arbitrary rate of appreciation of 1% per year.

**GENERAL ASSUMPTIONS:**

|                         |                                                                                           |
|-------------------------|-------------------------------------------------------------------------------------------|
| Rate of appreciation:   | 1% per year, arbitrary                                                                    |
| Term:                   | 40 years                                                                                  |
| Basis:                  | Net sales price of subject units, assuming 100% debt payoff by the end of the lease term. |
| Discount Rate:          | 10.75%                                                                                    |
| Sale Costs:             | 4% as common, applied to gross sales                                                      |
| Percent Residual Value: | 25% of sales price                                                                        |
| Aggregate Retail Value: | \$4,476,000                                                                               |

\* \* \* \* \*

**RESIDUAL PAYMENT MODEL:**

|                                                         |                         |
|---------------------------------------------------------|-------------------------|
| Retail value when completed                             | \$4,476,000             |
| Growth:                                                 | 1.0% per year, 40 years |
| Future value factor:                                    | 1.4889                  |
| Total value:                                            | \$6,664,316             |
| Present value reversion:                                |                         |
| \$6,664,316 less 4% sales cost                          | \$6,397,743             |
| Subtotal reversion x 25% net                            | \$1,599,436             |
| Times present value, 40 years, 10.75% discount rate     | 0.01684                 |
| Total                                                   | \$26,935                |
| Estimated present value residual payment per model, say | \$27,000                |

## **RECONCILIATION AND CONCLUSIONS:**

This report has been prepared for The Habitat Company as Receiver for the CHA's Scattered Sites, Replacement Housing Program. It is a combination of various options of the Uniform Standards of Professional Appraisal Practice (USPAP), including characteristics of a Limited Appraisal - Summary Report and Consulting Service, consistent with Standard 5 of USPAP.

The appraisal portion includes retail market value, and market rent studies. For the most part, the balance of the report is part of the USPAP Consultant Service. We have invoked USPAP Departures in the appraisal portion, consistent with the purpose and intended use of our study. As well, we have cautioned the reader of the risks in "residual payment" portion of the assignment. This report has been designed to suit the needs of our client as specified in our letter of agreement. We are not responsible for any unauthorized use of this report.

The following are our conclusions as of the effective date, July 29, 1997:

|                                                                       |                    |
|-----------------------------------------------------------------------|--------------------|
| <b>AGGREGATE RETAIL VALUE</b>                                         | <b>\$4,476,000</b> |
| <b>PRESENT WORTH, MARKET VERSUS<br/>CONTRACT RENTS, 40 YEAR TERM:</b> |                    |
| <b>9.4% PRO FORMA INVESTOR DISCOUNT RATE</b>                          | <b>\$4,120,000</b> |
| <b>10.5% PRO FORMA MARKET DISCOUNT RATE</b>                           | <b>\$3,630,000</b> |
| <b>11% PRO FORMA INVESTOR DISCOUNT RATE</b>                           | <b>\$3,450,000</b> |
| <b>PRESENT VALUE "RESIDUAL PAYMENT"</b>                               | <b>\$27,000</b>    |



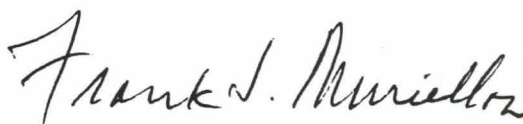
## CERTIFICATION

We hereby certify that, to the best of our knowledge and belief:

- ◆ The statements of fact contained in this report are true and correct.
- ◆ The reported analyses, opinions and conclusions are limited only by the reported Assumptions and Limiting Conditions, and are our personal, unbiased professional analyses, opinions, and conclusions.
- ◆ We have no present or prospective interest in The property that is The subject of this report, and we have no personal interest or bias with respect to The parties involved.
- ◆ Our compensation is not contingent upon The reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
- ◆ This appraisal assignment was not made nor was the appraisal rendered on the basis of a requested minimum value, specific valuation, or an amount which would result in approval of a loan.
- ◆ We certify that, to the best of our knowledge and belief, the reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.
- ◆ We certify that the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- ◆ Thomas G. Muriello, SRA, and Frank J. Muriello, MAI, SRA, CRE, are currently certified by the Appraisal Institute under its program of continuing education of designated members who meet the minimum standards of this program.
- ◆ A personal inspection of the subject property was made by Thomas G. Muriello, SRA, and Gerald Rizzo, Appraiser, Illinois State Licensed Real Estate Appraiser, License No. 154-002218. Frank J. Muriello, MAI, SRA, CRE, did not inspect the property.
- ◆ This certification acknowledges the market research contribution of Gerald Rizzo, Appraiser, Illinois State Licensed Real Estate Appraiser, License No. 154-002218.



THOMAS G. MURIELLO, SRA  
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

All licenses expire September 30, 1999

# ADDENDA

ASSUMPTIONS

LIMITING CONDITIONS

QUALIFICATIONS OF THE APPRAISERS



### **ASSUMPTIONS:**

1. This is a Summary Appraisal Report which is intended to comply with the reporting requirements set forth under Standard Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice for a Summary Appraisal Report. As such, it might not include full discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraisers' opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraisers' file. The information contained in this report is specific to the needs of the client and for the intended use stated in this report. The appraisers are not responsible for unauthorized use of this report.
2. The date of value to which opinions are expressed is set forth in this report. The appraisers assume no responsibility for economic or physical factors occurring at some later date which may affect the opinions stated herein.
3. No legal descriptions were available, and the identity of the subject property is assumed correct.
4. No responsibility is assumed for the legal description provided or for matters pertaining to legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated.
5. The site and building dimensions and area calculated therefrom are from the appraiser's own measurements, reported as accurately as possible, and are assumed to be correct.
6. No soil or sub-soil tests were furnished the appraisers. In the absence of same, it is assumed no adverse soil conditions exist that would adversely affect the continued use of the site or improvements thereon.
7. Descriptive information pertaining to the improvements and site is from personal observation, reported as accurately as possible, and is assumed to be accurate.
8. The appraisers have personally inspected the subject property and find no obvious evidence of structural deficiencies except as stated in this report. However, no

such as fire, building and safety, earthquake, or occupancy codes can be assumed without provision of specific professional or governmental inspections.

9. It is assumed the property is not contaminated with any hazardous materials; the appraisers are not experts in the field of environmental assessment. The presence of substances such as asbestos, radon, urea-formaldehyde foam insulation, or other potentially hazardous materials may affect the value of the property. The appraisers' value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value unless otherwise stated in this report. No responsibility is assumed for any environmental conditions, or for any expertise or engineering knowledge required to discover them. The appraisers' descriptions and resulting comments are the results of the routine observations made during the appraisal process. The client is urged to consult an expert in this field if desired.
10. Competent and prudent management of the subject property is assumed.
11. The property is appraised free and clear of any or all liens or encumbrances unless otherwise stated.
12. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.
13. All engineering studies are assumed to be correct. The illustrative material in this report is included only to help the reader visualize the property.
14. It is assumed that the property is in full compliance with all applicable federal, state, and local environmental regulations and laws unless the lack of compliance is stated, described, and considered in the appraisal report.
15. It is assumed that all required licenses, certificates of occupancy, consents, and other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.

16. It is assumed that the use of the land and improvements is confined within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.
17. The Americans with Disabilities Act (ADA) of 1990, as passed by the United States Congress, establishes a clear and comprehensive prohibition of discrimination on the basis of disability. This public law (Titles I-V) addresses employment (I); public services (II); public accommodations and services operated by private entities (III); telecommunications (IV); and miscellaneous provisions (V). The law covers all "commercial facilities" intended for nonresidential use whose operations affect commerce. Unless otherwise stated in this report, the subject property is appraised without a specific compliance survey having been conducted to determine if the property is or is not in conformance with the requirements of the ADA. The presence of architectural and communications barriers that are structural in nature that would restrict access by disabled individuals may adversely affect the property's value, marketability, or utility.

#### **LIMITING CONDITIONS:**

The certification appearing in this appraisal report is subject to the following conditions and such other specific and limiting conditions as are set forth in the report.

1. We assume no responsibility for matters of a legal nature affecting the property appraised or the title thereto, nor do we render any opinion as to the title, which is assumed to be good and marketable. The property is appraised as though under responsible ownership.
2. Any allocation of the total value estimated in this report between the land and the improvements applies only under the stated program of utilization. The separate values allocated to the land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.
3. Any sketches in this report are included to assist the reader in visualizing the property; we assume no responsibility for their accuracy. We made no survey of the property.



4. We are not required to give testimony or appear in court because of having made this appraisal of the property unless arrangements have been previously made therefor.
5. We assume that there are no hidden or unapparent conditions of the property, sub-soil, or structure which would render it more or less valuable. We assume no responsibility for such conditions or for engineering which might be required to discover such factors.
6. Information, estimates and opinions furnished to us and contained in this report were obtained from sources considered reliable and are believed to be true and correct. However, no responsibility for accuracy of such items furnished us can be assumed by us.
7. Disclosure by the appraisers of the contents of this appraisal report is subject to review in accordance with the bylaws and regulations of the professional appraisal organization with which the appraisers are affiliated.
8. Neither all nor part of the contents of this report or copy thereof (conclusions as to property value, the identity of the appraisers, professional designations, reference to any professional appraisal organizations, or the firm with which they are connected) shall be conveyed by anyone to the public through advertising, public relations, news, sales, or other media without the written consent and approval of the appraisers.
9. On all appraisals, subject to satisfactory completion, repairs or alterations, the appraisal report and value conclusion are contingent upon completion of the improvements in a workmanlike manner.
10. **ENVIRONMENTAL DISCLAIMER:** The value estimated in this report is based on the assumption that the property is not negatively affected by the existence of hazardous substances or detrimental environmental conditions. The appraisers are not experts in the identification of hazardous substances or detrimental environmental conditions. Unless otherwise noted in our appraisal report, our routine inspection of and inquiries about the subject property did not develop any information that indicated any apparent significant hazardous substances or detrimental environmental conditions which would

affect the property negatively. It is possible that tests and inspections made by a qualified hazardous substance and environmental expert could reveal the existence of hazardous materials and environmental conditions on or around the property that could possibly have a negative affect on its value.

11. The final value conclusion stated in this report does not include the value of any personal property, furniture and fixtures, machinery or equipment, or any intangible items unless otherwise stated herein.
12. Possession of this report, or a copy thereof, does not carry with it the right of publication.
13. The forecasts, projections, or operating estimates contained herein are based on current market conditions, anticipated short-term supply and demand factors, and a continued stable economy. These forecasts are, therefore, subject to changes with future conditions.

## QUALIFICATION SUMMARY

**THOMAS G. MURIELLO, SRA**

Illinois State Certified General Real Estate Appraiser

License No. 153-000500

Expires September 30, 1999

### **EDUCATION:**

Graduate Loyola University, Chicago, Illinois, B.A.

Required and elective courses now sponsored by the Appraisal Institute

Professional Designation by the Appraisal Institute: SRA

Illinois State Certified General Real Estate Appraiser, License #153-000500

### **APPRAISAL EDUCATION:**

**American Institute of Real Estate Appraisers**

*Successfully completed:*

Course 1A - Basic Principles, Methods and Techniques

Course 1B - Capitalization Theory and Techniques

Course VIII - Residential

Course II - Urban

Case Studies, Income Valuation

Litigation Valuation

Capitalization Theory and Techniques Cap A

Standards of Professional Practice, A & B

**Central Y.M.C.A.**

Real Estate Principles

#### *Continuous Education*

American Institute of Real Estate Appraisers, Society of Real Estate Appraisers

Current Recertification, Appraisal Institute

Illinois State Certified General #153-000500

#### *Professional Committee*

-Appraisal Institute Membership Admissions Experience Review

-Review and Counseling Member, Ethics and Counseling, Appraisal Institute

### **EXPERIENCE:**

Vice President

Meyer-Muriello, Inc.

Elk Grove Village, Illinois



## **THOMAS G. MURIELLO, SRA**

### **Qualifications Summary**

Page 2

Single family residential  
Condominium units  
Condominium conversions  
Apartment buildings:  
    2 to 500 units  
Commercial properties  
Scavenger yards  
Stores, offices  
Banks and Savings & Loan  
    facilities  
Permanent and temporary  
    easements  
Alternate investment analysis  
Property for urban renewal  
Agricultural; Farms  
Nursing Homes  
Senior Housing Assisted Living  
  
Adaptive Re-Use

Shopping Centers  
Restaurants, banquet facilities  
Industrial facilities  
Manufacturing, warehouse facilities  
Mini-warehouse,  
distribution facilities  
Funeral homes  
Gas service stations, mini-marts  
Financial institutions  
Schools  
Railroad rights-of-way  
Going concern values  
Feasibility studies  
Condemnation, whole and partial  
    takings  
Congregate Care Senior Citizens  
Senior Housing Lifecare  
Communities

### **TYPICAL CLIENTS:**

Federal National Mortgage Association  
Continental Mortgage Insurance Co.  
Mortgage Guaranty Insurance Corp.  
Savings & Loan Associations  
Employee transfer services and  
    employer corporations  
Illinois Department of Transportation

Attorneys  
Individuals  
State of Illinois  
Commercial banks  
The Prudential Company  
Rockwell International  
Brunswick Corporation

### **AREAS OF EMPLOYMENT:**

Chicago, Illinois and vicinity  
Cook, Kane, McHenry, Lake, DuPage, Will Counties, Illinois  
Porter and Lake Counties, Indiana

The Appraisal Institute conducts a voluntary program of continuing education for its designated members. Members who meet the minimum standards of this program are awarded periodic educational certification. I am certified under this program.

## QUALIFICATION SUMMARY

**FRANK J. MURIELLO, MAI, SRA, CRE**  
Illinois Certified General Real Estate Appraiser  
License No. 153-000722  
Expires September 30, 1999

### **EDUCATION:**

Loyola University, Chicago, Illinois,  
B.S. degree in Economics  
**American Institute of Real Estate Appraisers\***  
Courses I, II, VIII pertaining to Principles, Urban Properties, Investment  
Property seminars, and Standards of Professional Practice  
**American Savings and Loan Institute**  
Savings and Loan Principles, Home Construction, Residential Appraising  
**Real Estate Institute\*, Central YMCA Community College**  
Real Estate Principles, Construction Cost Estimating, Real Estate  
Appraising Courses, I, II and III  
\* Merged in 1991 to form The Appraisal Institute

### **PROFESSIONAL EXPERIENCE:**

State of Illinois, Licensed Real Estate Broker  
State Certified General Real Estate Appraiser, Licence #153-000722  
Oak Park Federal Savings & Loan - 1949-1962  
Chief Appraiser, 1954-57  
Vice President Mortgage Division, 1957-62  
Life Savings & Loan Association  
Executive Vice President & Managing Officer - 1963-1969  
Frank J. Muriello, Real Estate Appraiser & Consultant, 1970-present  
Muriello/Meyer & Associates, Elk Grove Village, Illinois  
General Partner, Co-Founder, 1973  
Meyer-Muriello, Inc., Chairman Review Counsel

### **PROFESSIONAL MEMBERSHIPS AND AFFILIATIONS:**

American Society of Real Estate Counselors, CRE Designation  
The Appraisal Institute, MAI, SRA Designations  
National Association of Real Estate Boards  
Illinois Association of Real Estate Boards  
Oak Park Board of Realtors  
American Institute of Real Estate Appraisers, Examining Committees, Multiple  
Family and Non-Residential Property  
American Savings & Loan Institute, Real Estate Appraisal Instructor  
The Institute of Financial Education, Thesis Reviewer  
National Association of Housing Redevelopment Officials  
National Leased Housing Association

**HOUSING ADMINISTRATION EXPERIENCE:**

Low-rent Public Housing Program  
Section 8 Existing Certificate-Voucher Program  
Section 202 Congregate Facility for Elderly/Handicapped  
Management & Rehabilitation of Single and Multi-unit Properties  
Community Development Block Grant Program

**APPRAISAL EXPERIENCE: (Partial List)**

|                                                                 |                                          |
|-----------------------------------------------------------------|------------------------------------------|
| Single family residences                                        | Condemnation appraisals                  |
| Multiple family properties                                      | Land development and feasibility studies |
| Condominiums                                                    | Agricultural; Farms                      |
| Commercial properties                                           | Nursing homes & Congregate Care          |
| Industrial plants                                               | Leasehold interest analysis              |
| Schools                                                         | Special purpose properties               |
| Fractional interests                                            |                                          |
| Qualified as Expert Witness in condemnation and related matters |                                          |

**CLIENTELE: (TYPICAL)**

U.S. Postal Service  
Illinois Department of Transportation  
Illinois Department of Conservation  
Illinois Housing Development Authority  
Village of Oak Park, Illinois  
First National Bank of Chicago  
St. Paul Federal Savings Bank  
Plains Bank of Illinois  
Community Investment Corp.  
Northern Trust Co.  
Southwest Federal Savings  
Harris Bank & Trust Co.  
Various schools and park districts  
Attorneys, realtors and various individuals

The Appraisal Institute conducts a voluntary program of continuing education for its designated members. Members who meet the minimum standards of this program are awarded periodic educational certification. I am currently certified under this program.

**COMMUNITY SERVICE:**

Village of Oak Park, Trustee, 1981-1985  
Oak Park Housing Authority/Oak Park Residence Corp., Executive Director,  
1987 to present





**LEASE AGREEMENT**

**DATED \_\_\_\_\_, 1997**

**BETWEEN MCL/ASD LIMITED LIABILITY COMPANY III,**

**AN ILLINOIS LIMITED LIABILITY COMPANY ("LESSOR")**

**AND CHICAGO HOUSING AUTHORITY ("LESSEE")**

**COVERING UNITS \_\_\_\_\_ IN THE \_\_\_\_\_ PROJECT**

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## Lease Agreement

THIS Lease Agreement (the "Lease") is made and entered into as of the \_\_\_\_ day of \_\_\_\_\_, 1997, by and between MCL/ASD Limited Liability Company III, an Illinois limited liability company ("Lessor") and Chicago Housing Authority, a municipal corporation, organized and existing under the laws of the State of Illinois ("Lessee").

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

WHEREAS, the concept of the public welfare is broad and inclusive, and it is in the best interests of the public and the City of Chicago, Illinois that new opportunities for urban redevelopment be developed so as to facilitate the construction and operation of decent, safe, and sanitary buildings for urban residential usage;

WHEREAS, the public may be served through innovative combinations of the resources of local government and private enterprise;

WHEREAS, Lessor is the owner of the Project as defined in Section 1.1 hereof, which Project is a market rate residential condominium development consisting of a total of \_\_\_\_ condominium units;

WHEREAS, Lessor has agreed to lease to Lessee \_\_\_\_ condominium units in the Project to be used as Public Housing Units as defined in Section 1.1 hereof; and

WHEREAS, Lessor and Lessee desire to enter into this Lease in order to reflect the foregoing and in order to obtain the approval of HUD hereto.

NOW, THEREFORE, for and in consideration of the foregoing premises, the sum of Ten and No/ 100 Dollars (\$10.00), the covenants, representations, warranties and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto do hereby agree as follows:

### ARTICLE I

#### DEFINITIONS

Section 1.1 **Definitions.** For the purposes of this Lease, the following defined terms shall have the meanings ascribed thereto in this Article 1:

Act: The United States Housing Act of 1937, as amended and as may hereafter be amended from time to time or any successor legislation, together with all regulations implementing the same.



Allowed Development Expenses: "Allowed Development Expenses" shall mean all necessary and reasonable operating expenses of the Project for the applicable period, including:

(A) all ordinary and necessary Common Expenses (as defined in the Condominium Declaration) of the Project, exclusive of utility expenses which are the direct responsibility of the Tenant; and

(B) reserves for replacements and for any other purposes, as required by the condominium association established pursuant to the Condominium Declaration.

Annual Contributions Contract: That certain Annual Contributions Contract, dated \_\_\_\_\_ as amended from time to time, by and between The United States of America, HUD and Lessee, as amended from time to time and as and to the extent made applicable to the Public Housing Units by specific amendment referring thereto.

Authority Fiscal Year: The Lessee's fiscal year for the purposes of calculating the Development Operating Subsidy provided for in Section 3.3 hereof.

Authority Percentage: Authority Percentage shall mean the greater of: (A) the number of condominium units in the Leased Premises, divided by the total number of condominium units in the Project; or (B) the aggregate percentage interests of the Leased Premises as set forth in the Condominium Declaration.

Authority Unit Expenses: Authority Unit Expenses shall mean (A) Allowed Development Expenses, multiplied by the Authority Percentage, plus (B) the portion of any payment in lieu of real estate taxes to be paid in respect of the Leased Premises, if any, made by the Lessor and not directly by the Lessee, plus (C) amounts payable to Tenants as utility reimbursement (i.e., "negative rent"), plus (D) interior maintenance expenses of the Leased Premises, including but not limited to, vacant unit preparation for new Tenants, plus (E) management fees payable pursuant to the Management Agreement.

Cabrini Green: The Cabrini Green development presently located on property that is adjoining the Leased Premises a portion of which is to be redeveloped pursuant to the Revitalization Plan.

Casualty: As defined in Article 11 hereof.

City: The City of Chicago, Illinois.

CMHDC: Chicago Metropolitan Housing Development Corporation, an Illinois not for profit corporation.

CMHDC Loan: As defined in Section XV hereof.

Commencement Date: The date set forth in Section 2.3 hereof.

Common Elements: As defined in the Condominium Declaration.

Condominium Declaration: Need complete condo documents, recorded documents and title commitments.

CPI: "CPI" shall mean the Revised Consumer Price Index for Urban Wage Earners and Clerical Workers, All Items (base index year 1982-84=100) as published by the United States Department of Labor, Bureau of Labor Statistics. If the manner in which the CPI is substantially revised, including without limitation, a change in the base (100) index year, an adjustment shall be made by Lessee in such revised index which would produce results equivalent, as nearly as possible, to those which would have been obtained if such component CPI had not been so revised. If the CPI shall become unavailable to the public because publication is discontinued, or otherwise, Lessee shall substitute therefor a comparable index based upon changes in the cost of living or purchasing power of the consumer dollar published by any other governmental agency or, if no such index shall be available, then a comparable index published by a major bank or other financial institution or by a university or a recognized financial publication.

Delinquency Rate: The lesser of (a) the maximum amount of interest which may be lawfully charged under the laws of the State of Illinois, or (b) the rate per annum equal to two percent (2%) above the prime rate of interest from time to time publicly announced by Bank of America, or its successors from time to time.

Escalation Factor: As defined in Section 4.2 hereof.

Estimated Allowed Development Expenses and Estimated Authority Unit Expenses: These items shall mean the estimated amounts of Allowed Development Expenses and Authority Unit Expenses for any period as such estimated expenses are determined in accordance with Section 3.3 hereof.

Environmental Assessment: Need MCL/ASD to provide environmental assessments.



Governmental Authorities: Any applicable Federal, state or local governmental or quasi-governmental entities, subdivisions, agencies, authorities or instrumentalities having jurisdiction over the Leased Premises, Lessor or Lessee.

Hazardous Substances: The term "Hazardous Substances" shall mean any substance, material, waste, gas or particulate matter which is regulated by any local governmental authority, the State of Illinois, or the United States Government, including, but not limited to, any material or substance which is (i) defined as a "hazardous waste," "hazardous material," "hazardous substance," "extremely hazardous waste," or "restricted hazardous waste" under any provision of Illinois law, (ii) petroleum, (iii) asbestos, (iv) polychlorinated biphenyl, (v) radioactive material, (vi) designated as a "hazardous substance" pursuant to Section 311 of the Clean Water Act, 33 U.S.C. § 1251 et seq. (33 U.S.C. § 1317), (vii) defined as a "hazardous waste" pursuant to Section 1004 of the Resource Conservation and Recovery Act, 42 U.S.C. § 6901 et seq. (42 U.S.C. § 6903), or (viii) defined as a "hazardous substance" pursuant to Section 101 of the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. § 9601 et seq. (42 U.S.C. § 9601).

Hazardous Substances Laws: All Federal, state, and local laws, ordinances, codes, rules, regulations, orders and directives now or hereafter pertaining to Hazardous Substances in, on or under the Leased Premises or any portion thereof.

HUD: United States Department of Housing and Urban Development.

Impositions: All taxes, payments in lieu of taxes, assessments, water and sewer charges, charges for public utilities, excises, levies, license and permit fees and other charges that shall or may be assessed, levied or imposed during the Term by any Governmental Authorities upon the Leased Premises or any part thereof, including the buildings or improvements now or hereafter located thereon; provided, however, that the term Impositions shall not include any income tax, capital levy, estate, succession, inheritance, transfer or similar taxes of Lessee.

Improvements: Those buildings, improvements, fixtures and other structures, now or hereafter constructed by Lessor on, under or across the Project, including, without limitation roads, parking lots, landscaping, drainage and other utility structures and facilities and other so-called "infrastructure" improvements.

Insurance Requirements: The requirements, whether now or hereafter in force, of any insurer or insurance carrier, any board of fire underwriters or any other company, bureau, organization or entity performing the same or similar functions, applicable to the Leased Premises or any portion thereof, to the extent so applicable.



Lease Year: The calendar year or any portion thereof that occurs during the Term of this Lease.

Leased Premises: Collectively \_\_\_\_\_ ( ) residential condominium units, together with their percentage ownership interest in the Common Elements appurtenant thereto as defined in the Condominium Declaration, which real property is more particularly described on Exhibit A attached hereto and made a part hereof.

Leasehold Mortgage: Any mortgage, deed to secure debt, security agreement or collateral assignment encumbering Lessee's Estate created hereunder.

Leasehold Mortgagee: The holder, mortgagee, grantee or secured party under any Leasehold Mortgage.

Legal Requirements: All laws, statutes, codes, ordinances, orders, rules, regulations and requirements of all Governmental Authorities and the appropriate agencies, officers, departments, boards and commissions thereof, whether now or hereafter in force, applicable to Lessor, Lessee, the Leased Premises, the Improvements, or any portion thereof, to the extent so applicable.

Lessee's Residual Payment: As defined in Article XV.

Lessee's Estate: Lessee's leasehold interest in the Leased Premises acquired pursuant to this Lease and any fee or other interest in the Leased Premises acquired by Lessee hereafter.

Lessor's Estate: Lessor's fee estate in the land underlying the Leased Premises.

Manager: The Person designated from time to time as "Manager" of the Leased Premises under any management agreement entered into from time to time with Lessor. The initial Manager will be William Moorehead & Associates and any subsequent Manager shall be chosen by Lessor and shall be experienced in managing subsidized housing units.

Management Agreement: As applicable, a management agreement entered into from time to time by Lessor and the applicable Manager for the management of all or any portion of the Leased Premises. The Management Agreement shall require that the Manager comply with [HUD HQS] requirements. **NOTE: Please provide me with a copy of these requirements].** The initial Management Agreement is that certain Management Agreement by and between Lessor and the initial Manager, which Management Agreement is to be executed contemporaneous with or prior to the Commencement Date.

Net Condemnation Award: The net amounts owed or paid to the Parties or to which either of the Parties may be or become entitled by reason of any Taking pursuant to any agreement with any condemning authority which has been made in settlement of any proceeding relating to a Taking, less any costs and expenses incurred by the Parties in collecting such award or payment.

Operating Expense Allowance: As defined in Section 4.2 hereof.

Party: Lessor or Lessee, as applicable. Lessor and Lessee shall be referred to collectively as the "Parties".

Permitted Encumbrances: Those matters expressly set forth on Exhibit B attached hereto and made a part hereof, together with the encumbrances created by or permitted by this Lease.

Person: An individual, partnership, corporation, limited liability company, trust, unincorporated association, or other entity or association

Project: That certain project commonly known as \_\_\_\_\_, together with all Improvements and any other improvements now or hereafter located thereon and all rights, easements, licenses, privileges and appurtenances thereunto attaching or in any way belonging thereto.

Public Housing Eligible Household: Tenants who qualify as being eligible to occupy "public housing", as defined in Section 3(b) of the Act.

Public Housing Units: The residential units constituting the Leased Premises which shall be restricted during the Restricted Period for use solely by Public Housing Eligible Households in accordance with Section 3.3 hereof.

Rent: As described in Section 4.1 hereof.

Restricted Period: The period during the Term during which the Public Housing Units must be reserved as such in accordance with the restrictions contained in Section 3.3 hereof.

Taking: A taking during the Term hereof of all or any part of the Leased Premises or any interest therein or right accruing thereto, as a result of the exercise of the right of condemnation or eminent domain. A conveyance in lieu of or in anticipation of the exercise of any such right of condemnation or eminent domain shall be considered a Taking. Any such Taking shall be deemed to have occurred upon the earlier to occur of (a) the date on which the property, right or interest so taken must be surrendered to



the condemning authority, or (b) the date title vests in a condemning authority or other party pursuant to any Taking.

Tenant(s): Any tenant, sublessee or licensee of Lessee under any Tenant Lease(s).

Tenant Lease: Any lease or license agreement entered into by Lessee with residents of the residential units to be developed on the Leased Premises.

Term: The period of time described in Section 2.3 hereof.

Transfer: Any sale, assignment, transfer, conveyance, encumbrance, mortgage, or hypothecation, in any manner or form or any agreement to do any of the foregoing.

## **ARTICLE II**

### **THE LEASE**

Section 2.1 **Purpose**. Lessor enters into this Lease with Lessee which is a public entity, the purpose of such entity being to assure provision of affordable housing in viable communities in the City of Chicago for Public Housing Eligible Households.

Section 2.2 **Lease of Leased Premises**.

(a) Subject to the terms hereof and in consideration of the covenants of payment and performance stipulated herein, Lessor by these presents does hereby lease, demise and let unto Lessee, and Lessee hereby leases and takes from Lessor, the Leased Premises.

**TO HAVE AND TO HOLD** the Leased Premises unto Lessee, and its successors in interest, permitted Tenants and permitted assigns, for and during the Term hereinafter set forth.

Section 2.3 **Term**. Unless sooner terminated pursuant to the provisions hereof, this Lease shall continue in full force and effect for a term ("Term") commencing on \_\_\_\_\_ ("Commencement Date") and expiring on the day immediately preceding the fortieth (40th) anniversary thereof.

Section 2.4 **Use**. Subject to the provisions hereof, Lessee shall use the Leased Premises in accordance with the restrictions and requirements set forth in Article 3 hereof. Lessor and Lessee each have an express obligation under Section 3.3 of this Lease to dedicate the Leased Premises and reserve the same for occupancy solely by Public Housing Eligible Households in accordance with the provisions and requirements of said Section 3.3. It is



understood that the Project, with the exception of the Leased Premises, is a market rate home-ownership community.

Section 2.5 **Possession**. Lessor agrees to and shall provide possession of the Leased Premises to Lessee on the Commencement Date; and the Leased Premises shall be ready for occupancy by Tenants and free and clear of all rights to possession or use by any tenants or other individuals or entities other than Lessee, subject to the terms and conditions of Section 3.3 relating to Tenant selection. [NOTE: Need description of fixtures and appliances for each unit from MCL/ASD (for approval by CHA/HUD).]

### **ARTICLE III**

#### **THE LEASED PREMISES**

Section 3.1 **Construction of Leased Premises**. Lessor has caused the Leased Premises to be constructed in substantial compliance with the construction plans and specifications for the Leased Premises previously approved by the City and the Lessee. The Leased Premises constructed by Lessor have been constructed in a good and workmanlike manner, in compliance with all applicable Legal Requirements, including, without limitation, all applicable requirements of the Act, the Annual Contributions Contract and HUD regulations, including, without limitation, compliance with the "prevailing wage" requirements of the Davis-Bacon Act (40 U.S.C 276a to a-7, and accompanying regulations).

Section 3.2 **Leasehold Title to Leased Premises**.

(a) **During the Term**. Notwithstanding any provision in this Lease to the contrary, the Leased Premises and all alterations, additions, equipment and fixtures built, made or installed in, on, under or to the Leased Premises shall be the sole property of the Lessee until the expiration of the Term.

(b) **After the Term**. At the expiration or other termination of this Lease, the Leased Premises and all alterations, additions, equipment and fixtures thereto shall be deemed to be and shall automatically become the property of Lessor, without cost or charge to Lessor.

Section 3.3 **Restrictions Applicable to Use of Leased Premises as Public Housing Units**.

(a) During the Term (or such lesser period as may be required by law or the Annual Contributions Contract), Lessee will continuously use the residential units comprising the Leased Premises as Public Housing Units, for occupancy by Public Housing Eligible Households at rents and subject to all other conditions of the Act and

the Annual Contributions Contract. Lessee shall sublease the Leased Premises to Public Housing Eligible Households. Provided that the Lessee continues operating the Leased Premises as Public Housing Units to Public Housing Eligible Households in accordance with the Act, the Annual Contributions Contract and in accordance with the terms of this Lease, such Public Housing Units shall be eligible to receive the benefit of operating subsidies provided to the Lessee by HUD pursuant to Section 9 of the Act or pursuant to any successor or other legislation providing for project-based or tenant-based operating or rental assistance in respect of units in public housing developments or eligible occupants thereof. Consistent with the requirements currently applicable to public housing, a unit shall not lose its status as a Public Housing Unit solely because the income of the Tenant residing therein rises above the applicable public housing income limit; any such unit shall be governed by rules generally applicable to units occupied by over-income tenants in applicable public housing programs (subject to such modifications in lease and occupancy terms as are permitted hereunder).

(b) During the Term, Lessee, hereby agrees to operate and administer the Leased Premises (i) in compliance with all applicable requirements of the Act, HUD regulations thereunder, and the regulations and policies of Lessee; and (ii) in accordance with the Annual Contributions Contract. During the Term, Lessor hereby agrees to perform Lessee's obligations to operate and administer the Leased Premises as Public Housing Units as aforesaid in accordance with the terms hereof. In connection therewith, Lessor will retain a Manager pursuant to a Management Agreement. The Manager will be responsible to Lessor for management of the Leased Premises in accordance with the terms of this Lease. The Management Agreement will contain appropriate provisions providing access by the Lessee, upon request therefor, to books and records maintained by the Manager with respect to the Leased Premises, and pursuant to which the Lessor may be required to terminate the Management Agreement and the appointment of the Manager thereunder, if the Manager has violated, breached, or failed to comply with any provision of, or obligation under, this Lease. Lessee agrees that the initial Manager retained by Lessor shall be William Moorehead & Associates. The Management Agreement shall require the Manager to perform all management functions that Lessee would typically require of a private manager of its properties, including, without limitation, conducting home visits for potential applicants, performing housing quality standards inspections of units, collecting rent from Tenants and remitting such rent to Lessee **[NOTE: Allison indicated that rent collection was not a function he thought the Manager would perform]**, evicting residents, maintaining resident files, and maintaining books and records for the operation of the Leased Premises all in accordance with HUD and Lessee regulations and policies. Lessor shall perform or cause the Manager to perform all necessary or desirable interior maintenance to the Leased Premises, including, without limitation, vacant unit preparation for new occupants. Lessee shall perform certain administrative functions in connection with admission of applicants to occupancy of the Leased Premises, including application intake, applicant interview and screening, verification procedures, determination of eligibility for



admission and qualification for preference, waiting list maintenance and execution of leases, all in accordance with criteria and procedures established by the Lessee. Tenant selection shall be conducted in accordance with written objective criteria attached hereto as Exhibit D. Such criteria shall (i) be subject to fair housing law standards, HUD requirements, the Annual Contributions Contract and any applicable law, rule or regulation; and (ii) not have the effect of precluding Public Housing Eligible Households from occupying the Leased Premises.

(c) Not later than \_\_\_\_\_ (for the year in which the Commencement Date occurs) and not later than 120 days before the first day of any subsequent Authority Fiscal Year, Lessor shall submit to Lessee its proposed operating budget for the following Authority Fiscal Year (or, in the case of the year in which the Commencement Date occurs, the remainder thereof). The operating budget shall project Estimated Allowed Development Expenses and Estimated Authority Unit Expenses, subject to the following conditions:

(i) Estimated Allowed Development Expenses shall be as reasonably estimated by the Lessor. Lessee may comment upon and propose changes to the Estimated Allowed Development Expenses set forth in the operating budget submitted by the Lessor, but the Lessor shall not be required to reduce any estimated expense below the Project-wide amount for such expenditure reasonably anticipated by the Lessor for the period.

(ii) During each Authority Fiscal Year commencing with the Authority Fiscal Year in which the Commencement Date occurs, and subject to any limitations arising from application of Section 2(e) of the Act, Lessee shall pay to Lessor Estimated Authority Unit Expenses for such period. Lessee shall pay to Lessor, on the first day of each month of an Authority Fiscal Year, one-twelfth (1/12) of the Estimated Authority Unit Expenses for such Authority Fiscal Year. Notwithstanding anything to the contrary contained herein, in no event shall Lessee be obligated to pay to Lessor any amounts in excess of the Operating Expense Allowance stipulated in Section 4.2.

(d) Not later than 60 days after the end of each quarterly period commencing with the calendar quarter in which first occupancy of the Leased Premises occurs, Lessor shall deliver to the Lessee with respect to the Leased Premises, itemized statements of income and expenses, prepared on an accrual basis, in form substantially comparable to Form HUD-92410 (Statement of Profit and Loss), certified by the chief financial officer of the Lessor for the quarterly period and from the beginning of the Lease Year to the end of such quarterly period. Not later than 120 days after the end of each Lease Year, Lessor shall deliver to the Lessee and, on behalf of the Lessee, to HUD a copy of the audited financial statements of Lessor for such year and the period then ended, prepared in accordance with generally accepted accounting principles and accompanied by the



report of independent public accountants thereon, together with a copy of any additional financial statements or reports delivered by Lessor to its partners. Such financial statement shall be accompanied by supplemental data, together with the report of independent public accountants thereon, which shall show on a cash basis for such period (i) actual income from the Leased Premises, (ii) actual expenditures for Authority Unit Expenses, (iii) the amount of Rent received by Lessor, and (iv) aggregate stated lease rents and the amounts thereof uncollected from the Leased Premises for which no eviction actions have been commenced. If Lessor shall fail to deliver such financial statements to the Lessee, Lessee shall have the right to retain an independent auditor to conduct an audit of the financial statements of the Lessor and to charge the reasonable cost thereof to the Lessor.

(e) Subject to Subsection 3.3(c), nothing contained herein shall prevent or diminish the full application to the Public Housing Units of any legislation enacted after the date hereof which provides for the termination of operating subsidies under Section 9 of the Act or of other Federal project-based assistance to public housing developments, including, without limitation, any provision thereof releasing or otherwise modifying occupancy or tenant rent restrictions previously applicable to units such as the Public Housing Units. It is of the essence of Lessor's and Lessee's obligations under this Section 3.3 that, during the Term, Lessee and Lessor will maintain and operate the Leased Premises as Public Housing Units in accordance with all applicable requirements of the Act and the Annual Contributions Contract; provided, however, that if operating subsidies or other project based Federal assistance received by Lessee in respect of the Public Housing Units shall be less than the Operating Expense Allowance, Lessor shall not be required to contribute from its own funds any shortfall in such federal funding in order to preserve the character of the Leased Premises as Public Housing Units. In the event that legislative changes or diminished appropriations significantly reduce the amount of operating subsidy provided by HUD to Lessee under Section 9 of the Act as in effect on the date hereof, Lessee shall remain obligated to pay Rent (subject to the limitations set forth in Section 4.2 hereof) to Lessor as hereinafter provided and Lessor shall continue to maintain and operate the Public Housing Units as public housing; provided, however, that if the aggregate of tenant rental contributions payable by occupants of such units, plus all forms of public assistance made available in respect of such units (including, without limitation, other project-based or tenant-based operating or rental assistance or other contributions by or on behalf of Lessor or Lessee or with respect to the Public Housing Units) are less than the Operating Expense Allowance, Lessor may take all further actions necessary to increase the income from the Public Housing Units, including, without limitation, increases in rental payments from tenants and operating a portion of the Public Housing Units as market-rate units, to the extent necessary so that income from the Public Housing Units in the aggregate (including from any such converted units), plus all such public assistance as aforesaid, shall be not less than (but not substantially more than) the Operating Expense Allowance; provided, however, that any such actions must be consistent with the Act, as amended from time

to time. If, subsequent to institution of remedial steps described above, Lessee shall reasonably demonstrate a capacity and commitment to provide assistance sufficient to support operation of the Leased Premises as Public Housing Units prior to such action, the obligation of Lessor to maintain such number of units as Public Housing Units in accordance with the terms hereof shall be reinstated, subject to continuing rights under law of existing Tenants.

## ARTICLE IV

### PAYMENTS BY LESSEE AND LESSOR

#### **Section 4.1    Payments by Lessee.**

(a) Subject to the terms and conditions set forth in Section 3.3 hereof, Lessee shall pay to Lessor on the Commencement Date of this Lease and on the first day of each month thereafter \$ \_\_\_\_\_ [i.e. **\$400 per unit**] ("Rent"). Rent shall be increased each Lease Year by an amount (the "Escalation Factor") equal to the lower of (i) two percent (2%) per annum or (ii) the CPI. Rent shall be abated for the period of time that a residential unit shall be vacant due to the fault of Lessor pursuant to Section 3.3(b) hereof. **[NOTE: We need to discuss this provision in light of screening criteria; however this provision may still be applicable with respect to vacant unit preparation].**

(b) Concurrently herewith, Lessee has paid to Lessor \$ \_\_\_\_\_ [i.e. **\$101,000 per unit**] for a portion of total development cost of the Leased Premises in consideration of Lessor agreeing, among other things, to (i) lease the Leased Premises to Lessee as Public Housing Units for the Term, (ii) maintain and operate or cause the maintenance and operation of the Leased Premises as Public Housing Units, (iii) subject to Sections 3.3 and 4.2 hereof, pay the Authority Unit Expenses for the Leased Premises and (iv) otherwise perform Lessor's obligations hereunder.

**Section 4.2    Payments by Lessor.** Lessor shall pay all Authority Unit Expenses for the Leased Premises. Notwithstanding anything to the contrary contained herein, Lessor shall be required to pay from its own funds that portion of the Authority Unit Expenses in excess of \_\_\_\_\_ ("Operating Expense Allowance") [i.e. **\$3,500 for each residential unit constituting Leased Premises**] for each Lease Year.

**Section 4.3    Reserve for Repairs and Replacements.** Lessor agrees to establish and maintain from the Rent paid by Lessee an account ("Reserve Account") to cover the cost of major replacements (which are not provided for in Authority Unit Expenses) to any one or more of the residential condominium units comprising the Leased Premises other than replacements to the Common Elements. Lessor agrees to make monthly deposits to the Reserve Account in the amount of \$ \_\_\_\_\_ commencing on the first day of the month following the



Commencement Date and on the first day of each month thereafter during the Term of this Lease. The amount of the monthly deposit may be increased or decreased at the direction of HUD from time to time without amending this Agreement. The Reserve Account shall be held by a safe and responsible depository approved by Lessee and shall at all times remain under the joint control of Lessor and Lessee. Upon written request by Lessor (subject to Lessee's reasonable approval) on a form specified or approved by Lessee detailing the replacement requested, the price of materials and other information reasonably requested by Lessee, the amount so requested shall be disbursed by the depository to Lessor for such purpose. In the event that the Reserve Account exceeds \$\_\_\_\_\_ ("Reserve Limit"), the amount in excess of the Reserve Limit shall be paid to CMHDC to pay any Permitted Accrued Amounts as set forth in the CMHDC Loan documents. In the event that there are not any Permitted Accrued Amounts outstanding, the amount in excess of the Reserve Limit shall remain in the Reserve Account and shall not be disbursed to Lessor. It is understood that at no time during the Term of this Lease shall any Rent or any portion of the Reserve Account be used for any purpose other than to pay Authority Unit Expenses or for replacements contemplated by the Reserve Account. At the expiration of the Term of this Lease, all amounts remaining in the Reserve Account shall be paid to Lessee.

Section 4.4 **Payments in General**. All Rents or other sums, if any, due Lessor hereunder shall be paid by Lessee to Lessor at the address of Lessor set forth hereinafter for notices, or to such other person and/or at such other address as Lessor may direct by written notice to Lessee, without notice or demand, and without abatement, deduction or set off, except as otherwise provided herein.

## **ARTICLE V**

### **TAXES AND OTHER IMPOSITIONS: UTILITIES**

Section 5.1 **Payment of Impositions**. Subject to Section 5.2 hereof, as and when the same shall become due, Lessor will pay all of the Impositions, except that if any Imposition that Lessor is obligated to pay is permitted by law to be paid in installments, Lessor may pay or cause to be paid such Imposition in installments as and when such installments become due. Upon the written request of Lessee, Lessor shall exhibit and deliver to Lessee evidence satisfactory to Lessee of payment of all Impositions. During the first and last years of the Term, all Impositions that shall become payable during each calendar, fiscal, tax or Lease Year, as applicable, shall be paid by Lessor. In the event the Leased Premises or any portion thereof are exempt in whole or in part from Impositions, such portion of the Impositions so exempt shall be deposited in the reserve provided for in Section 4.3 hereof.

Section 5.2 **Lessor's Fee Estate**. Notwithstanding anything contained in this Lease to the contrary, any and all taxes and assessments charged against the value of Lessor's Estate shall be the responsibility and obligation of Lessor.



Section 5.3 **Contested Taxes and Other Impositions.**

(a) Lessor, at its sole cost and expense, in its own name or in the name of Lessee, but subject to Lessee's prior reasonable approval, may contest the validity or amount of any Imposition relating to all or any portion of the Leased Premises, in which event the payment thereof may be deferred during the pendency of such contest, if diligently prosecuted.

(b) Lessee shall use its reasonable efforts to assist in any such proceeding to contest the validity or amount of any Imposition.

(c) Nothing contained in this Section 5.3, however, shall be construed to allow any such contested Imposition to remain unpaid for a length of time which shall permit the Leased Premises, or any part thereof, to be sold by any Governmental Authorities for the nonpayment of such Imposition. Lessor shall promptly furnish Lessee copies of all notices, appeals, pleadings, motions and orders in any proceedings commenced with respect to such contested Imposition.

Section 5.4 **Valuation Assessment.** Lessor, at its expense, but subject to Lessee's reasonable approval, may attempt to obtain a lowering of the assessed valuation of the Leased Premises for any year for the purpose of reducing taxes thereon. In such event, upon Lessor's request but subject to Lessee's approval, Lessee shall use reasonable efforts to assist Lessor in such endeavor.

Section 5.5 **Failure to Pay Impositions.** If Lessor shall fail to pay any Impositions before the same become delinquent, or as otherwise required pursuant to Section 5.3 hereof, Lessee, at its election, may pay such Impositions (but shall not be obligated to pay same), together with any interest and penalties due thereon, and the amount so paid by Lessee shall be, at the option of Lessee, either offset by Lessee against Rent or other amounts payable by Lessee to Lessor hereunder or shall be paid by Lessor to Lessee upon demand, together with interest on the total amount so paid by Lessee, accruing at the Delinquency Rate from the date of Lessee's payment thereof through the date of Lessor's repayment thereof to Lessee.

Section 5.6 **Utilities.** Lessor shall pay all utility charges, including but not limited to, charges for gas, electric, water rents, sewer service charges, and all sanitation fees or charges levied or charged against the Leased Premises during the Term, except for those utility charges incurred by Tenants for their use in connection with the occupancy of their respective residential units, it being understood that such Tenants are responsible for payment of utility expenses supplied directly to such Tenants for their use.

Section 5.7 **Condominium and Homeowner Assessments.** Lessor shall pay when due all condominium and homeowner assessments levied or charged against the Leased Premises during the Term pursuant to the Condominium Declaration and [Homeowner's Declaration].

## ARTICLE VI

### INSURANCE

Section 6.1 **Lessor's Insurance**. During the Term, Lessor shall keep and maintain or shall cause to be kept and maintained in force, at no cost or expense to Lessee, the following insurance, all of which shall be provided by companies and/or agencies reasonably satisfactory to Lessee:

(a) **Property Insurance**. "All risk" insurance covering all risks of physical loss or damage to any of the Leased Premises, with liability limits of not less than one hundred percent (100%) of the "full replacement value" thereof. Such policies shall be broad form and shall include, but shall not be limited to, coverage for fire, extended coverage, vandalism, malicious mischief and storm. Perils customarily excluded from all risk insurance, e.g., earthquake and flood, may be excluded.

(b) **Public Liability Insurance**. Comprehensive general public liability and automobile liability insurance, covering loss or damage resulting from accidents or occurrences on or about or in connection with the Leased Premises or any work, matters or things under, or in connection with, or related to this Lease, with personal injury, death and property damage combined single limit liability of not less than Two Million and No/100 Dollars (\$2,000,000.00) for each accident or occurrence. Coverage under any such comprehensive policy shall be broad form and shall include, but shall not be limited to, operations, contractual, elevators, owner's and contractor's protective, products and completed operations, and the use of all owned, non-owned and hired vehicles. [NOTE: Any other insurance required by CHA or different insurance limits?]

Section 6.2 **General Requirements**. All policies described in Section 6.1 shall include Lessor and Lessee, together with any Leasehold Mortgagees, as named insureds, as their respective interests may appear. All policies described in Section 6.1 shall contain (a) the agreement of the insurer to give Lessee and each Leasehold Mortgagee, as applicable, at least thirty (30) days' notice prior to cancellation (including, without limitation, for non-payment of premium) or any material change in said policies; (b) an agreement that such policies are primary and non-contributing with any insurance that may be carried by Lessor; (c) a provision that no act or omission of Lessor or Lessee shall affect or limit the obligation of the insurance carrier to pay the amount of any loss sustained; (d) a waiver by the insurer of all right of subrogation against Lessor, Lessee and its authorized parties in connection with any loss or damage thereby insured against; and (e) terms providing that any loss covered by such insurance may be adjusted with the Lessor and Lessee. Provided the Lessee is not in default hereunder, such proceeds shall be used to restore or repair the Leased Premises, so long as Lessee, in its sole discretion, determines that it is feasible to do so, and, in such event, Lessor shall provide



or cause to be provided sufficient additional funds which, when added to such proceeds, will fully effect such repair or restoration. [NOTE: This provision needs to be discussed, especially in light of the condominium declaration which will contain provisions concerning the use and disbursement of insurance proceeds.]

Section 6.3 **Evidence of Insurance.** Certificates of insurance for all insurance required to be maintained by either Party under this Article 6 shall be furnished by said Party to the other Party on or before the date of this Lease.

Section 6.4 **Failure to Maintain.** If Lessor fails to maintain such insurance, Lessee, at its election, may procure such insurance as may be necessary to comply with the above requirements (but shall not be obligated to procure same), and Lessor agrees, at the option of Lessee, either to repay to Lessee the cost of such insurance upon demand, together with interest on the amount so paid by Lessee, accruing at the Delinquency Rate from the date of Lessee's payment for such insurance through the date of Lessor's repayment thereof to Lessee or to offset said amount paid by Lessee against Rent or any other amounts due from Lessee to Lessor.

## **ARTICLE VII**

### **MAINTENANCE, ALTERATIONS, REPAIRS AND REPLACEMENTS**

Section 7.1 **Maintenance of Leased Premises.** During the Term, Lessor shall, at Lessor's sole cost and expense, keep and maintain the interior (including vacant unit preparation for new occupants) and exterior of the Leased Premises and all appurtenances thereunto belonging, in good and safe order, condition and repair. All such maintenance and repair (a) shall conform to and comply with all Legal Requirements affecting the Leased Premises, including, without limitation, all applicable requirements pertaining to Public Housing Units; and (b) shall conform to and comply with the Annual Contributions Contract.

Section 7.2 **Alterations to Leased Premises.** Lessor or Lessee may make any additions, alterations or changes (sometimes collectively referred to herein as "Alterations") in or to the Leased Premises subject, however, to the following conditions:

(a) No Alterations shall be made that would tend to impair the structural soundness of the Leased Premises or decrease the number of bedrooms in, or square footage of, any unit;

(b) No Alterations shall be undertaken that are prohibited by, or would cause the Leased Premises, the Lessee or the Lessor to be in breach or violation of Section 3.3 of this Lease, the Annual Contributions Contract or any Legal Requirements;



(c) No Alterations shall be undertaken until Lessor or Lessee, as the case may be, shall have procured, to the extent the same may be required from time to time, all permits and authorizations of all applicable Governmental Authorities. Lessor shall join in the application for such permits or authorizations whenever such action is necessary or helpful and is requested by Lessee, and shall use Lessor's reasonable efforts to obtain such permits or authorizations; and

(d) Any Alterations shall be performed in good and workmanlike manner and in compliance with all applicable Legal Requirements and all applicable Insurance Requirements and the Condominium Declaration.

## ARTICLE VIII

### LESSOR MORTGAGES; ESTOPPEL CERTIFICATES

Section 8.1 **Mortgage of Lessor's Estate.** Lessor agrees that it shall not encumber or convey any interest in Lessor's Estate with any deed to secure debt, mortgage, deed of trust or other instrument in the nature thereof as security for any debt, except to CMHDC as hereinafter provided.

(a) Concurrently herewith, CMHDC has provided a loan to Lessor in the amount of \$\_\_\_\_\_ [i.e. \$24,000 per unit] (the "CMHDC Loan") to (i) pay for securing very low income housing for Public Housing Eligible Households within a mixed income development and (ii) pay for a portion of total development costs for the Leased Premises which are not included in the total development costs paid by Lessee pursuant to Section 4.1(b) hereof. The CMHDC Loan shall be for a term corresponding to the Term of this Lease.

(b) During any period in which the CMHDC Loan is in place, Lessor and Lessee shall give CMHDC a duplicate copy of all notices of default or other notices that Lessor or Lessee, as the case may be, may give to or serve in writing upon the other Party pursuant to the terms of this Lease. No notice by either Lessor or Lessee to the other Party shall be effective unless and until a copy of such notice has been provided to CMHDC. The address of CMHDC may be changed by written notice delivered to Lessor and Lessee in the manner specified in Section 17.11 hereof.

(c) CMHDC, at its option at any time within thirty (30) days following expiration of the right of Lessor or Lessee, as the case may be, to cure any default under this Lease, may pay any amount or do any act or thing required of Lessor or Lessee, as the case may be, by the terms of this Lease. All payments made and all acts performed by CMHDC within such thirty (30) day period shall be effective to prevent a default by Lessor or Lessee, as the case may be, to the same extent as if they had been performed

by Lessor or Lessee, as the case may be. CMHDC shall be subrogated to any and all rights of the person or persons to whom any payment is made by CMHDC upon the curing of such default.

(d) CMHDC shall not be or become liable to Lessor or Lessee hereunder unless it expressly assumes by written instrument such liability (in which event CMHDC's liability shall be limited to the period of time during which it is the owner of the leasehold estate created hereby) and no assumption shall be inferred from or result from foreclosure or other appropriate proceedings in the nature thereof or as the result of any other action or remedy provided for by the CMHDC Loan.

Section 8.2 **Estoppel Certificates.** Lessor and Lessee agree that at any time and from time to time upon not less than twenty (20) days prior written notice by the other Party, or upon request from CMHDC or a permitted assignee or other interested party, Lessor or Lessee will execute, acknowledge and deliver to the other Party or to CMHDC a statement in writing certifying (a) that this Lease is unmodified (or if modified, a description of the modifications) and in full force and effect; (b) the date through which the Rent and other charges payable by the Lessee have been paid; (c) the date through which Authority Unit Expenses, Impositions and other charges payable by the Lessor have been paid; (d) that, to the knowledge of the certifier (if such be the case), there is no default, set-off, defense or other claim against Lessor or Lessee, as applicable, other than those, if any, so specified under the provisions of this Lease; and (e) such other matters reasonably requested by said Party. It is intended that any such statement may be relied upon by any persons proposing to acquire the interest of Lessor, Lessee or CMHDC.

## **ARTICLE IX**

### **REPRESENTATIONS, WARRANTIES AND COVENANTS**

Section 9.1 **Representations, Warranties and Covenants of Lessor.** As an inducement to Lessee to enter into and proceed under this Lease, Lessor warrants and represents to Lessee as follows, which warranties, representations and covenants are true and correct as of the date of this Lease:

(a) Lessor has good and marketable, fee simple title to the Leased Premises, subject only to the Permitted Encumbrances, and has the right, power and authority to enter into this Lease and to lease the Leased Premises to Lessee in accordance with the terms, provisions and conditions contained in this Lease, and no other party has any right or option to or in connection with the Leased Premises;

(b) to the best knowledge and belief of Lessor, there is no litigation or action, pending or threatened, affecting the Leased Premises or any streets or other public rights-of-way abutting or serving the Leased Premises;



(c) Lessor has received no written notice and has no knowledge, nor has Lessor been otherwise advised, of any pending or threatened Taking relating to all or any part of the Leased Premises;

(d) the entry by Lessor into this Lease with Lessee and the performance of all of the terms, provisions and conditions contained herein will not, or with the giving of notice or the passage of time, or both, would not, violate or cause a breach or default under any other agreement relating to the Leased Premises to which Lessor is a party or by which it is bound, including, without limitation, the Permitted Encumbrances;

(e) there will be no tenant, lessee or other occupant of the Leased Premises having any right or claim to possession or use of the Leased Premises; and possession of the Leased Premises shall be delivered to Lessee on the Commencement Date free of the rights or claims of any tenants, occupants or other parties in possession of, or claiming any right to possession or use of the Leased Premises;

(f) there are no unpaid special assessments of which Lessor has received notice for sewer, sidewalk, water, paving, gas, electrical or utility improvements or other capital expenditures, matured or unmatured, affecting the Leased Premises;

(g) there are no outstanding notices of, nor, to Lessor's knowledge, any violations of any Legal Requirements affecting any portion of the Leased Premises;

(h) Lessor is not obligated under any written contract, lease or agreement with respect to the ownership, use, operation or maintenance of the Leased Premises, except for obligations of Lessor, if any, under the Condominium Declaration, Management Agreement, CMHDC Loan and [with respect to Mohawk/North Lease] the Agreement for the Sale and Redevelopment of Land, dated 6/10/96, between City and MCL/ASD LLCII recorded by the Cook County Recorder of Deeds on June 11, 1996 as Document Number 96445425;

(i) neither the Leased Premises nor any part thereof has been used for the disposal of refuse or waste, or for the generation, processing, manufacture, storage, handling, treatment, transportation or disposal of any Hazardous Substances. No Hazardous Substances have been installed, used, stored, handled or located on or beneath the Leased Premises, which Hazardous Substances, if found on or beneath the Leased Premises, or improperly disposed of off of the Leased Premises, would subject the owner or occupant of the Leased Premises to damages, penalties, liabilities or an obligation to perform any work, cleanup, removal, repair, construction, alteration, demolition, renovation or installation in or in connection with the Leased Premises ("Environmental Cleanup Work") in order to comply with any Legal Requirements applicable to Hazardous Substances. No notice from any Governmental Authority or any Person has ever been served upon Lessor, its agents or employees, claiming any violation of any



Legal Requirement pertaining to Hazardous Substances or any liability thereunder, or requiring or calling any attention to the need for any Environmental Cleanup Work on or in connection with the Leased Premises, and neither Lessor, its agents or employees has ever been informed of any threatened or proposed serving of any such notice of violation or corrective work order. No part of the Leased Premises is affected by any "Hazardous Substances Contamination", which for purposes hereof, shall mean (i) the contamination of any improvements, facilities, soil, subsurface strata, ground water, ambient air, blots or other elements on or of the Leased Premises by Hazardous Substances, or (ii) the contamination of the buildings, facilities, soil, subsurface strata, ground water, ambient air, biota or other elements on, or of, any other property as a result of Hazardous Substances emanating from the Leased Premises;

(j) at all times during the Term, Lessor and/or its authorized representative shall use, maintain and operate the Leased Premises thereon in accordance with the terms, conditions and restrictions of this Lease, the Act, HUD regulations and the Annual Contributions Contract;

(k) Lessor has caused the Leased Premises to be constructed in substantial compliance with the construction plans and specifications for the Leased Premises previously approved by the City and Lessee. The Leased Premises have been constructed in a good and workmanlike manner in compliance with all applicable Legal Requirements, the Act, HUD regulations and the Annual Contributions Contract;

(l) **[NOTE: May need to add provision requiring amendment to Condominium Declaration to assure use of Leased Premises for Public Housing Units and designating Lessee as Lessor's agent for purposes of Condominium Association voting.]**

Section 9.2 **Representations, Warranties and Covenants of Lessee.** As an inducement to Lessor to enter into and to proceed under this Lease, Lessee warrants and represents to Lessor as follows, which warranties, representations and covenants are true and correct as of the date of this Lease:

(a) Lessee has the right, power and authority to enter into this Lease and the right, power and authority to comply with the terms, obligations, provisions and conditions contained in this Lease subject to HUD approval; and

(b) subject to HUD approval, the entry by Lessee into this Lease and the performance of all of the terms, provisions and conditions contained herein will not, or with the giving of notice or the passage of time, or both, would not, violate or cause a breach or default under any other agreements to which Lessee is a party or by which it is bound.

### Section 9.3 Mutual Hazardous Materials Indemnification.

(a) Lessee, from and after the Commencement Date, hereby agrees to indemnify, protect, hold harmless and defend (by counsel reasonably satisfactory to Lessor) the Lessor and its members from and against any and all claims, losses, damages, liabilities, fines, penalties, charges, administrative and judicial proceedings and orders, judgments, remedial action requirements, enforcement actions of any kind, and all costs and expenses incurred in connection therewith (including, but not limited to, reasonable attorney's fees and expenses), arising directly or indirectly, in whole or in part, out of the failure of the Lessee from and after the Commencement Date to comply with any Hazardous Substances Law relating to the handling, treatment, presence, removal, storage, decontamination, cleanup, transportation or disposal of Hazardous Substances into, on, under or from the Leased Premises at any time after the Commencement Date (provided, however, (i) that the Lessee shall not be liable or obligated hereunder for any such non-compliance occasioned solely by reason of its activities with respect to soils or materials already located on the Leased Premises as of the Commencement Date) and (ii) that Lessee shall not be liable hereunder for such non-compliance by Tenants.

(b) Lessor hereby agrees to indemnify, protect, hold harmless and defend (by counsel reasonably satisfactory to the Lessee) the Lessee, officers, directors, affiliates and employees from and against any and all claims, losses, damages, liabilities, fines, penalties, charges, administrative and judicial proceedings and orders, judgments, remedial action requirements, enforcement actions of any kind, and all costs and expenses incurred in connection therewith (including, but not limited to, reasonable attorney's fees and expenses), arising directly or indirectly, in whole or in part, out of (i) the failure of the Lessor to comply with any Hazardous Substances Law relating to the handling, treatment, presence, removal, storage, decontamination, cleanup, transportation or disposal of Hazardous Substances into, on, under or from the Leased Premises; or (ii) any activity carried on or undertaken on or off the Leased Premises (exclusive of activities or actions for which Lessee has indemnified Lessor under Section 9.3(a) hereof) in connection with the handling, treatment, removal, storage, decontamination, cleanup, transport or disposal of any Hazardous Substances located or present on or under the Leased Premises (provided, however that the foregoing indemnity shall not apply to any matters occurring prior to [date of acquisition by Lessor] unless Lessor shall have had actual knowledge as to such matter).

## ARTICLE X

### EMINENT DOMAIN

Section 10.1 Termination of Lease. Lessor and Lessee agree that, in the event of a Taking such that Lessee reasonably determines that the Leased Premises or a portion thereof



shall be the final allocation of the Net Condemnation Award, or (b) are not within ten percent (10%) of each other, the two Appraisers shall then select a third Appraiser, who shall independently allocate the Net Condemnation Award between Lessor and Lessee, and the middle of such three (3) allocations shall be the final allocation of the Net Condemnation Award.

Section 10.5 **Joinder**. CMHDC to the extent permitted by law, shall be made a party to any Taking proceeding. [NOTE: Section 10 may need to be revised after review of the Condominium Declaration.]

## **ARTICLE XI**

### **DAMAGE OR DESTRUCTION**

Each Party hereto shall give prompt written notice to the other Party after the occurrence of any fire, earthquake, act of God or other casualty to or in connection with the Leased Premises or any portion thereof (hereinafter sometimes referred to as a Casualty). In the event of a Casualty, Lessor shall repair or restore the Leased Premises. Until the Leased Premises shall be repaired or restored so that the Leased Premises are ready for occupancy by Tenants, Rent and other charges required to be paid by Lessee with respect to that portion of the Leased Premises subject to the Casualty shall be abated. Lessor shall provide or cause to be provided sufficient additional funds which, when added to such insurance proceeds, will fully effect such repair or restoration. Upon the occurrence of any such Casualty, Lessor, promptly and with all due diligence shall apply for and collect all applicable insurance proceeds recoverable with respect to such Casualty. [NOTE: Section 11 may need to be revised after review of the Condominium Declaration.]

## **ARTICLE XII**

### **EVENTS OF DEFAULT**

Section 12.1 **Lease Default by Lessee**. Lessee shall be in default under this Lease if it fails to pay any Rent or any other sum of money due hereunder when due for a period of ten (10) days after notice thereof has been given by Lessor to Lessee or if Lessee fails to perform or observe any of the provisions of this Lease (other than the provisions requiring the payment of Rent or other sums of money) stipulated in this Lease to be observed and performed by Lessee, if such failure shall continue for a period of thirty (30) days after notice thereof has been given by Lessor to Lessee provided that such thirty (30) day period shall be extended if any such failure cannot reasonably be cured within such thirty (30) day period, so long as Lessee promptly commences the curing of any such failure and thereafter proceeds in good faith and with due diligence to remedy and correct such failure within a reasonable period of time provided the same is capable of being cured by Lessee.

Section 12.2 **Lessor's Remedies**. At any time after the occurrence of a Lease default by Lessee and subject to Section 12.5 below, if Lessee shall have failed to cure a default under Section 12.1 after expiration of the applicable time for cure of a particular default, Lessor, at its election and as its sole and exclusive remedies, but without obligation therefor (i) may seek specific performance of any obligation of Lessee or (ii) from time to time without releasing Lessee in whole or in part from the obligations to be performed by Lessee hereunder, may cure the default at Lessee's cost and may offset any costs so incurred against any amounts due from Lessor hereunder. Any reasonable costs incurred by Lessor in order to cure such a default by Lessee shall be due immediately from Lessee with interest at the Delinquency Rate.

Section 12.3 **Lease Default by Lessor**. Lessor shall be in default of this Lease if it fails to pay when due Authority Unit Expenses, Impositions, insurance premium or other sum of money herein stipulated to be paid by Lessor if such failure shall continue for a period of ten (10) days after notice thereof has been given by Lessee to Lessor or if Lessor fails to perform any provision of this Lease that it is obligated to perform and if the failure to perform is not cured within thirty (30) days after written notice of the default has been given to Lessor provided that such thirty (30) day period shall be extended if the default cannot reasonably be cured within such thirty (30) day period so long as Lessor promptly commences the curing of any default and thereafter diligently and in good faith continues to cure the default until completion, provided the same is capable of being cured by Lessor.

Section 12.4 **Lessee's Remedies**. If Lessor shall have failed to cure a default under Section 12.3 after expiration of the applicable time for cure of a particular default, Lessee, at its election and as its sole and exclusive remedies, but without obligation therefor (i) may seek specific performance of any obligation of Lessor, or (ii) from time to time without releasing Lessor in whole or in part from the obligations to be performed by Lessor hereunder, may cure the default at Lessor's cost and may offset any costs so incurred against any indebtedness owed by Lessee to Lessor. Any reasonable costs incurred by Lessee in order to cure such a default by Lessor shall be due immediately from Lessor, together with interest at the Delinquency Rate.

Section 12.5 **HUD Cure Rights**.

(a) Lessor and Lessee shall each give HUD a duplicate copy of all notices of default or other notices that said Party may give to or serve in writing upon the other Party pursuant to the terms of this Lease. No notice by either Lessor or Lessee under this Lease shall be effective unless or until a copy of such notice has been provided to HUD.

(b) HUD, at its option, at any time within thirty (30) days following expiration of the right of Lessee to cure any default under this Lease, may pay any amount or do any act or thing required of Lessee by the terms of this Lease. All payments made and all acts performed by HUD within such thirty (30) day period should be effective to



prevent a default under this Lease by Lessee to the same extent as if they had been performed by Lessee.

Section 12.6 **Notices**. Notices given by Lessor or Lessee, as applicable, under Sections 12.1 or 12.3, as the case may be, shall specify the alleged default and the applicable Lease provisions, and shall demand that Lessee or Lessor, as the case may be, perform the appropriate provisions of this Lease within the applicable period of time for cure.

### **ARTICLE XIII**

#### **QUIET ENJOYMENT AND POSSESSION**

Lessor covenants and warrants that Lessee, upon payment of all sums currently due hereunder and upon performance and observance of all of its covenants herein contained, shall peaceably and quietly have, hold, occupy, use and enjoy, and shall have the full, exclusive and unrestricted use and enjoyment of, all of the Leased Premises during the Term, subject only to the provisions of this Lease and all applicable Legal Requirements. Lessor agrees to warrant and forever defend the title to the Leased Premises against the claims of any and all persons whomsoever lawfully claiming by, through or under Lessor, but not otherwise, subject only to the provisions of this Lease, and all applicable Legal Requirements.

### **ARTICLE XIV**

#### **VACATION OF LEASED PREMISES**

Lessee covenants that upon expiration of this Lease, Lessee will peaceably and quietly yield and surrender possession of the Leased Premises to Lessor. The foregoing, however, will be subject to the rights of Tenants or others in possession pursuant to Tenant Leases with Lessee; provided that such Tenants are not in default thereunder and attorn to Lessor as their lessor. An action of forcible detainer shall lie if Lessee holds over after a demand for possession is made by Lessor.

### **ARTICLE XV**

#### **RESIDUAL PAYMENT BY LESSOR TO LESSEE**

Section 15.1 **Lessee's Residual Payment**. Upon the expiration of the Term and as a condition for such termination, Lessor shall pay to Lessee an amount equal to twenty five percent (25%) of the fair market value of the Leased Premises for market rate housing ("Lessee's Residual Payment"). In the event Lessor and Lessee are not able to agree upon said

fair market value of the Leased Premises within thirty (30) days following the expiration of the Term, each Party shall select an Appraiser. Each Appraiser shall separately determine said fair market value of the Leased Premises. If the fair market value appraisals by the Appraisers shall be within ten (10%) percent of each other, the fair market value shall be the average of the two appraisals. If the fair market value appraisals shall not be within ten percent (10%) of each other, the two Appraisers shall then select a third Appraiser, who shall independently determine the fair market value of the Leased Premises for market rate housing and the average of all three appraisals shall be the fair market value of the Leased Premises. Until Lessee received Lessee's Residual Payment, this Lease shall remain in full force and effect.

**Section 15.2 Mortgage and Security Interest for Purposes of Securing Lessee's Residual Payment.** Lessor does hereby grant and convey to Lessee, its successors and assigns, a lien in and to the Leased Premises to secure Lessor's payment to Lessee of Lessee's Residual Payment. In connection therewith:

(a) In the event that Lessor shall fail to pay to Lessee the Lessee's Residual Payment when due, Lessee shall thereupon be entitled to bring an action at law or in equity against Lessor including, without limitation, an action (i) to foreclose a lien against the Leased Premises, (ii) for damages, injunctive relief or specific performance, (iii) for judgment or for the payment of money and the collection thereof (iv) for any combination of the remedies set forth herein, or (v) for any other relief which Lessee may deem necessary or appropriate. Any and all rights and remedies provided for herein or in law or in equity may be exercised at any time and from time to time cumulatively or otherwise be Lessee in its sole discretion. The failure of Lessee to exercise any such rights or remedies to enforce the provisions of this Lease shall in no event be deemed a waiver of the right to do so thereafter.

(b) To the extent permitted by law, in any case in which Lessee has a right to institute foreclosure proceedings, whether before or after the institution of such proceedings or before or after sale thereunder, Lessor shall, at the option of Lessee, surrender to Lessee and Lessee shall be entitled to take actual possession of all or any portion of the Leased Premises personally or by its agents or attorneys and Lessee, in its sole discretion may enter upon, take and maintain possession of all or any portion of the Leased Premises. Upon taking possession of the Leased Premises, Lessee may make all necessary or proper repairs, decorations, renewals, replacements, alterations, additions, betterments and improvements in connection with the Leased Premises as it may deem judicious to ensure, protect and maintain the Leased Premises against all risks incidental to Lessee's possession, operation and management thereof, and may receive all rents, issues and profits therefrom. Lessee shall have, in addition to any other power provided herein, all powers and duties as provided for in Sections 5/15-1701, 5/15-1702 and 5/15-1703 of the Illinois Mortgage Foreclosure Law.



(c) The Leased Premises or any interest or estate therein sold pursuant to any court order or a decree obtained under this Lease shall be sold in one parcel, as an entirety, or in such parcels and in such manner or order as Lessee, in its sole discretion may elect, to the maximum extent provided by Illinois law. At such sale, Lessee may bid for and acquire, as purchaser, all or any portion of the Leased Premises and, in lieu of paying cash therefor, may make settlement for the purchase price by crediting upon the indebtedness due the amount of Lessee's bid. Upon or at any time after the filing of any complaint to foreclose the lien of this Lease, the court may, upon application, appoint a receiver of the Leased Premises.

(d) Proceeds of any foreclosure sale of the Leased Premises shall be distributed and applied in the following order of priority: (i) on account of all costs and expenses incident to the foreclosure proceedings, (ii) to payment of Lessee's Residual Interest and all costs and expenses referred to in subsection 15.2(e) hereof, and (iii) any surplus or remaining funds to Lessor, its successors or assigns, as their rights may appear.

(e) Provided that Lessee shall prevail in such litigation, all expenses incurred by Lessee in connection with any actions, proceedings or self-help in connection with the exercise of its rights and remedies hereunder, including without limitation, court costs, reasonable attorneys' fees and all other fees and expenses and all damages, together with interest until paid on Lessee's Residual Payment and on such expenses at the Delinquency Rate, shall be charged to and assessed against Lessor, and shall be added to and deemed part of Lessee's Residual Payment and Lessee shall have a lien for all of said costs and interest upon the Leased Premises.

## **ARTICLE XVI**

### **TRANSFERS**

#### **Section 16.1 Permitted Transfer by Lessor.**

(a) Except as provided in this Article 16, and subject to the approval of HUD and all statutory and regulatory requirements applicable to the transfer of the Public Housing Units and this leasehold, Lessor shall have no right to Transfer any legal or beneficial interest in Lessor or in Lessor's Estate hereunder without Lessee's prior written consent for a period of time from and after the date hereof to and including the fifteenth (15th) anniversary of the date of this Lease. From and after the fifteenth (15th) anniversary of this Lease, Lessor shall be entitled to transfer its interest hereunder provided (i) that the transferee assumes the obligations of Lessor hereunder pursuant to an instrument reasonably acceptable to Lessee and (ii) that the City consents to such transfer (if Mohawk North units). Notwithstanding the foregoing, Lessee acknowledges

that it will not unreasonably withhold, delay or condition a request by Lessor for Lessee's consent to an internal reorganization of the corporate or partnership (or limited liability company, if applicable) structure of Lessor or any of the general partners of Lessor.

(b) Upon the granting of any consent by Lessee with respect to a Transfer by Lessor, this Lease shall be binding upon and shall inure to the benefit of Lessor and Lessee and their respective heirs, successors, assigns, legal representatives, Leasehold Mortgagees, Tenants and other transferees, and, upon assumption by the assignee of all of the rights and obligations of the assignor under this Lease, the assignor shall be released from any liability hereunder accruing from and after the date of such Transfer. Upon request of the assignor, Lessee shall execute and deliver to the assignor a release agreement in a form reasonably acceptable to Lessee and the assignor to evidence such release.

#### Section 16.2 Transfer by Lessee.

(a) Except for subleasing units comprising the Leased Premises to Public Housing Eligible Households, Lessee shall not Transfer all or any portion of its interest in Lessee's Estate, if the same would cause a violation or breach of (i) any Legal Requirement, or (ii) the provisions of Subsections 16.2(b) and (c) below. Notwithstanding anything contained herein, Lessor hereby acknowledges and agrees that HUD or any receiver or appointee named by HUD or at HUD's request, shall have the right, in accordance with its rights under the Annual Contributions Contract, to take over by transfer or otherwise the Lessee's interest under this Lease.

(b) Lessee acknowledges and covenants that it shall not Transfer Lessee's Estate during the period when the Public Housing Units are required to be maintained and operated as such, to the extent that any such Transfer would jeopardize the continued receipt of operating subsidy by Lessee from HUD in respect of the Public Housing Units. The foregoing covenant shall be deemed to be a covenant running with the land made for the benefit of HUD and shall be enforceable by it during the Term.

### ARTICLE XVII

#### MISCELLANEOUS PROVISIONS

Section 17.1 Entire Agreement; Modifications. This Lease supersedes all prior discussions and agreements between the Parties with respect to the leasing of the Leased Premises. This Lease contains the sole and entire understanding between the parties with respect to the transactions contemplated by this Lease, and all promises, inducements, offers, solicitations, agreements, representations and warranties heretofore made between the Parties,



if any, are merged into this Lease. This Lease shall not be modified or amended in any respect, except by written instrument specifically referencing such a modification or amendment which is executed by or on behalf of the Parties in the same manner as this Lease is executed and to which each Leasehold Mortgagee has consented in writing.

Section 17.2 **Governing Law**. This Lease, and the rights and obligations of the Parties hereunder, shall be governed by and construed in accordance with the substantive laws of the State of Illinois.

Section 17.3 **Binding Effect**. This Lease shall inure to the benefit of and be binding upon the Parties hereto, their heirs, successors, administrators, executors and permitted assigns.

Section 17.4 **Severability**. In the event any provision or portion of this Lease is held by any court of competent jurisdiction to be invalid or unenforceable, such holdings shall not affect the remainder hereof, and the remaining provisions shall continue in full force and effect to the same extent as would have been the case had such invalid or unenforceable provision or portion never been a part hereof.

Section 17.5 **Further Assurances**. From and after the date of this Lease, Lessor and Lessee, at the request of the other Party, shall make, execute and deliver or obtain and deliver all such affidavits, deeds, certificates, resolutions and other instruments and documents, and shall do or cause to be done all such other things that either Party may reasonably require in order to effectuate the provisions and the intention of this Lease.

Section 17.6 **Captions**. All captions, headings, paragraphs, subparagraphs, letters and other reference captions are solely for the purpose of facilitating convenient reference to this Lease, shall not supplement, limit or otherwise vary the text of this Lease in any respect, and shall be wholly disregarded when interpreting the meaning of any terms or provisions hereof. All references to particular articles, sections, subsections, paragraphs and subparagraphs by number refer to the text of such items as so numbered in this Lease.

Section 17.7 **Gender**. Words of any gender used in this Lease shall be held and construed to include any other gender, and words of a singular number shall be held to include the plural, and vice-versa, unless the context requires otherwise.

Section 17.8 **Exhibits**. Each and every exhibit referred to or otherwise mentioned in this Lease is attached to this Lease and is and shall be construed to be made a part of this Lease by such reference or other mention at each point at which such reference or other mention occurs, in the same manner and with the same effect as if each exhibit were set forth in full at length every time it is referred to and otherwise mentioned.

Section 17.9 **References**. All references to paragraphs or subparagraphs shall be deemed to refer to the appropriate paragraph or subparagraph of this Lease. Unless otherwise

specified in this Lease, the terms "herein," "hereof," "hereinafter," "hereunder" and other terms of like or similar import, shall be deemed to refer to this Lease as a whole, and not to any particular paragraph or subparagraph hereof.

Section 17.10 **Rights Cumulative**. Except as expressly limited by the terms of this Lease, all rights, powers and privileges conferred hereunder shall be cumulative and not restrictive of those provided at law or in equity.

Section 17.11 **Notices**. All, notices, requests, demands, or other communications required or permitted to be given hereunder shall be in writing and shall be addressed and delivered by hand or by certified mail, return receipt requested, or by Federal Express or other recognized, reputable overnight courier, or by hand delivery by a recognized, reputable courier, to each party at the addresses set forth below. Any such notice, request, demand or other communication shall be considered given or delivered, as the case may be, on the date of receipt. Rejection or other refusal to accept or inability to deliver because of changed address of which proper notice was not given shall be deemed to be receipt of the notice, request, demand or other communication. By giving prior written notice thereof, any Party, from time to time, may change its address for notices hereunder. Legal counsel for the respective Parties may send to the other Party any notices, requests, demands or other communications required or permitted to be given hereunder by such Party.

(a) To Lessor:

with a copy to:

(b) To Lessee: The Chicago Housing Authority  
626 West Jackson Boulevard  
Chicago, Illinois 60661  
Attn: Executive Director

with a copy to: The Chicago Housing Authority  
Office of the General Counsel  
200 West Adams Street  
Suite 2100  
Chicago, Illinois 60606  
Attn: General Counsel



and with a copy to: U.S. Dept. of Housing and Urban Development  
451 7th Street, S.W.  
Room 4142  
Washington, D. C. 2W10  
Attn: Deputy Assistant Secretary,  
Office of Distressed and Troubled Housing

(c) To CMHDC:

with a copy to:

Section 17.12 **Counterparts**. This Lease may be executed in several counterparts, each of which shall be deemed an original, and all such counterparts together shall constitute one and the same agreement.

Section 17.13 **Time of Essence**. Time is and shall be of the essence in this Lease.

Section 17.14 **Relationship of Parties: No Third Party Beneficiary** No relationship exists between Lessor and Lessee other than landlord and tenant. The parties hereto expressly declare that, in connection with the activities and operations contemplated by this Lease, they are neither partners nor joint venturers. Nothing contained in any agreement or contract between the Parties hereto, nor any act of HUD will be deemed or construed to create any relationship of third party beneficiary, principal and agent, limited or general partnership, joint venture or any association or relationship involving HUD.

Section 17.15 **Memorandum of Lease**. The Parties shall execute and acknowledge a memorandum of ground lease, in the form attached hereto as Exhibit C and made a part hereof, which Memorandum shall be recorded at Lessor's expense. Such memorandum shall include such information as is required in order for Lessor to deliver to Lessee at Lessor's sole cost and expense, an ALTA Leasehold Owners Policy.

**IN WITNESS WHEREOF**, this Lease is made and entered into in multiple original counterparts on the day and year first above written.

**LESSOR:**

**LESSEE:**

**MCL/ASD Limited Liability Company, Chicago Housing Authority, an Illinois municipal  
III, an Illinois limited liability company corporation**

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

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

**APPROVED:**

**UNITED STATES DEPARTMENT  
OF HOUSING AND URBAN DEVELOPMENT**

By: \_\_\_\_\_  
Director  
Its: Office of Public Housing



**EXHIBIT A**

**Legal Description**

**EXHIBIT B**

**Permitted Encumbrances**



**EXHIBIT C**

**Form of Memorandum of Lease Agreement**

**STATE OF ILLINOIS**

**COUNTY OF COOK**

**MEMORANDUM OF LEASE AGREEMENT**

**THIS MEMORANDUM OF LEASE AGREEMENT** is made and entered into as of the \_\_\_\_\_ day of \_\_\_\_\_, 1997, by and between MCL/ASD Limited Liability Company III, an Illinois limited liability company (Lessor); and Chicago Housing Authority, a public body corporate and politic, organized and existing under the laws of the State of Illinois (Lessee).

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

**WHEREAS**, the concept of the public welfare is broad and inclusive, and it is in the best interests of the public and the City of Chicago, Illinois that new opportunities for urban redevelopment be developed so as to facilitate the construction and operation of decent, safe, and sanitary buildings for urban residential usage;

**WHEREAS**, Lessee and the United States Department of Housing and Urban Development ("HUD") have determined that traditional public housing projects, segregated from housing available to those of other income levels and confined solely to the housing of public tenants, often have produced living conditions inconsistent with the public purposes for which they were built;

**WHEREAS**, the public may be served through innovative combinations of the resources of local government and private enterprise;

**WHEREAS**, simultaneously herewith, Lessor and Lessee have entered into that certain Lease Agreement (the "Lease"), pursuant to which Lessor has leased, demised and let to Lessee those certain tracts and parcels of real property lying being in the City of Chicago, Cook County, Illinois (and which real property is more particularly described on Exhibit A attached hereto and made a part hereof), together with the improvements, rights, easements, licenses, privileges and appurtenances thereunto attached or in any way belonging thereto; and

**WHEREAS**, the parties hereto desire to enter into this Memorandum of Lease in order to provide public record notice of the Lease and certain provisions, rights and obligations pertaining to the Leased Premises.

**NOW, THEREFORE**, for and in consideration of the foregoing premises, the sum of Ten and No/100 Dollars (\$10.00), the covenants, representations, warranties and agreements set forth in the Lease, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto do hereby agree as follows:

1. **Capitalized Terms.** All capitalized terms used and not otherwise defined herein are used herein with the same meaning ascribed to such term(s) in the Lease.

2. **Term of Lease.** The term of the Lease is for a period of forty (40) years, commencing on \_\_\_\_\_ ("Commencement Date").

3. **Restrictions Applicable to Public Housing Unit.** Section 3.3 of the Lease contains the following restrictions regarding the use of the Public Housing Units:

"Section 3.3 **Restrictions Applicable to Use of Leased Premises as Public Housing Units.**

(a) During the Term (or such lesser period as may be required by law or the Annual Contributions Contract), Lessee will continuously use the residential units comprising the Leased Premises as Public Housing Units, for occupancy by Public Housing Eligible Households at rents and subject to all other conditions of the Act and the Annual Contributions Contract. Lessee shall sublease the Leased Premises to Public Housing Eligible Households. Provided that the Lessee continues operating the Leased Premises as Public Housing Units to Public Housing Eligible Households in accordance with the Act, the Annual Contributions Contract and in accordance with the terms of this Lease, such Public Housing Units shall be eligible to receive the benefit of operating subsidies provided to the Lessee by HUD pursuant to Section 9 of the Act or pursuant to any successor or other legislation providing for project-based or tenant-based operating or rental assistance in respect of units in public housing developments or eligible occupants thereof. Consistent with the requirements currently applicable to public housing, a unit shall not lose its status as a Public Housing Unit solely because the income of the Tenant residing therein rises above the applicable public housing income limit; any such unit shall be governed by rules generally applicable to units occupied by over-income tenants in applicable public housing programs (subject to such modifications in lease and occupancy terms as are permitted hereunder).

(b) During the Term, Lessee, hereby agrees to operate and administer the Leased Premises (i) in compliance with all applicable requirements of the Act, HUD regulations thereunder, and the regulations and policies of Lessee; and (ii) in accordance with the Annual Contributions Contract. During the Term, Lessor hereby agrees to perform Lessee's obligations to operate and administer the Leased Premises as Public Housing Units as aforesaid in accordance with the terms hereof. In connection therewith, Lessor will retain a Manager pursuant to a Management Agreement which will be subject



to written approval by Lessee and HUD. The Manager will be responsible to Lessor for management of the Leased Premises in accordance with the terms of this Lease. The Management Agreement will contain appropriate provisions providing access by the Lessee, upon request therefor, to books and records maintained by the Manager with respect to the Leased Premises, and pursuant to which the Lessor may be required to terminate the Management Agreement and the appointment of the Manager thereunder, if Lessee determines that the Manager has violated, breached, or failed to comply with any provision of, or obligation under, this Lease. Selection of the Management Agreement shall be subject to the written approval of Lessee. Lessee agrees that the initial Manager retained by Lessor shall be William Moorehead & Associates. The Management Agreement shall require the Manager to perform all management functions that Lessee would typically require of a private manager of its properties, including, without limitation, conducting home visits for potential applicants, performing housing quality standards inspections of units, collecting rent from Tenants and remitting such rent to Lessee, evicting residents, maintaining resident files, and maintaining books and records for the operation of the Leased Premises all in accordance with HUD and Lessee regulations and policies. The Manager shall also perform or cause to be performed all necessary or desirable interior maintenance to the Leased Premises, including, without limitation, vacant unit preparation for new occupants. Lessee shall perform certain administrative functions in connection with admission of applicants to occupancy of the Leased Premises, including application intake, applicant interview and screening, verification procedures, determination of eligibility for admission and qualification for preference, waiting list maintenance and execution of leases, all in accordance with criteria and procedures established by the Lessee. Tenant selection shall be subject to the reasonable approval of the Manager in accordance with written objective criteria approved by Lessee. Such criteria shall (i) be subject to fair housing law standards, HUD requirements, the Annual Contributions Contract and any applicable law, rule or regulation; and (ii) not have the effect of precluding Public Housing Eligible Households from occupying the Leased Premises. The Manager shall promptly advise Lessee as to whether it approves or disapproves a Tenant and shall provide Lessee with a written statement as to its reasons for each approval or disapproval no later than five (5) after submission of a Tenant to Manager by Lessee. Notwithstanding the foregoing, the Manager shall not be entitled to disapprove more than two tenants successively provided such tenants satisfy the approved criteria. In the event that the Manager disapproves two successive prospective tenants, the third successive tenant that satisfies the approved criteria shall be deemed approved by Lessor and Manager.

(c) Not later than \_\_\_\_\_ (for the year in which the Commencement Date occurs) and not later than 120 days before the first day of any subsequent Authority Fiscal Year, Lessor shall submit to Lessee its proposed operating budget for the following Authority Fiscal Year (or, in the case of the year in which the Commencement Date occurs, the remainder thereof). The operating budget shall project

Estimated Allowed Development Expenses and Estimated Authority Unit Expenses, subject to the following conditions:

(i) Estimated Allowed Development Expenses shall be as reasonably estimated by the Lessor. Lessee may comment upon and propose changes to the Estimated Allowed Development Expenses set forth in the operating budget submitted by the Lessor, but the Lessor shall not be required to reduce any estimated expense below the Project-wide amount for such expenditure reasonably anticipated by the Lessor for the period.

(ii) During each Authority Fiscal Year commencing with the Authority Fiscal Year in which the Commencement Date occurs, and subject to any limitations arising from application of Section 2(e) of the Act, Lessee shall pay to Lessor Estimated Authority Unit Expenses for such period. Lessee shall pay to Lessor, on the first day of each month of an Authority Fiscal Year, one-twelfth (1/12) of the Estimated Authority Unit Expenses for such Authority Fiscal Year. Notwithstanding anything to the contrary contained herein, in no event shall Lessee be obligated to pay to Lessor any amounts in excess of the Operating Expense Allowance stipulated in Section 4.2.

(d) Not later than 60 days after the end of each quarterly period commencing with the calendar quarter in which first occupancy of the Leased Premises occurs, Lessor shall deliver to the Lessee with respect to the Leased Premises, itemized statements of income and expenses, prepared on an accrual basis, in form substantially comparable to Form HUD-92410 (Statement of Profit and Loss), certified by the chief financial officer of the Lessor for the quarterly period and from the beginning of the Lease Year to the end of such quarterly period. Not later than 120 days after the end of each Lease Year, Lessor shall deliver to the Lessee and, on behalf of the Lessee, to HUD a copy of the audited financial statements of Lessor for such year and the period then ended, prepared in accordance with generally accepted accounting principles and accompanied by the report of independent public accountants thereon, together with a copy of any additional financial statements or reports delivered by Lessor to its partners. Such financial statement shall be accompanied by supplemental data, together with the report of independent public accountants thereon, which shall show on a cash basis for such period (i) actual income from the Leased Premises, (ii) actual expenditures for Authority Unit Expenses, (iii) the amount of Rent received by Lessor, and (iv) aggregate stated lease rents and the amounts thereof uncollected from the Leased Premises for which no eviction actions have been commenced. If Lessor shall fail to deliver such financial statements to the Lessee, Lessee shall have the right to retain an independent auditor to conduct an audit of the financial statements of the Lessor and to charge the reasonable cost thereof to the Lessor.



(e) Subject to Subsection 3.3(c), nothing contained herein shall prevent or diminish the full application to the Public Housing Units of any legislation enacted after the date hereof which provides for the termination of operating subsidies under Section 9 of the Act or of other Federal project-based assistance to public housing developments, including, without limitation, any provision thereof releasing or otherwise modifying occupancy or tenant rent restrictions previously applicable to units such as the Public Housing Units. It is of the essence of Lessor's and Lessee's obligations under this Section 3.3 that, during the Term, Lessee and Lessor will maintain and operate the Leased Premises as Public Housing Units in accordance with all applicable requirements of the Act and the Annual Contributions Contract; provided, however, that if operating subsidies or other project based Federal assistance received by Lessee in respect of the Public Housing Units shall be less than the Operating Expense Allowance, Lessor shall not be required to contribute from its own funds any shortfall in such federal funding in order to preserve the character of the Leased Premises as Public Housing Units. In the event that legislative changes or diminished appropriations significantly reduce the amount of operating subsidy provided by HUD to Lessee under Section 9 of the Act as in effect on the date hereof, Lessee shall remain obligated to pay Rent (subject to the limitations set forth in Section 4.2 hereof) to Lessor as hereinafter provided and Lessor shall continue to maintain and operate the Public Housing Units as public housing; provided, however, that if the aggregate of tenant rental contributions payable by occupants of such units, plus all forms of public assistance made available in respect of such units (including, without limitation, other project-based or tenant-based operating or rental assistance or other contributions by or on behalf of Lessor or Lessee or with respect to the Public Housing Units) are less than the Operating Expense Allowance, Lessor may take all further actions necessary to increase the income from the Public Housing Units, including, without limitation, increases in rental payments from tenants and operating a portion of the Public Housing Units as market-rate units, to the extent necessary so that income from the Public Housing Units in the aggregate (including from any such converted units), plus all such public assistance as aforesaid, shall be not less than (but not substantially more than) the Operating Expense Allowance; provided, however, that any such actions must be consistent with the Act, as amended from time to time. If, subsequent to institution of remedial steps described above, Lessee shall reasonably demonstrate a capacity and commitment to provide assistance sufficient to support operation of the Leased Premises as Public Housing Units prior to such action, the obligation of Lessor to maintain such number of units as Public Housing Units in accordance with the terms hereof shall be reinstated, subject to continuing rights under law of existing Tenants.

4. **Lessor Mortgage.** Section 8.1 of the Lease contains the following restrictions on the mortgaging of Lessor's Estate in the Leased Premises:

Section 8.1 **Mortgage of Lessor's Estate.** Lessor agrees that it shall not encumber or convey any interest in Lessor's Estate with any deed to secure debt, mortgage, deed of trust

or other instrument in the nature thereof as security for any debt, except to Chicago Metropolitan Housing Development Corporation ("CMHDC") as hereinafter provided.

(a) Concurrently herewith, CMHDC has provided a loan to Lessor in the amount of \$ \_\_\_\_\_ [i.e. \$24,000 per unit] (the "CMHDC Loan") to (i) pay for securing very low income housing for Public Housing Eligible Households within a mixed income development and (ii) pay for a portion of total development costs for the Leased Premises which are not included in the total development costs paid by Lessee pursuant to Section 4.1(b) hereof. The CMHDC Loan shall be for a term corresponding to the Term of this Lease.

(b) During any period in which the CMHDC Loan is in place, Lessor and Lessee shall give CMHDC a duplicate copy of all notices of default or other notices that Lessor or Lessee, as the case may be, may give to or serve in writing upon the other Party pursuant to the terms of this Lease. No notice by either Lessor or Lessee to the other Party shall be effective unless and until a copy of such notice has been provided to CMHDC. The address of CMHDC may be changed by written notice delivered to Lessor and Lessee in the manner specified in Section 17.11 hereof.

(c) CMHDC, at its option at any time within thirty (30) days following expiration of the right of Lessor or Lessee, as the case may be, to cure any default under this Lease, may pay any amount or do any act or thing required of Lessor or Lessee, as the case may be, by the terms of this Lease. All payments made and all acts performed by CMHDC within such thirty (30) day period shall be effective to prevent a default by Lessor or Lessee, as the case may be, to the same extent as if they had been performed by Lessor or Lessee, as the case may be. CMHDC shall be subrogated to any and all rights of the person or persons to whom any payment is made by CMHDC upon the curing of such default.

(d) CMHDC shall not be or become liable to Lessor or Lessee hereunder unless it expressly assumes by written instrument such liability (in which event CMHDC's liability shall be limited to the period of time during which it is the owner of the leasehold estate created hereby) and no assumption shall be inferred from or result from foreclosure or other appropriate proceedings in the nature thereof or as the result of any other action or remedy provided for by the CMHDC Loan.

5. **Restrictions Transfer**. Sections 16.1 and 16.2 of the Lease contain the following restrictions on the transfer of Lessee's Estate in the Leased Premises and Lessor's Estate in the Leased Premises:



"Section 16.1 Permitted Transfer by Lessor.

(a) Except as provided in this Article 16, and subject to the approval of HUD and all statutory and regulatory requirements applicable to the transfer of the Public Housing Units and this leasehold, Lessor shall have no right to Transfer any legal or beneficial interest in Lessor or in Lessor's Estate hereunder without Lessee's prior written consent. Notwithstanding the foregoing, Lessee acknowledges that it will not unreasonably withhold, delay or condition a request by Lessor for Lessee's consent to an internal reorganization of the corporate or partnership (or limited liability company, if applicable) structure of Lessor or any of the general partners of Lessor.

(b) Upon the granting of any consent by Lessee with respect to a Transfer by Lessor, this Lease shall be binding upon and shall inure to the benefit of Lessor and Lessee and their respective heirs, successors, assigns, legal representatives, Leasehold Mortgagees, Tenants and other transferees, and, upon assumption by the assignee of all of the rights and obligations of the assignor under this Lease, the assignor shall be released from any liability hereunder accruing from and after the date of such Transfer. Upon request of the assignor, Lessee shall execute and deliver to the assignor a release agreement in a form reasonably acceptable to Lessee and the assignor to evidence such release.

Section 16.2 Transfer by Lessee.

(a) Except for subleasing units comprising the Leased Premises to Public Housing Eligible Households, Lessee shall not Transfer all or any portion of its interest in Lessee's Estate, if the same would cause a violation or breach of (i) any Legal Requirement, or (ii) the provisions of Subsections 16.2(b) and (c) below. Notwithstanding anything contained herein, Lessor hereby acknowledges and agrees that HUD or any receiver or appointee named by HUD or at HUD's request, shall have the right, in accordance with its rights under the Annual Contributions Contract, to take over by transfer or otherwise the Lessor's interest under this Lease.

(b) Lessee acknowledges and covenants that during such period when the Public Housing Units are required by law to be maintained and operated as such and for ten (10) years after the period during which payments in respect of the Public Housing Units shall have been made by HUD to Lessee pursuant to the Annual Contributions Contract, without regard to whether the foregoing period shall be within the Term of this Lease or shall extend beyond the expiration or earlier termination of the Term, no disposition of Lessee's interest in the Public Housing Units (including its interest therein as Lessee hereunder) shall occur unless approved by the Secretary of HUD or his or her successor. The foregoing covenant shall be deemed to be a covenant running with the land made for the benefit of HUD and shall be enforceable by it during the Term, as well as by Lessee. [NOTE: This provision appeared in the form documents used

and in the Act. CHA will apply for a waiver of this provision in connection with obtaining HUD approval of the Lease.]

(c) Lessee acknowledges and covenants that it shall not Transfer Lessee's Estate during the period when the Public Housing Units are required to be maintained and operated as such, to the extent that any such Transfer would jeopardize the continued receipt of operating subsidy by Lessee from HUD in respect of the Public Housing Units. The foregoing covenant shall be deemed to be a covenant running with the land made for the benefit of HUD and shall be enforceable by it during the Term.

5. **Residual Interest of Lessee.** Sections 15.1 and 15.2 of the Lease provide for Lessee to receive a payment equal to a portion of the fair market value of the Leased Premises and secures that payment as follows:

Section 15.1 **Lessee's Residual Payment.** Upon the expiration of the Term and as a condition for such termination, Lessor shall pay to Lessee an amount equal to twenty five percent (25%) of the fair market value of the Leased Premises for market rate housing ("Lessee's Residual Payment"). In the event Lessor and Lessee are not able to agree upon said fair market value of the Leased Premises within thirty (30) days following the expiration of the Term, each Party shall select an Appraiser. Each Appraiser shall separately determine said fair market value of the Leased Premises. If the fair market value appraisals by the Appraisers shall be within ten (10%) percent of each other, the fair market value shall be the average of the two appraisals. If the fair market value appraisals shall not be within ten percent (10%) of each other, the two Appraisers shall then select a third Appraiser, who shall independently determine the fair market value of the Leased Premises for market rate housing and the average of all three appraisals shall be the fair market value of the Leased Premises. Until Lessee received Lessee's Residual Payment, this Lease shall remain in full force and effect.

Section 15.2 **Mortgage and Security Interest for Purposes of Securing Lessee's Residual Payment.** Lessor does hereby grant and convey to Lessee, its successors and assigns, a lien in and to the Leased Premises to secure Lessor's payment to Lessee of Lessee's Residual Payment. In connection therewith:

(a) In the event that Lessor shall fail to pay to Lessee the Lessee's Residual Payment when due, Lessee shall thereupon be entitled to bring an action at law or in equity against Lessor including, without limitation, an action (i) to foreclose a lien against the Leased Premises, (ii) for damages, injunctive relief or specific performance, (iii) for judgment or for the payment of money and the collection thereof (iv) for any combination of the remedies set forth herein, or (v) for any other relief which Lessee may deem necessary or appropriate. Any and all rights and remedies provided for herein or in law or in equity may be exercised at any time and from time to time cumulatively or otherwise be Lessee in its sole discretion. The failure of Lessee to exercise any such



rights or remedies to enforce the provisions of this Lease shall in no event be deemed a waiver of the right to do so thereafter.

(b) To the extent permitted by law, in any case in which Lessee has a right to institute foreclosure proceedings, whether before or after the institution of such proceedings or before or after sale thereunder, Lessor shall, at the option of Lessee, surrender to Lessee and Lessee shall be entitled to take actual possession of all or any portion of the Leased Premises personally or by its agents or attorneys and Lessee, in its sole discretion may enter upon, take and maintain possession of all or any portion of the Leased Premises. Upon taking possession of the Leased Premises, Lessee may make all necessary or proper repairs, decorations, renewals, replacements, alterations, additions, betterments and improvements in connection with the Leased Premises as it may deem judicious to ensure, protect and maintain the Leased Premises against all risks incidental to Lessee's possession, operation and management thereof, and may receive all rents, issues and profits therefrom. Lessee shall have, in addition to any other power provided herein, all powers and duties as provided for in Sections 5/15-1701, 5/15-1702 and 5/15-1703 of the Illinois Mortgage Foreclosure Law.

(c) The Leased Premises or any interest or estate therein sold pursuant to any court order or a decree obtained under this Lease shall be sold in one parcel, as an entirety, or in such parcels and in such manner or order as Lessee, in its sole discretion may elect, to the maximum extent provided by Illinois law. At such sale, Lessee may bid for and acquire, as purchaser, all or any portion of the Leased Premises and, in lieu of paying cash therefor, may make settlement for the purchase price by crediting upon the indebtedness due the amount of Lessee's bid. Upon or at any time after the filing of any complaint to foreclose the lien of this Lease, the court may, upon application, appoint a receiver of the Leased Premises.

(d) Proceeds of any foreclosure sale of the Leased Premises shall be distributed and applied in the following order of priority: (i) on account of all costs and expenses incident to the foreclosure proceedings, (ii) to payment of Lessee's Residual Interest and all costs and expenses referred to in subsection 15.2(e) hereof, and (iii) any surplus or remaining funds to Lessor, its successors or assigns, as their rights may appear.

(e) All expenses incurred by Lessee in connection with any actions, proceedings or self-help in connection with the exercise of its rights and remedies hereunder, including without limitation, court costs, reasonable attorneys' fees and all other fees and expenses and all damages, together with interest until paid on Lessee's Residual Payment and on such expenses at the Delinquency Rate, shall be charged to and assessed against Lessor, and shall be added to and deemed part of Lessee's Residual Payment and Lessee shall have a lien for all of said costs and interest upon the Leased Premises.

6. **Conflicts with Lease.** This Memorandum of Lease is solely for notice and recording purposes and shall not be construed to alter, modify, expand, diminish or supplement any of the provisions of the Lease. In the event of any inconsistencies between the provisions of this Memorandum of Lease and the provisions of the Lease, the provisions of the Lease shall govern.

7. **General.** This Memorandum of Lease (a) shall be governed by and construed in accordance with the laws of the State of Illinois; (b) may be executed in multiple counterparts, each of which shall constitute an original; (c) shall be binding upon and inure to the benefit of the parties hereto, their respective heirs, successors and assigns; and (d) may not be modified, amended or altered, except by in writing and signed by the parties hereto.

**IN WITNESS WHEREOF**, the parties hereto have caused this Memorandum of Lease to be made, executed and delivered as of the day and year first above written.

**LESSEE:**

**CHICAGO HOUSING AUTHORITY**

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

**LESSOR:**

**MCL/ASD LIMITED LIABILITY  
COMPANY III**, an Illinois limited  
liability company

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

**APPROVED:**

**UNITED STATES DEPARTMENT  
OF HOUSING AND URBAN DEVELOPMENT**

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

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



**EXHIBIT D**

**Screening Criteria**

## EXHIBIT D

### TENANT SELECTION AT MOHAWK-NORTH

#### 1. Priority for Applicants

Pursuant to CHA's HOPE VI Plan for Cabrini-Green, submitted to the United States Department of Housing and Urban Development on June 30, 1997, applicants for public housing will be accorded the following priorities:

First priority shall be given to families who are or were displaced as a result of Phase I of the Cabrini HOPE VI Plan (1158 N. Cleveland, 1150 N. Sedgwick, and 1160 N. Sedgwick);

Second priority shall be given to families who are or will be displaced as a result of Phase II of the CHA's Cabrini HOPE VI Plan (1159-61 N. Larrabee, 1121 N. Larrabee, 1015-17 N. Larrabee, and 500-502 W. Oak);

Third priority shall be given to all other families residing in Cabrini Extension;

Fourth priority shall be given to other families residing in Cabrini-Green public housing units (William Green Homes (IL2-30) and Frances Cabrini Homes (IL2-2))

Fifth priority shall be given to persons on the CHA waiting list.

#### 2. Selection Preferences (50% of Units)

The following selection preferences will apply for up to 50% of the families receiving replacement housing under this Agreement (equal weight is afforded to each preference):

- a. Household income is at least \$8,000, or
- b. The leaseholder is enrolled as a full-time student in an accredited college/university or training program, or
- c. The leaseholder is working full-time, with the exception that an applicant household shall be given the benefit of the preference if the head and spouse, or sole member, are age 62 or older, or are receiving social security benefits, or any other payments based on an individual's inability to work.



### 3. Fair Housing Challenges to Priority for Applicants or Preference

In the event that any rejected applicant for housing units covered by this Agreement is rejected because of the Preferences provided in paragraphs 1 and 2 of this Exhibit D (collectively "Cabrini HOPE VI and Preferences"), institutes a lawsuit challenging the Cabrini HOPE VI Priority and Preferences as violative of Title VIII of the Civil Rights Act of 1968, 42 U.S.C. Sec. 3601 et seq., title VI of the Civil Rights Act of 1964, 42 U.S.C. Sec. 2000d, or the Illinois Human Rights Act, 775 ILCS Sec. 5/3-102 et seq., the Chicago Housing Authority agrees to indemnify and hold harmless Owner solely for those claims provided that 1) the owner notifies the CHA in writing of such lawsuit immediately upon the institution of a claim against the Owner, and 2) the CHA reserves the right to participate in the defense of any suit related to those claims.

**4. Lease Requirement**

All applicants who are selected for housing under this tenant selection plan shall sign a CHA form lease. This lease shall also be executed by owner and owner's management agent. Owner and CHA shall each receive a copy of the fully executed lease.

**5. Resident Data**

The owner or his designated agent will review resident data provided by the Chicago Housing Authority. The CHA will screen for standard and required information as prescribed by the U.S. Department of Housing and Urban Development.

**6. Interview of Households**

Two interviews will be conducted. CHA's Occupancy Department will complete the initial interview, at which time staff will secure the leaseholder's signature and authorization to initiate background checks (credit history, income verification and criminal history/clearance) as appropriate.

The owner or his designated agent may conduct a second interview with all members of the household.

**7. Background Check (Credit History, Verification of Income, etc.)**

The background check, which will be completed by the CHA, will verify various types of information such as employment, landlord verification, criminal background check and the applicant's credit history. The most important are criminal activity and rent payment history.

**8. Apartment Inspection**

Two housekeeping inspections will also be conducted. As part of its screening process, CHA staff will complete the first apartment inspection. In order to satisfy its screening requirements, a second home inspection may be conducted by the owner or his designated agent. An unfavorable inspection is a basis for rejection of an applicant.

**9. Review/Selection Committee**

A committee comprised of two persons, one CHA representative and one person representing the owner or his designated agent, each with 50% voting rights, will make final selection on occupants of units. In case of a tie, a hearing officer (an impartial, mutually agreed upon third party) will be called on to make a decision. The hearing officer's decisions must be based on Exhibit 1. The decisions of the hearing officer are final.

Applicants who are rejected will receive written notification by first-class mail from the committee within one week. Such notification must include a



statement of the reasons for the rejection. A rejected applicant shall have the right to grieve the rejection to the hearing officer. The decisions of the hearing officer are final.

**10. The Hearing Officer**

The owner and CHA agree that Aurie Pennick of the Leadership Council shall serve as the hearing officer until such time as Ms. Pennick shall resign or either party desires to designate a new hearing officer. The hearing officer's decisions concerning any applicant must conform with all the specifications of this Exhibit D and its attachments. In the event a new hearing officer is required, and the owner and CHA are unable to agree on such new hearing officer, the procedure for selecting a new hearing officer shall be

Either party shall request a list of seven (7) qualified arbitrators from the American Arbitration Association ("AAA"). Within two (2) working days after receipt of the list, the parties shall select an arbitrator. If the parties cannot agree on an arbitrator, both the CHA and the owner shall alternately strike names from the list submitted by the AAA. Order of striking shall be determined by a coin toss. The last remaining selection and the decision shall be based on Exhibit 1.

The arbitrator shall render a decision within fifteen (15) days after the hearing, unless written agreement to the contrary is reached by the parties. The decision of the arbitrator shall be final and binding upon the CHA and the owner. The expenses and fees of the arbitrator shall be borne equally by the parties. All other expenses shall be paid by the party incurring them.

**11. Second Interview of Entire Family**

Family interviews will be an opportunity for the owner or his designated agent to explain the policies and procedures of the complex. Specifically the manager will address: rent payment, work order requests, maintenance entering the units when the residents are not present, thorough lease review, renewal and certification, passing of housing inspections. These policies shall be presented in a written booklet, a copy of which shall be given to each family.

**12. Group Orientation/Case Management**

Group orientation and case management is a critical success factor for maintaining the enthusiasm for a new home and enjoyable transitioning into a mixed-income environment. Additionally, this will serve to make the resident aware that management will provide ongoing assistance and support for a smooth transition.

Some residents may require ongoing assistance and support not only through the transition to living in a mixed-income environment but help to become aware of, and alter counter-productive behavior patterns, and encourage financial independence.

Residents may volunteer to receive help from a social worker/case manager in assessing their family's situation, setting goals and obtaining required services.

Families who breach their lease for reasons other than non-payment of rent will have the option of participating in case management or being evicted. Should the family refuse to participate in the case management component, the private manager will immediately notify the Authority by faxed transmission of the family's pending eviction.

Attached is a draft of the model that the Authority anticipates using for this transition assistance program (Exhibit 2). A Request for Proposal consistent with this model will be issued by the CHA to provide services to residents who become lease holders under this agreement.

**13. Asset Management**

Upon release of the units to the owner or his designated agent, all items under warranty will be identified with expiration dates to insure the owner takes full advantage of items requiring adjustments and replacement.

A physical inventory will be completed by identifying vendor and serial number. Each item will be placed on a preventive maintenance schedule to achieve manufacturer-suggested life cycles. During this period, the developer will identify and establish a 40-year inventory to provide the necessary maintenance to deliver quality service.

During the walk-through of the unit, each head of household will receive a verbal explanation on the operation of each appliance and a written copy of the manufacturer's operating instructions.



## EXHIBIT 1

### SCREENING OF APPLICANTS

The current screening criteria, as required by federal law, require an eligibility and suitability determination for each family as follows:

- Eligibility includes:
  1. citizenship
  2. income
  3. family composition
- Suitability includes:
  1. past performance in meeting financial obligations, especially rent
  2. record of disturbance of neighbors, destruction of property, or living or housekeeping habits which may adversely affect health, safety, welfare of other tenants
  3. involvement in criminal activity on part of any applicant family member which would adversely affect health, safety or welfare of other tenants
  4. a record of eviction from housing or termination from residential programs
  5. ability and willingness to comply with the terms of the CHA lease
  6. any misrepresentations related to eligibility
  7. reasonable cause to believe that a family member's illegal use or pattern of illegal use of a controlled substance or abuse or pattern of abuse of alcohol may interfere with the health, safety, or right to peaceful enjoyment of the premises by other residents (Notice PIH 96-27, "Occupancy Provisions of the Housing Opportunity Program Extension Act of 1996")

## EXHIBIT 2

### FAMILY TRANSITION PLAN

#### I. Family Orientation

An informational workshop is conducted monthly for families who are relocating to replacement housing and scattered sites. Each workshop provides families with an overview of the lease, renewal requirements, housing amenities, unit and common area maintenance procedures, community and direct family services providers listing. Families receive a certificate of completion and a home products gift basket.

#### II. Family Assessments

Designed to identify the strengths and assets of impacted families, individual interviews are conducted to determine what assistance families require in order to transition successfully into new housing. A family profile is developed for each family that identifies supportive assistance needs in the areas of family services, employment training and placement.

#### III. Family Transition Plans

Family profiles are reviewed and direct service programs that address each assessment area are identified for inclusion in the family's transition action plan. Families attend a family motivational workshop that is designed to encourage the celebration of family strengths and craft the strategies necessary to face family challenges. At each workshop families are given an appointment to meet with a Family Specialist in order to create a timeline for implementation of the Family Transition Plan.

#### IV. Family Support and Monitoring

Families meet individually with a Family Specialist who assists them design a schedule to address all phases of the Family Transition Plan. Among the assistance services received are appointment setting and program registrations. The family is visited by a specialist every two weeks to offer support and track progress. Family Specialist produce monthly family status reports.

Each month a family development workshop is offered and families will be asked to attend three of the six workshops that are offered. The selections are as follows:

- *Building Personal Communication Skills* - designed to help individuals improve communication with other family members and with co-workers in the workplace.
- *Money Management* - designed to help families make "smart money" decisions and improve or enhance credit and savings.



- **Household Management** - designed to assist families develop housekeeping habits that are efficient and aide in minimizing household maintenance problems.
- **Building Healthy Families** - designed to promote a healthy lifestyle families will learn how to shop for and fix nutritious meals on a budget and gain health tips that promote wellness care.
- **Eliminating Stress** - Designed to help families cope with challenges at home and in the workplace, families will learn stress relaxation and problem solving techniques.
- **Discovering Your Community** - designed to introduce families to local agencies and programs that offer educational and recreational programs in the community.

All families below 50% of median income who volunteer to participate in the Family Transition Program are eligible for a waiver on rent increases (Income Disregard) for up to one year should their income increase during participation in the program.

All families who are non-working families receiving some form of public assistance and volunteer to participate in the Family Transition Program for two - five years are eligible to establish a escrow savings account for all rent increases beyond the time of their enrollment, for a period of up to three years.

All families who are impacted by the welfare reform legislation and implement a Family Transition Plan are eligible to meet their family self-sufficiency performance requirements under TANF.

MCL Construction  
Specifications for Homes of Mohawk North  
October 16, 1996

Condominiums

Foundation: Concrete walls with 2" rigid insulation  
Asphalt sprayed dampproofing at perimeter concrete foundation walls

Framing: Ceilings: 8' ceilings  
Floors: 2 x 4 open web trusses  
Exterior walls: 2 x 2 16" OC furring  
  
Roof framing: roof trusses at 24" OC.  
Roof sheathing: 5/8 at pitched roofs, 3/4" at flat roofs  
Floor sheathing: 3/4"  
Exterior Wall  
Sheathing: 5/8" exterior dry wall  
Vaulted ceilings are optional at third floor bedrooms per plan

Soffit  
& Fascia: Wood cedar if applicable

Exterior  
Finishes: Brick at front, split faced block at sides and rear

Insulation: R-6 at walls, R-11 sound insulation at floors/ceilings  
R-30 at roof ceiling. Insulate all plumbing stacks

Windows: Vinyl with insulated glass single hung with grills per plan

Exterior  
Doors: Front Door: 2'8" metal insulated door, deadbolt bore, peepsite  
Rear Door: 3' atrium swing door with screen, deadbolt bore

Roofing: 25 year shingles  
Torch down modified membrane at flat roofs

Drywall: 5/8" walls and ceilings; moisture resistant at tub and showers



Plumbing: Water heater: 40 gallon "Bradford White"  
Laundry: PVC washer box  
Valves: Moen  
Waste/Vent: Cast iron underground, PVC above  
Sillcock: Frostproof, 1 per plan  
Gas Line: Furnace, hot water heater, range, mech. rm. (For opt. Dryer)  
Water Meter: Remote reader from city

HVAC: Furnace: 78% efficient with central air return at each floor  
Humidifier: "General-Air". (Aprilaire 760 as upgrade)  
Air  
Conditioner: (10 SEER)

Electrical: Service Panel: 100 amp.  
Switches: white  
Outlets: white  
Closet lights: Pull chain  
Baths: Strip lights, recessed cans, and fans per plan

Prewire: 2 phone outlets at kitchen and family room  
2 TV cable outlets at family room and living room

Alarm  
System: Upgrade

Light  
Fixtures: 2 X 4 florescent in kitchen per plan  
Wall sconces at stairways per plan  
Strip lights at bathroom vanities  
Black coachlights at exteriors per plan

Stair Rails: Knee walls with painted poplar wood cap, Oak railing upgrade

Millwork:  
Doors: Hollow core six-panel colonist pre-primed and painted  
Trim: 2 1/4" colonial casing pre-primed and painted  
3" colonial baseboard pre-primed and painted  
Handrail: #240 (1 5/8" X 2 1/4") poplar painted handrail  
Hardware: Schlage or equivalent  
Windows: Drywall returns at top and sides with stool and apron  
Half Walls: Poplar caps with casing below

Cabinetry: Canac "Regal" Series in kitchen and baths  
Upgrades are Regal Plus, Ultra, Ultra Plus, Signature I, and Signature II

Countertops: High pressure stock laminate with self-edge  
Upgrades are Corian and granite/marble

Appliances:

Range: Whirlpool SF315PEEW/N in white or almond  
Hood: Whirlpool RH2730XDQ/Z in white or almond  
Dishwasher: Whirlpool DU840CWDB/W/N in black, with white, black  
or almond door panel  
Refrigerator: Whirlpool ET18TMXDW/N in white or almond  
Disposal: Whirlpool GC1000XE 1/3 h.p.

Plumbing Fixtures  
and Faucets:

Kitchen: 33 X 22 double bowl stainless sink  
Moen 7531 faucet in chrome

Powder room: "Mansfield" 280 pedestal sink with Moen Chateau  
4621 faucet in chrome  
"Mansfield" Alto 130/160, round bowl toilet in white  
Oval Beveled Mirror  
(1) 24" chrome towel bar and (1) chrome toilet paper holder

Master Bath:

"Mansfield" Chestnut Hill 1916SRO white drop-in sink with Moen  
Chateau 4621 faucet in chrome  
National "Tampa" one-piece tub enclosure or equivalent with  
Moen Chateau Positemp 2353 faucet in chrome at three-flats  
"Mansfield" Alto 130/160, round bowl toilet in white  
Mirror and medicine cabinet per plan  
(1) 24" chrome towel bar and (1) chrome toilet paper holder  
(1) chrome shower rod curtain



|                              |                                                                                                     |
|------------------------------|-----------------------------------------------------------------------------------------------------|
| Ceramic Tile: Kitchen/Foyer: | 8 X 8 ceramic tile; DAL 1500 series                                                                 |
| Powder Room:                 | 8 X 8 ceramic tile; DAL 1500 series                                                                 |
| Mech./Laundry room:          | 12" x 12" VCT tile, 1/8" Armstrong classic white or equivalent                                      |
| Hall Bath Floor:             | 4 1/4 X 4 1/4 ceramic tile DAL semi-gloss and matte series                                          |
| <br>Carpeting:               | <br>Shaw cornerstone and 3/8" (4 lbs.) Bonded pad per plan                                          |
| <br>Shelving:                | <br>Vinyl coated shelves; 12" deep at bedroom closets, 16" deep with five shelves at linen & pantry |
| <br>Landscaping:             | <br>Sod front and rear, mulch between houses, trees and shrubs per plan                             |
| <br>Fencing:                 | <br>Wrought iron fence: 5' high at front per plan                                                   |
| <br>Fireplace:               | <br>Optional 36" "Heatilator" prefabricated box with gas log lighter                                |
| <br>Painting:                | <br>Walls: 1 coat prime, 1 coat finish, final touch-up (latex)                                      |
|                              | Interior Millwork: 1 coat paint over primed surface                                                 |

**MCL Companies' policy of continual improvements in design and construction requires and reserves the right to discontinue floor plans or change and specifications, equipment, dimensions and prices without notice or obligation.**

MCL Construction  
Specifications for Old Town Square-Replacement Housing  
September 16, 1997

Condominiums

Foundation: 4' frost walls  
No drain tile  
2" rigid insulation  
Slab on grade (no basement)

Framing: First floor 8' walls; Second, Third and Fourth floors 9' walls  
Masonry walls  
Wood frame  
Floors: 2 x 4 open web truss system  
Exterior walls: 2 x 4 framing 16" O.C.  
Roof framing: 2 x 4 open web truss and stick built  
Roof sheathing: 5/8" plywood  
Floor sheathing: 3/4" plywood  
Pre-built pine stairs  
Exterior decking: wolmanized

Exterior  
Finishes: Brick, block and stucco board

Gutter &  
Downspouts: Copper at front of all units, aluminum on west side

Insulation: Ceiling: R-30, E units: R-19 sound insulation at each level

Windows: Vinyl windows with grill top sash only

Exterior: Brick and block, ornamental iron rails

Doors: Swing doors steel insulated castlegate, painted both sides per plan

Drywall: 5/8" walls and ceilings per plan, water resistant at tub and shower areas

Plumbing: Waste and vent - PVC per plan  
Water heater - 40 gallon  
Gas piping - laundry closet, range, fireplace, hot water heater, furnace  
Valves - Moen  
Water meter and readout (individual per unit)



|                    |                                             |                                                                                                                                                             |
|--------------------|---------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------|
| HVAC:              | Furnace:                                    | Carrier 80% efficiency with A.C.<br>General 800 humidifier standard                                                                                         |
| Electrical:        | Service Panel:                              | 100 amp., white outlets and switches                                                                                                                        |
| Prewire:           | Telephone:                                  | Master bedroom, kitchen and family room                                                                                                                     |
|                    | Cable Television:                           | Conduit to master bedroom, living room or family room<br>Ready to wire by Chicago Cable                                                                     |
| Light<br>Fixtures: | Kitchen:                                    | 2' x 4' florescent, (1) under cabinet light or recessed can<br>over sink per plan                                                                           |
|                    | Dining room:                                | Switched j-box per plan                                                                                                                                     |
|                    | Master bath:                                | One strip light over mirror at vanities<br>fan/light combo per plan                                                                                         |
|                    | Hall bath:                                  | One strip light over mirror at vanity                                                                                                                       |
|                    | Other:                                      | Brass light fixtures at hallways per plan                                                                                                                   |
|                    | Stairwell:                                  | Brass trimmed sconces per plan                                                                                                                              |
|                    | Family room,<br>Living room,<br>& Bedrooms: | Switched outlet per plan                                                                                                                                    |
| Millwork:          | Door:                                       | Pre-Finished Mendocino Oak Hollow Core                                                                                                                      |
|                    | Trim:                                       | Pre-Finished Mendocino Oak Ranch                                                                                                                            |
|                    | Hardware:                                   | Schlage orbit polished brass 605 or equal<br>Drywall wrapped openings all windows and closet doors<br>Front door (TH) plymouth grip with dead bolt or equal |
| Cabinetry:         | Canac:                                      | Regal line                                                                                                                                                  |
| Countertops:       |                                             | High pressure stock laminate with self-edge                                                                                                                 |
| Appliances:        | Range:                                      | Whirlpool SF372BEEW/N in white or almond                                                                                                                    |
|                    | Dishwasher:                                 | Whirlpool DU840CWDB/W/N in black, white, or almond                                                                                                          |
|                    | Hood:                                       | Whirlpool RH2730XDQ/Z in white or almond                                                                                                                    |
|                    | Refrigerator:                               | Whirlpool ET18TMXDW/N in white or almond                                                                                                                    |
|                    | Disposal:                                   | Badger 1 - Insinkerator                                                                                                                                     |

Plumbing Fixtures  
and Faucets:

|              |             |                                                                                                        |
|--------------|-------------|--------------------------------------------------------------------------------------------------------|
| Kitchen:     | Sink:       | Stainless steel double bowl with disposal                                                              |
|              | Faucet:     | Moen 7531 in chrome                                                                                    |
| Powder room: | Sink:       | Mansfield #290-8, pedestal sink in white                                                               |
|              | Faucet:     | Moen Chateau #4944/14901 chrome faucet                                                                 |
|              | Toilet:     | Mansfield plain bowl model 130/160 or equivalent                                                       |
|              | Mirror:     | Rectangular mirror                                                                                     |
|              | Other:      | Chrome towel bar and toilet paper holder                                                               |
| Hall Bath:   | Counter:    | Laminate self-edge with drop-in bowl                                                                   |
|              | Sink:       | Mansfield Chestnut Hill Sink 1916SRO                                                                   |
|              | Faucet:     | Moen 4944/14901 chrome with clear insert                                                               |
|              | Toilet:     | Mansfield plain bowl model 130/160 or equivalent                                                       |
|              | Tub:        | National Tampa one piece enclosure or equivalent in white                                              |
|              | Tub Faucet: | Moen 2353 Positemp in chrome with clear insert                                                         |
|              | Mirror:     | Per plan                                                                                               |
|              | Other:      | Chrome accessories (towel bar, toilet paper holder, medicine cabinets and shower curtain rods per plan |
| Master Bath: | Counter:    | Laminate self-edge with drop-in per plan                                                               |
|              | Sink:       | Mansfield Chestnut Hill Sink 1916                                                                      |
|              | Faucet:     | Moen 4944/14901 chrome with clear inserts                                                              |
|              | Toilet:     | Mansfield plain bowl model 130/160 or equivalent                                                       |
|              | Tub:        | National Tampa one piece enclosure or equivalent in white                                              |
|              | Tub Faucet: | Moen 2353 Positemp in chrome with clear insert                                                         |
|              | Mirror:     | Per plan                                                                                               |
|              | Other:      | Chrome accessories (towel bar, toilet paper holder and medicine cabinets per plan)                     |

Ceramic Tile:

|                     |                    |
|---------------------|--------------------|
| Kitchen/Foyer:      | 12" x 12" VCT tile |
| Powder Room:        | 12" x 12" VCT tile |
| Master Bath Floor:  | 12" x 12" VCT tile |
| Hall Bath Floor:    | 12" x 12" VCT tile |
| Mech./Laundry room: | 12" x 12" VCT tile |

Carpeting: Shaw Cornerstone and 3/8" (4 lbs.) pad per plan

Shelving: Vinyl coated wire shelving, 12" shelf and pole type in all bedroom closets,  
16" shelf only in linen closets

Landscaping: Sodded per plan, Trees and shrubs per plan

Fencing: Wrought iron per plan

Painting: Walls: 1 coat prime, 1 coat finish, final touch-up  
Interior Millwork: 1 coat paint over primed surface.

**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.**



# Life-Cycle Cost Analysis of Utility Combinations

U.S. Department of Housing  
and Urban Development  
Office of Public and Indian Housing

OMB No. 2577-0024 (Exp. 1/31/2000)

## Part A—Summary

|                                                             |  |                       |              |                       |              |                       |              |
|-------------------------------------------------------------|--|-----------------------|--------------|-----------------------|--------------|-----------------------|--------------|
| Public/Indian Housing Agency                                |  | 2. Project Number     |              | 3. Date               |              |                       |              |
| 4. By (Name and Title)                                      |  | 5. Prepared By        |              |                       |              |                       |              |
| Utility Combinations                                        |  | Combination No. _____ |              | Combination No. _____ |              | Combination No. _____ |              |
| 6. Domestic Hot Water Installation                          |  |                       |              |                       |              |                       |              |
| 7a.Space Heating Installation                               |  |                       |              |                       |              |                       |              |
| b.Space Heating System                                      |  |                       |              |                       |              |                       |              |
| 8.Space Air Conditioning Installation                       |  |                       |              |                       |              |                       |              |
| Fuel and Energy Types and Purchasing Methods                |  | Tenant                | Master-meter | Tenant                | Master-meter | Tenant                | Master-meter |
| 9.Lighting and Refrigeration                                |  |                       |              |                       |              |                       |              |
| 10. Cooking                                                 |  |                       |              |                       |              |                       |              |
| 11. Domestic Hot Water                                      |  |                       |              |                       |              |                       |              |
| 12. Space Heating                                           |  |                       |              |                       |              |                       |              |
| 13. Space Air Conditioning                                  |  |                       |              |                       |              |                       |              |
| Initial Cost of Utility Installation                        |  |                       |              |                       |              |                       |              |
| 14. Per Dwelling Unit                                       |  | \$                    |              | \$                    |              | \$                    |              |
| 15. Total                                                   |  | \$                    |              | \$                    |              | \$                    |              |
| Estimated Cost Per Unit Per Month                           |  |                       |              |                       |              |                       |              |
| 16.Electricity                                              |  | \$                    |              | \$                    |              | \$                    |              |
| 17. Gas                                                     |  | \$                    |              | \$                    |              | \$                    |              |
| 18. Fuel and Heating/Cooling Supplies                       |  | \$                    |              | \$                    |              | \$                    |              |
| 19. Heating/Cooling Labor                                   |  | \$                    |              | \$                    |              | \$                    |              |
| 20. Repairs, Maintenance and Replacements (20 year average) |  | \$                    |              | \$                    |              | \$                    |              |
| 21. Interest                                                |  | \$                    |              | \$                    |              | \$                    |              |
| 22. Total Monthly Cost                                      |  | \$                    |              | \$                    |              | \$                    |              |
| 23.Recommended: Combination No. _____                       |  |                       |              |                       |              |                       |              |
| 24. Justification of Recommendation:                        |  |                       |              |                       |              |                       |              |

Public reporting burden for this collection of information is estimated to average 6 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless that collection displays a valid OMB control number.

The life-cycle cost analysis of utility combinations (LCCAUC), is necessary to compare and recommend the most cost-effective utility combination for new constructions or rehabilitation projects. The legal and regulatory authority for LCCAUC are the U.S. Housing Act of 1937, as amended in 1979 (Section 13, L. 96-153 dated 12/21/79); the U.S. Housing Act of 1937, as amended in 1980 (Section 5(i), P.L. 96-399 dated 10/8/80); 24 CFR 941.404; 24 CFR 968.115(d); and by 24 CFR 950.603(d). The form was previously a required format for the LCCAUC. Now, in order to reduce the burden on small entities, form HUD-51994 is optional, as long as: 1) the essential elements of the HUD-51994 analysis are included in the HA's own version of a LCCAUC, 2) energy savings for solar energy systems are calculated in accordance with recognized industry procedures, and 3) the LCCAUC is based on criteria which include installation costs and long term operation and maintenance costs. Alternatively, HAs may continue to use HUD-51994 as guidance, if established procedures, existing software, and employee skills of a HA find this form to be more expeditious and cost-effective. Responses to the collection of information are required to obtain a benefit or to retain a benefit. The information requested does not lend itself to confidentiality.

## Instructions for Part A - Summary

Space is provided in Part A of this form for all applicable costs and charges for four utility combinations. Use as many sheets of Part A as are required to summarize all combinations. The data required to complete Part A should be derived from Parts B, C, and D.

**Domestic Hot Water, Space Heating, and Cooling.** Indicate on line 6 the type of water heating to be used in each combination (central plant or individual heaters). If individual heaters, indicate also whether automatic storage, instantaneous, etc. Indicate on line 7a the kind of space heating to be used by each combination (central, separate building plants, or individual dwelling unit systems). Show on line 7b the type of heating system (warm air, steam, water, etc.) Indicate on line 8 the type of cooling system (heat pump, chilled water, chilled air, evaporative coolers, etc.)

**Fuel and Energy Types and Purchasing Methods.** Enter on lines 9, 10, 11, 12, and 13 for each combination the symbols shown below to indicate the types of fuels and energy to be used for each of these items. If the service is to be supplied by the tenant, insert the appropriate symbols in the Tenant column. If it is to be supplied by the project, insert it in the Mastermeter column.

|                             |                               |
|-----------------------------|-------------------------------|
| E-Electricity               | C-Coal                        |
| G-Gas                       | PS-Purchased District Heating |
| LPG-Liquefied Petroleum Gas | S-Solar Energy                |
| FO-Fuel Oil                 | O-Other (specify)             |

**Initial Cost of Utility Installation.** Enter in line 14 the total initial cost per dwelling unit of the facilities and equipment required for each combination as shown at the bottom of Page 2, Part D. Enter in line 15 the total initial cost for the project of the facilities and equipment obtained by multiplying the amounts entered in Line 14 by the number of dwelling units.

**Estimated Cost Per Unit Month.** Enter on lines 16 and 17 the costs for electricity and gas for each combination as taken from Part C, line 15 (tenant) or line 18 (mastermeter) as the case may be. Enter on lines 16-18 fuel costs (other than electricity or gas) as shown on lines 15 or 18 of Part C, and the cost of Heating/Cooling supplies as shown on line 20 of Part C. Enter on line 19 the estimated cost of Heating/Cooling Labor taken from Line 26 of Part C. Enter on line 20 the average monthly expense for Repairs, Maintenance, and Replacements, which is 1/2 of the amount shown at the bottom of Page 2 of Part D. Enter on line 21 the monthly interest charge, which is 1/2 of the interest of the initial cost as shown above on line 14 of Part A. The total of the amounts entered in lines 16 to 21 inclusive should be entered on line 22 for each combination.

**Recommended Combinations.** Enter opposite this heading the number of the utility combination which the Public/Indian Housing Agency recommends for the project.

**Justification of Recommendation.** If the utility combination recommended is the lowest estimated cost per dwelling unit, the Public/Indian Housing Agency shall state that it considers the combination suitable for the locality. If, however, a combination other than the one resulting in the lowest cost is recommended, a detailed and comprehensive justification must be submitted, using additional sheets if necessary.



## Part B General Information

|                          |                   |         |
|--------------------------|-------------------|---------|
| 1. Public Housing Agency | 2. Project Number | 3. Date |
|--------------------------|-------------------|---------|

Please make sure the information on this form is as complete and accurate as possible. One Part B is required for each project. On lines 4 through 8, Column 1, indicate the number of dwelling units in each category listed. On lines 4 through 8, Column 4, indicate the number of buildings of the various heights entered in Column 3. Column 5 shows the total number of rooms in the buildings.

| Dwelling Size     | Number of Dwellings | Height of Buildings (Number of Stories) | Number of Buildings | Number of Rooms |
|-------------------|---------------------|-----------------------------------------|---------------------|-----------------|
| 4. One Bedroom    |                     |                                         |                     |                 |
| 5. Two Bedrooms   |                     |                                         |                     |                 |
| 6. Three Bedrooms |                     |                                         |                     |                 |
| 7. Four Bedrooms  |                     |                                         |                     |                 |
| 8. Total          |                     |                                         |                     |                 |

**Climatic Data.** Winter/Summer design temperatures are the established base temperatures for design of heating/cooling installations in the locality. It may be obtained from the Handbook of the American Society of Heating, Refrigeration and Air-Conditioning Engineers. Annual Degree Days and Equivalent full Load Hours may be obtained from the same source or from the Weather Bureau. Average Cold Water Temperature may be obtained from the local water utility.

|                                |    |                                 |                              |    |
|--------------------------------|----|---------------------------------|------------------------------|----|
| 12a. Winter Design Temperature | °F | 13a. Annual Degree Days         | 14. Average Cold Water Temp. | °F |
| 12b. Summer Design Temperature | °F | 13b. Equivalent Full Load Hours |                              |    |

**Energy and Fuel Supplies.** Enter names of suppliers of electricity, gas, fuel oil and coal, together with physical characteristics as indicated. Volts, cycles, and Btu contents per unit of measure may be obtained from the respective suppliers. In space provided, list any fuel or energy other than those listed.

|                               |          |        |
|-------------------------------|----------|--------|
| 15. Electricity Supplied by:  | Volts    | cycles |
| 16. Gas Supplied by:          | BTU per: |        |
| 17. No. Fuel Oil Supplied by: | BTU per: |        |
| 18. Coal Supplied by:         | BTU per: |        |
| 19. (Other) Supplied by:      | BTU per: |        |

**Estimated Average Unit Costs.** Enter the appropriate value for the combination recommended by the Public Housing Agency and the other three combinations of lowest cost. These values may be calculated from the quantities and costs shown in Part C. For retail purchases, divide costs from Line 11, Part C, by quantities from Line 8, Part C. For wholesale purchases, divide costs from Line 14 by quantities on Line 10 for the particular combination.

| Estimated Average Unit Costs |                               | Comb. No. ____ |             | Comb. No. ____ |             | Comb. No. ____ |             | Comb. No. ____ |             |
|------------------------------|-------------------------------|----------------|-------------|----------------|-------------|----------------|-------------|----------------|-------------|
|                              |                               | Tenant         | Mastermeter | Tenant         | Mastermeter | Tenant         | Mastermeter | Tenant         | Mastermeter |
| 20. Electricity              | ¢ per kwh                     |                |             |                |             |                |             |                |             |
| 21. Gas                      | ¢ per Mcf or Therm.           |                |             |                |             |                |             |                |             |
| 22. Fuel Oil                 | ¢ per gallon or \$ per barrel |                |             |                |             |                |             |                |             |
| Coal                         | ¢ per ton                     |                |             |                |             |                |             |                |             |
| 24. Other                    |                               |                |             |                |             |                |             |                |             |



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## Instructions for Part B - General Information

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Part B provides for the assembly of information relating to the project, to local conditions under which the project will operate, and fuel and energy available for utility services. Please make sure the information on this form is as complete and accurate as possible. One Part B is required for each project.

**Dwelling Size.** On lines 4 to 8, column 2, indicate the number of dwelling units in each category listed in column 1.

On lines 4 to 8, column 4, indicate the number of buildings of the various heights entered in column 3. Column 5 shows the total number of rooms for the buildings of different heights.

**Climatic Data.** Winter and summer design temperatures are the established bases for design of heating installations in the locality. These may be obtained from the 'Handbook of the American Society of Heating, Refrigeration, and Air-Conditioning Engineers.' Annual Degree Days and Equivalent Full Load Hours may be obtained from the same sources or from the Weather Bureau. Average cold water temperature may be obtained from the local water utility.

**Energy and Fuel Supplies.** On lines 15, 16, 17, and 18, enter the names of the suppliers of electricity, gas, fuel oil and coal, together with the physical characteristics as indicated. Volts, cycles and BTU contents per unit of measurement may be obtained from the respective suppliers. Line 19 is for any fuel or energy other than those listed.

**Estimated Average Unit Costs.** On lines 20, 21, 22, 23 and 24, enter the appropriate values for the combination recommended by the Public Housing Agency and the other three combinations of lowest cost. These values may be calculated from the quantities and costs shown in Part C. For retail purchases, divide the costs from line 17, Part C by the quantities from line 11 Part C. Similarly for wholesale purchases, divide the costs from the line 20 by the quantities shown in line 16 for the particular combination.



THE HABITAT COMPANY

SCATTERED SITE PROGRAM

FAX NUMBER: (312) 527-5863

FACSIMILE TRANSMITTAL

DATE: 10/20/97

NO. OF PAGES (Including Transmittal Page): 9

TO: Jack Lucania

COMPANY: \_\_\_\_\_

FAX NO.: \_\_\_\_\_

FROM: Jane Blumenfeld

RE: HUD PROGRAM IL06-P802-

COMMENTS: Let me know if you have questions about this.  
I assume you'll have to do 2 - 1 for Mohawk North  
the other for Old Town Square!

Thanks

Jane

**Please call (312) 527-5400 if you have any problems receiving this transmittal.**

**Part C**  
**Fuel and Energy Heating Supplies,**  
**Heating labor**

|                          |                    |         |
|--------------------------|--------------------|---------|
| 1. Public Housing Agency | 2. Project Number  | 3. Date |
|                          | 4. Combination No. |         |

| Fuel and Energy                                                                | Electricity      |                        | Gas                  | Oil            | Coal        | Other        |
|--------------------------------------------------------------------------------|------------------|------------------------|----------------------|----------------|-------------|--------------|
| Method of Purchase (Mastermeter or Tenant)                                     |                  |                        |                      |                |             |              |
| Rate Schedule Designation (Rates used in determining cost on Line 15, 17 & 18) |                  |                        |                      |                |             |              |
| <b>Average Monthly Consumption per Dwelling Unit For:</b>                      | <b>KW Demand</b> | <b>KWH Consumption</b> | <b>MCF or Therms</b> | <b>Gallons</b> | <b>Tons</b> | <b>Other</b> |
| 5. Lighting and Refrigeration                                                  |                  |                        |                      |                |             |              |
| 6. Space Air Conditioning                                                      |                  |                        |                      |                |             |              |
| 7. Cooking                                                                     |                  |                        |                      |                |             |              |
| 8. Domestic Hot Water                                                          |                  |                        |                      |                |             |              |
| 9. Space Heating                                                               |                  |                        |                      |                |             |              |
| 10. Street Lighting                                                            |                  |                        |                      |                |             |              |
| 11. General Project use                                                        |                  |                        |                      |                |             |              |
| 12. Net Total                                                                  |                  |                        |                      |                |             |              |
| 13. On-Site Losses                                                             |                  |                        |                      |                |             |              |
| 14. Total Fuel and energy Per Dwelling Unit                                    |                  |                        |                      |                |             |              |
| <b>Tenant Purchases</b>                                                        |                  |                        |                      |                |             |              |
| 15. Average Cost Per DU Per Month                                              |                  | \$                     | \$                   | \$             | \$          | \$           |
| <b>Mastermeter Purchases</b>                                                   |                  |                        |                      |                |             |              |
| 16. Average Project Demand and Consumption Per Month                           |                  |                        |                      |                |             |              |
| 17. Average Project Cost per Month                                             |                  | \$                     | \$                   | \$             | \$          | \$           |
| 18. Average Cost Per DU Per Month                                              |                  | \$                     | \$                   | \$             | \$          | \$           |
| <b>Heating/Cooling Supplies</b>                                                |                  |                        |                      |                |             |              |
| 19. Estimated Total Per Year                                                   | \$               |                        |                      |                |             |              |
| 20. Cost Per DU Per Month                                                      |                  |                        |                      |                |             |              |
| <b>Heating/Cooling Labor</b>                                                   |                  |                        |                      |                |             |              |
| 21.                                                                            | Chief Engineer   | for                    | months, at           | \$             | \$          |              |
| 22.                                                                            | Engineers        | for                    | months, at           | \$             | \$          |              |
| 23.                                                                            | Firemen          | for                    | months, at           | \$             | \$          |              |
| 24.                                                                            | Other            | for                    | months, at           | \$             | \$          |              |
| 25. Total Annual Labor Cost                                                    | \$               |                        |                      |                |             |              |
| 26. Labor Per Dwelling Unit Per Month                                          | \$               |                        |                      |                |             |              |



## Instructions for Part C - Cost of Fuel, Energy, Heating Supplies, and Heating Labor

Part C of Form HUD-51994 provides for the assembly of data and computation of costs for one utility combination. Prepare separate forms for each utility combination analyzed.

**Sources of Data.** Data for consumption and cost should be based upon local experience where available. Otherwise data may be obtained from local distributors and from Handbook 7418.1

**Fuel and Energy.** On line captioned "Method of Purchase" indicate, for each type of fuel or energy, whether purchased at meter or tenant. On line captioned 'Rate Schedule Designation' show schedule designation of the rates used in determining the cost on lines 15, 17 and 18. On lines numbered 5 to 11 enter estimated monthly consumption in kw.-hr. per dwelling unit for each use of electric energy. Where the rate schedule includes a demand charge, insert, in the space provided, the demand in kilowatts; if demand is measured in kilovolt-amperes or horsepower, substitute the proper term in column heading. Add the demands and consumption and enter totals on Line 12. For energy and fuels purchased meter, insert estimated losses on line 13, and total on line 14. Proceed similarly for other fuels except that no on-site losses should be calculated for oil, coal, and similar fuels.

The blank column at the right-hand edge of the form is for any fuel or energy other than those listed. List the fuel used at head of column.

**Tenant Purchases.** Values for line 15 may be obtained by applying the proper rate schedules and fuel costs to demand and consumption figures on line 14 for columns representing retail purchases.

**Mastermeter Purchases.** Values for line 16 may be obtained by multiplying the demand and consumption figures on line 14 for columns representing mastermeter purchases by the number of dwelling units.

Values for line 17 may be obtained by applying the proper rate schedules and fuel costs to the demand and consumption figures in line 16.

Values for line 18 may be obtained by dividing the respective figures from line 17 by the number of dwelling units.

**Heating/Cooling Supplies.** On line 19 enter estimated total cost per year for Heating Supplies for the combination being analyzed. Divide by the number of dwelling units and again divide by 12 to obtain cost per dwelling unit per month and enter result on line 20.

**Heating/Cooling Labor.** For central, group, or building plants calculate the labor requirements and costs and enter in the spaces provided. On line 25 enter the total of lines 21, 22, 23, and 24. Divide the amount shown for Total Annual Labor cost in line 25, by the number of dwelling units and again divide by 12. Enter the result in line 26.

**Part D (Page 1)**  
**Initial Costs and Annual Repair,**  
**Maintenance and Replacement Expense**  
**Per Dwelling Unit**

| Public/Indian Housing Agency                   |                           | 2. Project Number               |        | 3. Date                   |                                 |        |                           |                                 |        |
|------------------------------------------------|---------------------------|---------------------------------|--------|---------------------------|---------------------------------|--------|---------------------------|---------------------------------|--------|
| Facilities or Equipment                        | Combo. No. ____           |                                 |        | Combo. No. ____           |                                 |        | Combo. No. ____           |                                 |        |
|                                                | Initial<br>Cost<br>Per DU | Annual RM & R<br>Expense Per DU |        | Initial<br>Cost<br>Per DU | Annual RM & R<br>Expense Per DU |        | Initial<br>Cost<br>Per DU | Annual RM & R<br>Expense Per DU |        |
|                                                |                           | Total<br>Factor                 | Amount |                           | Total<br>Factor                 | Amount |                           | Total<br>Factor                 | Amount |
| <b>Electric System</b>                         |                           |                                 |        |                           |                                 |        |                           |                                 |        |
| Sub-station: Outdoor                           | \$                        | %                               | \$     | \$                        | %                               | \$     | \$                        | %                               | \$     |
| Indoor                                         |                           |                                 |        |                           |                                 |        |                           |                                 |        |
| Exterior Distribution                          |                           |                                 |        |                           |                                 |        |                           |                                 |        |
| Interior Wiring                                |                           |                                 |        |                           |                                 |        |                           |                                 |        |
| Checkmeters                                    |                           |                                 |        |                           |                                 |        |                           |                                 |        |
|                                                |                           |                                 |        |                           |                                 |        |                           |                                 |        |
|                                                |                           |                                 |        |                           |                                 |        |                           |                                 |        |
|                                                |                           |                                 |        |                           |                                 |        |                           |                                 |        |
|                                                |                           |                                 |        |                           |                                 |        |                           |                                 |        |
| <b>Gas System</b>                              |                           |                                 |        |                           |                                 |        |                           |                                 |        |
| Exterior Distribution                          | \$                        | %                               | \$     | \$                        | %                               | \$     | \$                        | %                               | \$     |
| Interior Piping                                |                           |                                 |        |                           |                                 |        |                           |                                 |        |
| Checkmeters                                    |                           |                                 |        |                           |                                 |        |                           |                                 |        |
|                                                |                           |                                 |        |                           |                                 |        |                           |                                 |        |
|                                                |                           |                                 |        |                           |                                 |        |                           |                                 |        |
|                                                |                           |                                 |        |                           |                                 |        |                           |                                 |        |
|                                                |                           |                                 |        |                           |                                 |        |                           |                                 |        |
| <b>Project Operated Domestic Hot Water</b>     |                           |                                 |        |                           |                                 |        |                           |                                 |        |
| Boilers & Aux. (DHW Only)                      | \$                        | %                               | \$     | \$                        | %                               | \$     | \$                        | %                               | \$     |
| Firing Equipment (DHW Only)                    |                           |                                 |        |                           |                                 |        |                           |                                 |        |
| Tank with Heating Coil                         |                           |                                 |        |                           |                                 |        |                           |                                 |        |
| Circulating Pump                               |                           |                                 |        |                           |                                 |        |                           |                                 |        |
| Exterior Distribution                          |                           |                                 |        |                           |                                 |        |                           |                                 |        |
| Interior Piping                                |                           |                                 |        |                           |                                 |        |                           |                                 |        |
|                                                |                           |                                 |        |                           |                                 |        |                           |                                 |        |
|                                                |                           |                                 |        |                           |                                 |        |                           |                                 |        |
|                                                |                           |                                 |        |                           |                                 |        |                           |                                 |        |
| <b>Project Operated Space Heating/ Cooling</b> |                           |                                 |        |                           |                                 |        |                           |                                 |        |
| Boilers & Aux. (SPH & DHW)                     | \$                        | %                               | \$     | \$                        | %                               | \$     | \$                        | %                               | \$     |
| Firing Equipment (SPH & DHW)                   |                           |                                 |        |                           |                                 |        |                           |                                 |        |
| Exterior Distribution                          |                           |                                 |        |                           |                                 |        |                           |                                 |        |
| Interior Piping, Rads, etc.                    |                           |                                 |        |                           |                                 |        |                           |                                 |        |
| Electrical Work                                |                           |                                 |        |                           |                                 |        |                           |                                 |        |
| H <sub>2</sub> O/Air Cooled Chiller            |                           |                                 |        |                           |                                 |        |                           |                                 |        |
| H <sub>2</sub> O/Air Cooled Absorption         |                           |                                 |        |                           |                                 |        |                           |                                 |        |
| Comp. with Chiller                             |                           |                                 |        |                           |                                 |        |                           |                                 |        |
|                                                |                           |                                 |        |                           |                                 |        |                           |                                 |        |
|                                                |                           |                                 |        |                           |                                 |        |                           |                                 |        |
|                                                |                           |                                 |        |                           |                                 |        |                           |                                 |        |
| <b>Carried Forward</b>                         | \$                        |                                 | \$     | \$                        |                                 | \$     | \$                        |                                 | \$     |



**Part D (Page 2)**  
**Initial Costs and Annual Repair,**  
**Maintenance and Replacement Expense**  
**Per Dwelling Unit**

| Public/Indian Housing Agency                 |                     | 2. Project Number            |        | 3. Date             |                              |        |                     |                              |        |
|----------------------------------------------|---------------------|------------------------------|--------|---------------------|------------------------------|--------|---------------------|------------------------------|--------|
| Facilities or Equipment                      | Combo. No. ____     |                              |        | Combo. No. ____     |                              |        | Combo. No. ____     |                              |        |
|                                              | Initial Cost Per DU | Annual RM & R Expense Per DU |        | Initial Cost Per DU | Annual RM & R Expense Per DU |        | Initial Cost Per DU | Annual RM & R Expense Per DU |        |
|                                              |                     | Total Factor                 | Amount |                     | Total Factor                 | Amount |                     | Total Factor                 | Amount |
| <b>Brought Forward</b>                       | \$                  |                              | \$     | \$                  |                              | \$     | \$                  |                              | \$     |
| <b>Tenant Operated Domestic Hot Water</b>    |                     |                              |        |                     |                              |        |                     |                              |        |
| Auto. Storage Heaters                        | \$                  | %                            | \$     | \$                  | %                            | \$     | \$                  | %                            | \$     |
| Side Arm Heaters                             |                     |                              |        |                     |                              |        |                     |                              |        |
| Pot Stove (coal fired)                       |                     |                              |        |                     |                              |        |                     |                              |        |
| Storage Tank                                 |                     |                              |        |                     |                              |        |                     |                              |        |
| Hot Water Piping                             |                     |                              |        |                     |                              |        |                     |                              |        |
|                                              |                     |                              |        |                     |                              |        |                     |                              |        |
|                                              |                     |                              |        |                     |                              |        |                     |                              |        |
| <b>Tenant Operated Space Heating/Cooling</b> |                     |                              |        |                     |                              |        |                     |                              |        |
| Space Heaters                                | \$                  | %                            | \$     | \$                  | %                            | \$     | \$                  | %                            | \$     |
| Floor Furnaces                               |                     |                              |        |                     |                              |        |                     |                              |        |
| Warm Air Furnaces                            |                     |                              |        |                     |                              |        |                     |                              |        |
| Steam Boiler, Radiators                      |                     |                              |        |                     |                              |        |                     |                              |        |
| Hot Water Boiler, Radiators                  |                     |                              |        |                     |                              |        |                     |                              |        |
| Boiler (oil)                                 |                     |                              |        |                     |                              |        |                     |                              |        |
| Blower                                       |                     |                              |        |                     |                              |        |                     |                              |        |
| Draft Fan                                    |                     |                              |        |                     |                              |        |                     |                              |        |
| Pump                                         |                     |                              |        |                     |                              |        |                     |                              |        |
| Electrical Work                              |                     |                              |        |                     |                              |        |                     |                              |        |
| Conversion Burner                            |                     |                              |        |                     |                              |        |                     |                              |        |
| Heat Pump                                    |                     |                              |        |                     |                              |        |                     |                              |        |
| Thin-Wall A/C Unit                           |                     |                              |        |                     |                              |        |                     |                              |        |
|                                              |                     |                              |        |                     |                              |        |                     |                              |        |
| <b>Other Items</b>                           |                     |                              |        |                     |                              |        |                     |                              |        |
| Roads                                        | \$                  | %                            | \$     | \$                  | %                            | \$     | \$                  | %                            | \$     |
| Boiler Room                                  |                     |                              |        |                     |                              |        |                     |                              |        |
| Basement or Crawl Space                      |                     |                              |        |                     |                              |        |                     |                              |        |
| Flues                                        |                     |                              |        |                     |                              |        |                     |                              |        |
|                                              |                     |                              |        |                     |                              |        |                     |                              |        |
| <b>Major Appliances</b>                      |                     |                              |        |                     |                              |        |                     |                              |        |
| Refrigerators                                | \$                  | %                            | \$     | \$                  | %                            | \$     | \$                  | %                            | \$     |
| Ranges                                       |                     |                              |        |                     |                              |        |                     |                              |        |
| Washer                                       |                     |                              |        |                     |                              |        |                     |                              |        |
| Dryer                                        |                     |                              |        |                     |                              |        |                     |                              |        |
|                                              |                     |                              |        |                     |                              |        |                     |                              |        |
|                                              |                     |                              |        |                     |                              |        |                     |                              |        |
|                                              |                     |                              |        |                     |                              |        |                     |                              |        |
|                                              |                     |                              |        |                     |                              |        |                     |                              |        |
| <b>Total Per Dwelling Unit</b>               | \$                  |                              | \$     | \$                  |                              | \$     | \$                  |                              | \$     |



\*\*\* \*\*

P. 01

TRANSACTION REPORT

OCT-20-97 MON 11:07 AM

FOR: THE HABITAT CO. SSP 312 527 5863

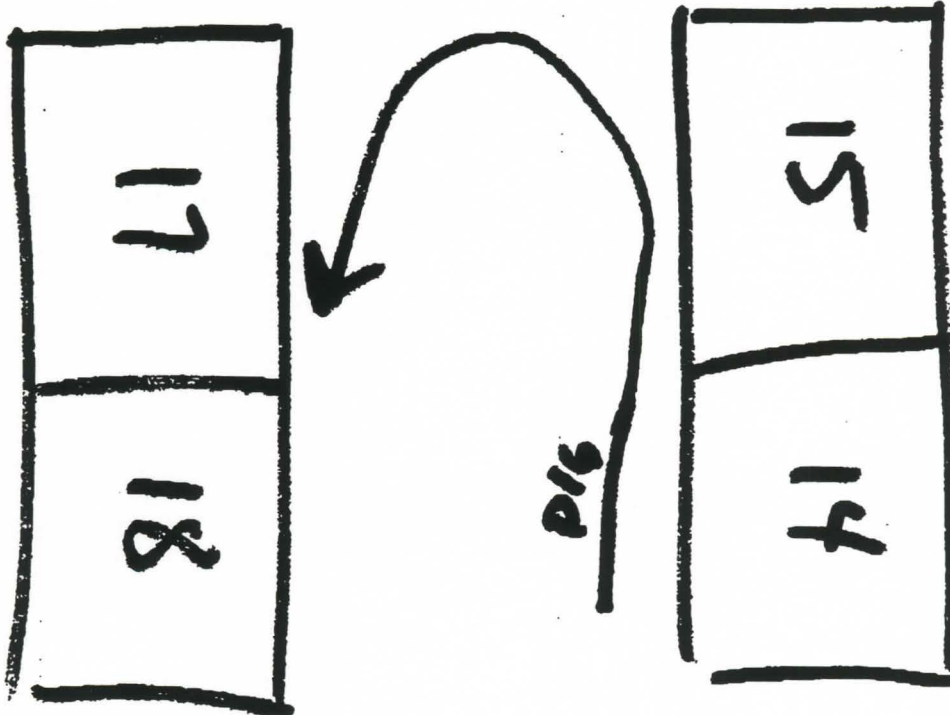
| DATE   | START    | RECEIVER    | TX TIME | PAGES | TYPE | NOTE |
|--------|----------|-------------|---------|-------|------|------|
| OCT-20 | 11:05 AM | 17735253823 | 2' 40"  | 4     | SEND | OK   |

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# DIG ORDER

14  
15  
16  
17  
18





**OLD TOWN SQUARE**  
Construction Schedule  
**BUILDING 11**  
09/22/97

**CONDO SCHEDULE - Front End**

**Building Schedule (winter)**

|                   |    |       |
|-------------------|----|-------|
| Excavate          | PS | 10/08 |
|                   | AS |       |
| Footings          | PS | 10/11 |
|                   | AS |       |
| Walls             | PS | 10/16 |
|                   | AS |       |
| Order Gas         | PS | 10/18 |
|                   | AS |       |
| Order Windows     | PS | 10/18 |
|                   | AS |       |
| Backfill          | PS | 10/26 |
|                   | AS |       |
| Undgd. Plumb.     | AS | 10/29 |
|                   | PS |       |
| Undgd. HVAC       | PS | 11/07 |
|                   | AS |       |
| Grade Slab        | PS | 11/17 |
|                   | AS |       |
| Pour Slab         | PS | 11/19 |
|                   | AS |       |
| Mason 1st Walls   | PS | 11/26 |
|                   | AS |       |
| Floor Truss 2nd   | PS | 12/12 |
|                   | AS |       |
| Mason 2nd Walls   | PS | 12/19 |
|                   | AS |       |
| Floor Truss 3rd   | PS | 01/06 |
|                   | AS |       |
| Mason 3rd Walls   | PS | 01/14 |
|                   | AS |       |
| Floor Truss 4th   | PS | 01/31 |
|                   | AS |       |
| Mason 4th Walls   | PS | 02/15 |
|                   | AS |       |
| Roof Truss        | PS | 02/25 |
|                   | AS |       |
| Fireplaces        | PS | 03/01 |
|                   | AS |       |
| Masonry Penthouse | PS | 03/16 |
|                   | AS |       |
| Flashing          | PS | 03/26 |
|                   | AS |       |
| Steel Stairs      | AS | 03/26 |
|                   | PS |       |
| Roofing           | PS | 04/03 |
|                   | AS |       |

WINTER

B-11  
ON HOLD  
FOR NEW  
plan change

**BUILDING 11**

**CONDO SCHEDULE - Back End 45 day**

|                       |    | 101   | 201   | 102   | 202   | 103   | 203   | 104   | 204   |
|-----------------------|----|-------|-------|-------|-------|-------|-------|-------|-------|
| Rough Plumbing        | PS | 03/21 | 04/03 | 04/11 | 04/19 | 05/03 | 05/15 | 05/25 | 06/04 |
|                       | AS |       |       |       |       |       |       |       |       |
| Rough HVAC            | PS | 03/25 | 04/07 | 04/15 | 04/23 | 05/07 | 05/19 | 05/29 | 06/08 |
|                       | AS |       |       |       |       |       |       |       |       |
| Rough Electric        | PS | 03/29 | 04/11 | 04/19 | 04/27 | 05/11 | 05/23 | 06/02 | 06/12 |
|                       | AS |       |       |       |       |       |       |       |       |
| Low Voltage           | PS | 04/07 | 04/20 | 04/28 | 05/06 | 05/20 | 06/01 | 06/11 | 06/21 |
|                       | AS |       |       |       |       |       |       |       |       |
| Insulation            | PS | 04/15 | 04/28 | 05/06 | 05/14 | 05/28 | 06/09 | 06/19 | 06/29 |
|                       | AS |       |       |       |       |       |       |       |       |
| Stock Drywall         | PS | 04/17 | 04/30 | 05/08 | 05/16 | 05/30 | 06/11 | 06/21 | 07/01 |
|                       | AS |       |       |       |       |       |       |       |       |
| Sand Rock             | PS | 04/27 | 05/10 | 05/18 | 05/26 | 06/09 | 06/21 | 07/01 | 07/11 |
|                       | AS |       |       |       |       |       |       |       |       |
| Prime Paint           | PS | 04/28 | 05/11 | 05/19 | 05/27 | 06/10 | 06/22 | 07/02 | 07/12 |
|                       | AS |       |       |       |       |       |       |       |       |
| Ceramic Flooring      | PS | 04/30 | 05/13 | 05/21 | 05/29 | 06/12 | 06/24 | 07/04 | 07/14 |
|                       | AS |       |       |       |       |       |       |       |       |
| Set Cabinets          | PS | 05/03 | 05/16 | 05/24 | 06/01 | 06/15 | 06/27 | 07/07 | 07/17 |
|                       | AS |       |       |       |       |       |       |       |       |
| Install Trim          | PS | 05/04 | 05/17 | 05/25 | 06/02 | 06/16 | 06/28 | 07/08 | 07/18 |
|                       | AS |       |       |       |       |       |       |       |       |
| Measure Tops          | PS | 05/04 | 05/17 | 05/25 | 06/02 | 06/16 | 06/28 | 07/08 | 07/18 |
|                       | AS |       |       |       |       |       |       |       |       |
| Paint / Stain         | PS | 05/11 | 05/24 | 06/01 | 06/09 | 06/23 | 07/05 | 07/15 | 07/25 |
|                       | AS |       |       |       |       |       |       |       |       |
| Mech. Trim            | PS | 05/15 | 05/28 | 06/05 | 06/13 | 06/27 | 07/09 | 07/19 | 07/29 |
|                       | AS |       |       |       |       |       |       |       |       |
| Set Tops              | PS | 05/16 | 05/29 | 06/06 | 06/14 | 06/28 | 07/10 | 07/20 | 07/30 |
|                       | AS |       |       |       |       |       |       |       |       |
| Deliver Appliances    | PS | 10/04 | 05/31 | 06/08 | 06/16 | 06/30 | 07/12 | 07/22 | 08/01 |
|                       | AS |       |       |       |       |       |       |       |       |
| Plumb. Trim           | PS | 05/19 | 06/01 | 06/09 | 06/17 | 07/01 | 07/13 | 07/23 | 08/02 |
|                       | AS |       |       |       |       |       |       |       |       |
| Install Mirrors       | PS | 05/20 | 06/02 | 06/10 | 06/18 | 07/02 | 07/14 | 07/24 | 08/03 |
|                       | AS |       |       |       |       |       |       |       |       |
| Install Closet Shelv. | PS | 05/20 | 06/02 | 06/10 | 06/18 | 07/02 | 07/14 | 07/24 | 08/03 |
|                       | AS |       |       |       |       |       |       |       |       |
| Punch                 | PS | 05/25 | 06/07 | 06/15 | 06/23 | 07/07 | 07/19 | 07/29 | 08/06 |
|                       | AS |       |       |       |       |       |       |       |       |
| Carpet                | PS | 05/26 | 06/08 | 06/16 | 06/24 | 07/08 | 07/20 | 07/30 | 08/09 |
|                       | AS |       |       |       |       |       |       |       |       |
| Final Clean           | PS | 05/28 | 06/10 | 06/18 | 06/26 | 07/10 | 07/22 | 08/01 | 08/11 |
|                       | AS |       |       |       |       |       |       |       |       |
| Walk                  | PS | 05/29 | 06/11 | 06/19 | 06/27 | 07/11 | 07/23 | 08/02 | 08/12 |
|                       | AS |       |       |       |       |       |       |       |       |
| Close                 | PS | 06/01 | 06/14 | 06/22 | 06/30 | 07/14 | 07/26 | 08/05 | 08/15 |



**OLD TOWN SQUARE**  
**Construction Schedule**  
**BUILDING 14**  
**09/22/97**

**CONDO SCHEDULE - Front End**

**Building Schedule (summer)**

|                   |    |       |
|-------------------|----|-------|
| Excavate          | PS | 03/02 |
|                   | AS |       |
| Footings          | PS | 03/05 |
|                   | AS |       |
| Walls             | PS | 03/10 |
|                   | AS |       |
| Order Gas         | PS | 03/19 |
|                   | AS |       |
| Order Windows     | PS | 03/19 |
|                   | AS |       |
| Backfill          | PS | 03/19 |
|                   | AS |       |
| Undgd. Plumb.     | AS | 03/22 |
|                   | PS |       |
| Undgd. HVAC       | PS | 03/30 |
|                   | AS |       |
| Grade Slab        | PS | 04/04 |
|                   | AS |       |
| Pour Slab         | PS | 04/06 |
|                   | AS |       |
| Mason 1st Walls   | PS | 04/12 |
|                   | AS |       |
| Floor Truss 2nd   | PS | 04/28 |
|                   | AS |       |
| Mason 2nd Walls   | PS | 05/06 |
|                   | AS |       |
| Floor Truss 3rd   | PS | 05/21 |
|                   | AS |       |
| Mason 3rd Walls   | PS | 05/28 |
|                   | AS |       |
| Floor Truss 4th   | PS | 06/10 |
|                   | AS |       |
| Mason 4th Walls   | PS | 06/18 |
|                   | AS |       |
| Roof Truss        | PS | 07/05 |
|                   | AS |       |
| Fireplaces        | PS | 07/15 |
|                   | AS |       |
| Masonry Penthouse | PS | 07/10 |
|                   | AS |       |
| Flashing          | PS | 07/20 |
|                   | AS |       |
| Steel Stairs      | AS | 07/10 |
|                   | PS |       |
| Roofing           | PS | 07/24 |
|                   | AS |       |



**BUILDING 14**

**CONDO SCHEDULE - Back End 45 day**

|                       |    | 701   | 801   | 702   | 802   | 703   | 803   | 704   | 804   |
|-----------------------|----|-------|-------|-------|-------|-------|-------|-------|-------|
| Rough Plumbing        | PS | 07/05 | 07/12 | 07/20 | 07/30 | 08/07 | 08/17 | 08/30 | 09/09 |
|                       | AS |       |       |       |       |       |       |       |       |
| Rough HVAC            | PS | 07/09 | 07/16 | 07/24 | 08/03 | 08/11 | 08/21 | 09/03 | 09/13 |
|                       | AS |       |       |       |       |       |       |       |       |
| Rough Electric        | PS | 07/13 | 07/20 | 07/28 | 08/07 | 08/15 | 08/25 | 09/07 | 09/17 |
|                       | AS |       |       |       |       |       |       |       |       |
| Low Voltage           | PS | 07/22 | 07/29 | 08/06 | 08/16 | 08/24 | 09/03 | 09/16 | 09/26 |
|                       | AS |       |       |       |       |       |       |       |       |
| Insulation            | PS | 07/30 | 08/06 | 08/14 | 08/24 | 09/01 | 09/11 | 09/24 | 10/04 |
|                       | AS |       |       |       |       |       |       |       |       |
| Stock Drywall         | PS | 08/01 | 08/08 | 08/16 | 08/26 | 09/03 | 09/13 | 09/26 | 10/06 |
|                       | AS |       |       |       |       |       |       |       |       |
| Sand Rock             | PS | 08/11 | 08/18 | 08/26 | 09/05 | 09/13 | 09/23 | 10/06 | 10/16 |
|                       | AS |       |       |       |       |       |       |       |       |
| Prime Paint           | PS | 08/12 | 08/19 | 08/27 | 09/06 | 09/14 | 09/24 | 10/07 | 10/17 |
|                       | AS |       |       |       |       |       |       |       |       |
| Ceramic Flooring      | PS | 08/14 | 08/21 | 08/29 | 09/08 | 09/16 | 09/26 | 10/09 | 10/19 |
|                       | AS |       |       |       |       |       |       |       |       |
| Set Cabinets          | PS | 08/17 | 08/24 | 09/01 | 09/11 | 09/19 | 09/29 | 10/12 | 10/22 |
|                       | AS |       |       |       |       |       |       |       |       |
| Install Trim          | PS | 08/18 | 08/25 | 09/02 | 09/12 | 09/20 | 09/30 | 10/13 | 10/23 |
|                       | AS |       |       |       |       |       |       |       |       |
| Measure Tops          | PS | 08/18 | 08/25 | 09/02 | 09/12 | 09/20 | 09/30 | 10/13 | 10/23 |
|                       | AS |       |       |       |       |       |       |       |       |
| Paint / Stain         | PS | 08/25 | 09/01 | 09/09 | 09/19 | 09/27 | 10/07 | 10/20 | 10/30 |
|                       | AS |       |       |       |       |       |       |       |       |
| Mach. Trim            | PS | 08/29 | 09/05 | 09/13 | 09/23 | 10/01 | 10/11 | 10/24 | 11/03 |
|                       | AS |       |       |       |       |       |       |       |       |
| Set Tops              | PS | 08/30 | 09/06 | 09/14 | 09/24 | 10/02 | 10/12 | 10/25 | 11/04 |
|                       | AS |       |       |       |       |       |       |       |       |
| Deliver Appliances    | PS | 09/05 | 09/08 | 09/16 | 09/26 | 10/04 | 10/14 | 10/27 | 11/06 |
|                       | AS |       |       |       |       |       |       |       |       |
| Plumb. Trim           | PS | 09/02 | 09/09 | 09/17 | 09/27 | 10/05 | 10/15 | 10/28 | 11/07 |
|                       | AS |       |       |       |       |       |       |       |       |
| Install Mirrors       | PS | 09/03 | 09/10 | 09/18 | 09/28 | 10/06 | 10/16 | 10/29 | 11/08 |
|                       | AS |       |       |       |       |       |       |       |       |
| Install Closet Shelv. | PS | 09/03 | 09/10 | 09/18 | 09/28 | 10/06 | 10/16 | 10/29 | 11/08 |
|                       | AS |       |       |       |       |       |       |       |       |
| Punch                 | PS | 09/08 | 09/15 | 09/23 | 10/03 | 10/11 | 10/21 | 11/03 | 11/13 |
|                       | AS |       |       |       |       |       |       |       |       |
| Carpet                | PS | 09/09 | 09/16 | 09/24 | 10/04 | 10/12 | 10/22 | 11/04 | 11/14 |
|                       | AS |       |       |       |       |       |       |       |       |
| Final Clean           | PS | 09/11 | 09/18 | 09/26 | 10/06 | 10/14 | 10/24 | 11/06 | 11/16 |
|                       | AS |       |       |       |       |       |       |       |       |
| Walk                  | PS | 09/12 | 09/19 | 09/27 | 10/07 | 10/15 | 10/25 | 11/07 | 11/17 |
|                       | AS |       |       |       |       |       |       |       |       |
| Close                 | PS | 09/15 | 09/22 | 09/30 | 10/10 | 10/18 | 10/28 | 11/10 | 11/20 |

**OLD TOWN SQUARE**  
**Construction Schedule**  
**BUILDING 15**  
**09/22/97**

**CONDO SCHEDULE - Front End**

**Building Schedule** *Summer*

|                   |    |       |
|-------------------|----|-------|
| Excavate          | PS | 04/01 |
|                   | AS |       |
| Footings          | PS | 04/04 |
|                   | AS |       |
| Walls             | PS | 04/09 |
|                   | AS |       |
| Order Gas         | PS | 04/18 |
|                   | AS |       |
| Order Windows     | PS | 04/18 |
|                   | AS |       |
| Backfill          | PS | 04/18 |
|                   | AS |       |
| Undgd. Plumb.     | AS | 04/21 |
|                   | PS |       |
| Undgd. HVAC       | PS | 04/29 |
|                   | AS |       |
| Grade Slab        | PS | 05/04 |
|                   | AS |       |
| Pour Slab         | PS | 05/06 |
|                   | AS |       |
| Mason 1st Walls   | PS | 05/12 |
|                   | AS |       |
| Floor Truss 2nd   | PS | 05/28 |
|                   | AS |       |
| Mason 2nd Walls   | PS | 06/05 |
|                   | AS |       |
| Floor Truss 3rd   | PS | 06/20 |
|                   | AS |       |
| Mason 3rd Walls   | PS | 06/27 |
|                   | AS |       |
| Floor Truss 4th   | PS | 07/10 |
|                   | AS |       |
| Mason 4th Walls   | PS | 07/18 |
|                   | AS |       |
| Roof Truss        | PS | 08/04 |
|                   | AS |       |
| Fireplaces        | PS | 08/14 |
|                   | AS |       |
| Masonry Penthouse | PS | 08/09 |
|                   | AS |       |
| Flashing          | PS | 08/19 |
|                   | AS |       |
| Steel Stairs      | AS | 08/09 |
|                   | PS |       |
| Roofing           | PS | 08/23 |
|                   | AS |       |



**BUILDING 15**

**CONDO SCHEDULE - Back End 45 day**

|                       |    | 901   | 1001  | 902   | 1002  | 903   | 1003  | 904   | 1004  |
|-----------------------|----|-------|-------|-------|-------|-------|-------|-------|-------|
| Rough Plumbing        | PS | 08/04 | 08/12 | 08/20 | 08/30 | 09/08 | 09/17 | 09/29 | 10/09 |
|                       | AS |       |       |       |       |       |       |       |       |
| Rough HVAC            | PS | 08/08 | 08/16 | 08/24 | 09/03 | 09/12 | 09/21 | 10/03 | 10/13 |
|                       | AS |       |       |       |       |       |       |       |       |
| Rough Electric        | PS | 08/12 | 08/20 | 08/28 | 09/07 | 09/16 | 09/25 | 10/07 | 10/17 |
|                       | AS |       |       |       |       |       |       |       |       |
| Low Voltage           | PS | 08/21 | 08/29 | 09/06 | 09/16 | 09/25 | 10/04 | 10/16 | 10/26 |
|                       | AS |       |       |       |       |       |       |       |       |
| Insulation            | PS | 08/29 | 09/06 | 09/14 | 09/24 | 10/03 | 10/12 | 10/24 | 11/03 |
|                       | AS |       |       |       |       |       |       |       |       |
| Stock Drywall         | PS | 08/31 | 09/08 | 09/16 | 09/26 | 10/05 | 10/14 | 10/26 | 11/05 |
|                       | AS |       |       |       |       |       |       |       |       |
| Sand Rock             | PS | 09/10 | 09/18 | 09/26 | 10/06 | 10/15 | 10/24 | 11/05 | 11/15 |
|                       | AS |       |       |       |       |       |       |       |       |
| Prime Paint           | PS | 09/11 | 09/19 | 09/27 | 10/07 | 10/16 | 10/25 | 11/06 | 11/16 |
|                       | AS |       |       |       |       |       |       |       |       |
| Ceramic Flooring      | PS | 09/13 | 09/21 | 09/29 | 10/09 | 10/18 | 10/27 | 11/08 | 11/18 |
|                       | AS |       |       |       |       |       |       |       |       |
| Set Cabinets          | PS | 09/16 | 09/24 | 10/02 | 10/12 | 10/21 | 10/30 | 11/11 | 11/21 |
|                       | AS |       |       |       |       |       |       |       |       |
| Install Trim          | PS | 09/17 | 09/25 | 10/03 | 10/13 | 10/22 | 10/31 | 11/12 | 11/22 |
|                       | AS |       |       |       |       |       |       |       |       |
| Measure Tops          | PS | 09/17 | 09/25 | 10/03 | 10/13 | 10/22 | 10/31 | 11/12 | 11/22 |
|                       | AS |       |       |       |       |       |       |       |       |
| Paint / Stain         | PS | 09/24 | 10/02 | 10/10 | 10/20 | 10/29 | 11/07 | 11/19 | 11/29 |
|                       | AS |       |       |       |       |       |       |       |       |
| Mech. Trim            | PS | 09/28 | 10/06 | 10/14 | 10/24 | 11/02 | 11/11 | 11/23 | 12/03 |
|                       | AS |       |       |       |       |       |       |       |       |
| Set Tops              | PS | 09/29 | 10/07 | 10/15 | 10/25 | 11/03 | 11/12 | 11/24 | 12/04 |
|                       | AS |       |       |       |       |       |       |       |       |
| Deliver Appliances    | PS | 04/04 | 10/09 | 10/17 | 10/27 | 11/05 | 11/14 | 11/26 | 12/06 |
|                       | AS |       |       |       |       |       |       |       |       |
| Plumb. Trim           | PS | 10/02 | 10/10 | 10/18 | 10/28 | 11/06 | 11/15 | 11/27 | 12/07 |
|                       | AS |       |       |       |       |       |       |       |       |
| Install Mirrors       | PS | 10/03 | 10/11 | 10/19 | 10/29 | 11/07 | 11/16 | 11/28 | 12/08 |
|                       | AS |       |       |       |       |       |       |       |       |
| Install Closet Shelv. | PS | 10/03 | 10/11 | 10/19 | 10/29 | 11/07 | 11/16 | 11/28 | 12/08 |
|                       | AS |       |       |       |       |       |       |       |       |
| Punch                 | PS | 10/08 | 10/16 | 10/24 | 11/03 | 11/12 | 11/21 | 12/03 | 12/13 |
|                       | AS |       |       |       |       |       |       |       |       |
| Carpet                | PS | 10/09 | 10/17 | 10/25 | 11/04 | 11/13 | 11/22 | 12/04 | 12/14 |
|                       | AS |       |       |       |       |       |       |       |       |
| Final Clean           | PS | 10/11 | 10/19 | 10/27 | 11/06 | 11/15 | 11/24 | 12/06 | 12/16 |
|                       | AS |       |       |       |       |       |       |       |       |
| Walk                  | PS | 10/12 | 10/20 | 10/28 | 11/07 | 11/16 | 11/25 | 12/07 | 12/17 |
|                       | AS |       |       |       |       |       |       |       |       |
| Close                 | PS | 10/15 | 10/23 | 10/31 | 11/10 | 11/19 | 11/28 | 12/10 | 12/20 |



**Construction Schedule**  
**BUILDING 16**  
**09/22/97**

**CONDO SCHEDULE - Front End**

**Building Schedule**

|                   |    |       |
|-------------------|----|-------|
| Excavate          | PS | 05/02 |
|                   | AS |       |
| Footings          | PS | 05/05 |
|                   | AS |       |
| Walls             | PS | 05/10 |
|                   | AS |       |
| Order Gas         | PS | 05/19 |
|                   | AS |       |
| Order Windows     | PS | 05/19 |
|                   | AS |       |
| Backfill          | PS | 05/19 |
|                   | AS |       |
| Undgd. Plumb.     | AS | 05/22 |
|                   | PS |       |
| Undgd. HVAC       | PS | 05/30 |
|                   | AS |       |
| Grade Slab        | PS | 06/04 |
|                   | AS |       |
| Pour Slab         | PS | 06/06 |
|                   | AS |       |
| Mason 1st Walls   | PS | 06/12 |
|                   | AS |       |
| Floor Truss 2nd   | PS | 06/28 |
|                   | AS |       |
| Mason 2nd Walls   | PS | 07/06 |
|                   | AS |       |
| Floor Truss 3rd   | PS | 07/21 |
|                   | AS |       |
| Mason 3rd Walls   | PS | 07/28 |
|                   | AS |       |
| Floor Truss 4th   | PS | 08/10 |
|                   | AS |       |
| Mason 4th Walls   | PS | 08/18 |
|                   | AS |       |
| Roof Truss        | PS | 09/04 |
|                   | AS |       |
| Fireplaces        | PS | 09/14 |
|                   | AS |       |
| Masonry Penthouse | PS | 09/09 |
|                   | AS |       |
| Flashing          | PS | 09/19 |
|                   | AS |       |
| Steel Stairs      | AS | 09/09 |
|                   | PS |       |
| Roofing           | PS | 09/23 |
|                   | AS |       |

**BUILDING 16**

**CONDO SCHEDULE - Back End 46 day**

|                       |    | 1101  | 1201  | 1102  | 1202  | 1103  | 1203  | 1104  | 1204  |
|-----------------------|----|-------|-------|-------|-------|-------|-------|-------|-------|
| Rough Plumbing        | PS | 09/04 | 09/13 | 09/27 | 10/06 | 10/16 | 11/01 | 11/09 | 11/20 |
|                       | AS |       |       |       |       |       |       |       |       |
| Rough HVAC            | PS | 09/08 | 09/17 | 10/01 | 10/10 | 10/20 | 11/05 | 11/13 | 11/24 |
|                       | AS |       |       |       |       |       |       |       |       |
| Rough Electric        | PS | 09/12 | 09/21 | 10/05 | 10/14 | 10/24 | 11/09 | 11/17 | 11/28 |
|                       | AS |       |       |       |       |       |       |       |       |
| Low Voltage           | PS | 09/21 | 09/30 | 10/14 | 10/23 | 11/02 | 11/18 | 11/26 | 12/07 |
|                       | AS |       |       |       |       |       |       |       |       |
| Insulation            | PS | 09/29 | 10/08 | 10/22 | 10/31 | 11/10 | 11/26 | 12/04 | 12/15 |
|                       | AS |       |       |       |       |       |       |       |       |
| Stock Drywall         | PS | 10/01 | 10/10 | 10/24 | 11/02 | 11/12 | 11/28 | 12/06 | 12/17 |
|                       | AS |       |       |       |       |       |       |       |       |
| Sand Rock             | PS | 10/11 | 10/20 | 11/03 | 11/12 | 11/22 | 12/08 | 12/16 | 12/27 |
|                       | AS |       |       |       |       |       |       |       |       |
| Prime Paint           | PS | 10/12 | 10/21 | 11/04 | 11/13 | 11/23 | 12/09 | 12/17 | 12/28 |
|                       | AS |       |       |       |       |       |       |       |       |
| Ceramic Flooring      | PS | 10/14 | 10/23 | 11/06 | 11/15 | 11/25 | 12/11 | 12/19 | 12/30 |
|                       | AS |       |       |       |       |       |       |       |       |
| Set Cabinets          | PS | 10/17 | 10/26 | 11/09 | 11/18 | 11/28 | 12/14 | 12/22 | 01/02 |
|                       | AS |       |       |       |       |       |       |       |       |
| Install Trim          | PS | 10/18 | 10/27 | 11/10 | 11/19 | 11/29 | 12/15 | 12/23 | 01/03 |
|                       | AS |       |       |       |       |       |       |       |       |
| Measure Tops          | PS | 10/18 | 10/27 | 11/10 | 11/19 | 11/29 | 12/15 | 12/23 | 01/03 |
|                       | AS |       |       |       |       |       |       |       |       |
| Paint / Stain         | PS | 10/25 | 11/03 | 11/17 | 11/26 | 12/06 | 12/22 | 12/30 | 01/10 |
|                       | AS |       |       |       |       |       |       |       |       |
| Mech. Trim            | PS | 10/29 | 11/07 | 11/21 | 11/30 | 12/10 | 12/26 | 01/03 | 01/14 |
|                       | AS |       |       |       |       |       |       |       |       |
| Set Tops              | PS | 10/30 | 11/08 | 11/22 | 12/01 | 12/11 | 12/27 | 01/04 | 01/15 |
|                       | AS |       |       |       |       |       |       |       |       |
| Deliver Appliances    | PS | 05/05 | 11/10 | 11/24 | 12/03 | 12/13 | 12/29 | 01/06 | 01/17 |
|                       | AS |       |       |       |       |       |       |       |       |
| Plumb. Trim           | PS | 11/02 | 11/11 | 11/25 | 12/04 | 12/14 | 12/30 | 01/07 | 01/18 |
|                       | AS |       |       |       |       |       |       |       |       |
| Install Mirrors       | PS | 11/03 | 11/12 | 11/26 | 12/05 | 12/15 | 12/31 | 01/08 | 01/19 |
|                       | AS |       |       |       |       |       |       |       |       |
| Install Closet Shelv. | PS | 11/03 | 11/12 | 11/26 | 12/05 | 12/15 | 12/31 | 01/08 | 01/19 |
|                       | AS |       |       |       |       |       |       |       |       |
| Punch                 | PS | 11/08 | 11/17 | 12/01 | 12/10 | 12/20 | 01/05 | 01/13 | 01/24 |
|                       | AS |       |       |       |       |       |       |       |       |
| Carpet                | PS | 11/09 | 11/18 | 12/02 | 12/11 | 12/21 | 01/06 | 01/14 | 01/25 |
|                       | AS |       |       |       |       |       |       |       |       |
| Final Clean           | PS | 11/11 | 11/20 | 12/04 | 12/13 | 12/23 | 01/08 | 01/16 | 01/27 |
|                       | AS |       |       |       |       |       |       |       |       |
| Walk                  | PS | 11/12 | 11/21 | 12/05 | 12/14 | 12/24 | 01/09 | 01/17 | 01/28 |
|                       | AS |       |       |       |       |       |       |       |       |
| Close                 | PS | 11/15 | 11/24 | 12/08 | 12/17 | 12/27 | 01/12 | 01/20 | 01/31 |

**OLD TOWN SQUARE**  
Construction Schedule  
**BUILDING 17**  
09/22/97

**CONDO SCHEDULE - Front End**

**Building Schedule**

|                   |    |       |
|-------------------|----|-------|
| Excavate          | PS | 06/02 |
|                   | AS |       |
| Footings          | PS | 06/05 |
|                   | AS |       |
| Walls             | PS | 06/10 |
|                   | AS |       |
| Order Gas         | PS | 06/19 |
|                   | AS |       |
| Order Windows     | PS | 06/19 |
|                   | AS |       |
| Backfill          | PS | 06/19 |
|                   | AS |       |
| Undgd. Plumb.     | AS | 06/22 |
|                   | PS |       |
| Undgd. HVAC       | PS | 06/30 |
|                   | AS |       |
| Grade Slab        | PS | 07/05 |
|                   | AS |       |
| Pour Slab         | PS | 07/07 |
|                   | AS |       |
| Mason 1st Walls   | PS | 07/13 |
|                   | AS |       |
| Floor Truss 2nd   | PS | 07/29 |
|                   | AS |       |
| Mason 2nd Walls   | PS | 08/06 |
|                   | AS |       |
| Floor Truss 3rd   | PS | 08/21 |
|                   | AS |       |
| Mason 3rd Walls   | PS | 08/28 |
|                   | AS |       |
| Floor Truss 4th   | PS | 09/10 |
|                   | AS |       |
| Mason 4th Walls   | PS | 09/18 |
|                   | AS |       |
| Roof Truss        | PS | 10/05 |
|                   | AS |       |
| Fireplaces        | PS | 10/15 |
|                   | AS |       |
| Masonry Penthouse | PS | 10/10 |
|                   | AS |       |
| Flashing          | PS | 10/20 |
|                   | AS |       |
| Steel Stairs      | AS | 10/10 |
|                   | PS |       |
| Roofing           | PS | 10/24 |
|                   | AS |       |



**BUILDING 17**

**CONDO SCHEDULE - Back End 45 day**

|                       |    | 1301  | 1401  | 1302  | 1402  | 1303  | 1403  | 1304  | 1404  |
|-----------------------|----|-------|-------|-------|-------|-------|-------|-------|-------|
| Rough Plumbing        | PS | 10/05 | 10/11 | 10/18 | 10/30 | 11/07 | 11/16 | 11/30 | 12/09 |
|                       | AS |       |       |       |       |       |       |       |       |
| Rough HVAC            | PS | 10/09 | 10/15 | 10/22 | 11/03 | 11/11 | 11/20 | 12/04 | 12/13 |
|                       | AS |       |       |       |       |       |       |       |       |
| Rough Electric        | PS | 10/13 | 10/19 | 10/26 | 11/07 | 11/15 | 11/24 | 12/08 | 12/17 |
|                       | AS |       |       |       |       |       |       |       |       |
| Low Voltage           | PS | 10/22 | 10/28 | 11/04 | 11/16 | 11/24 | 12/03 | 12/17 | 12/26 |
|                       | AS |       |       |       |       |       |       |       |       |
| Insulation            | PS | 10/30 | 11/05 | 11/12 | 11/24 | 12/02 | 12/11 | 12/25 | 01/03 |
|                       | AS |       |       |       |       |       |       |       |       |
| Stock Drywall         | PS | 11/01 | 11/07 | 11/14 | 11/26 | 12/04 | 12/13 | 12/27 | 01/05 |
|                       | AS |       |       |       |       |       |       |       |       |
| Sand Rock             | PS | 11/11 | 11/17 | 11/24 | 12/06 | 12/14 | 12/23 | 01/06 | 01/15 |
|                       | AS |       |       |       |       |       |       |       |       |
| Prime Paint           | PS | 11/12 | 11/18 | 11/25 | 12/07 | 12/15 | 12/24 | 01/07 | 01/16 |
|                       | AS |       |       |       |       |       |       |       |       |
| Ceramic Flooring      | PS | 11/14 | 11/20 | 11/27 | 12/09 | 12/17 | 12/26 | 01/09 | 01/18 |
|                       | AS |       |       |       |       |       |       |       |       |
| Set Cabinets          | PS | 11/17 | 11/23 | 11/30 | 12/12 | 12/20 | 12/29 | 01/12 | 01/21 |
|                       | AS |       |       |       |       |       |       |       |       |
| Install Trim          | PS | 11/18 | 11/24 | 12/01 | 12/13 | 12/21 | 12/30 | 01/13 | 01/22 |
|                       | AS |       |       |       |       |       |       |       |       |
| Measure Tops          | PS | 11/18 | 11/24 | 12/01 | 12/13 | 12/21 | 12/30 | 01/13 | 01/22 |
|                       | AS |       |       |       |       |       |       |       |       |
| Paint / Stain         | PS | 11/25 | 12/01 | 12/08 | 12/20 | 12/28 | 01/06 | 01/20 | 01/29 |
|                       | AS |       |       |       |       |       |       |       |       |
| Mech. Trim            | PS | 11/29 | 12/05 | 12/12 | 12/24 | 01/01 | 01/10 | 01/24 | 02/02 |
|                       | AS |       |       |       |       |       |       |       |       |
| Set Tops              | PS | 11/30 | 12/06 | 12/13 | 12/25 | 01/02 | 01/11 | 01/25 | 02/03 |
|                       | AS |       |       |       |       |       |       |       |       |
| Deliver Appliances    | PS | 06/05 | 12/08 | 12/15 | 12/27 | 01/04 | 01/13 | 01/27 | 02/05 |
|                       | AS |       |       |       |       |       |       |       |       |
| Plumb. Trim           | PS | 12/03 | 12/09 | 12/16 | 12/28 | 01/05 | 01/14 | 01/28 | 02/06 |
|                       | AS |       |       |       |       |       |       |       |       |
| Install Mirrors       | PS | 12/04 | 12/10 | 12/17 | 12/29 | 01/06 | 01/15 | 01/29 | 02/07 |
|                       | AS |       |       |       |       |       |       |       |       |
| Install Closet Shelv. | PS | 12/04 | 12/10 | 12/17 | 12/29 | 01/06 | 01/15 | 01/29 | 02/07 |
|                       | AS |       |       |       |       |       |       |       |       |
| Punch                 | PS | 12/09 | 12/15 | 12/22 | 01/03 | 01/11 | 01/20 | 02/03 | 02/12 |
|                       | AS |       |       |       |       |       |       |       |       |
| Carpet                | PS | 12/10 | 12/16 | 12/23 | 01/04 | 01/12 | 01/21 | 02/04 | 02/13 |
|                       | AS |       |       |       |       |       |       |       |       |
| Final Clean           | PS | 12/12 | 12/18 | 12/25 | 01/06 | 01/14 | 01/23 | 02/06 | 02/15 |
|                       | AS |       |       |       |       |       |       |       |       |
| Walk                  | PS | 12/13 | 12/19 | 12/26 | 01/07 | 01/15 | 01/24 | 02/07 | 02/16 |
|                       | AS |       |       |       |       |       |       |       |       |
| Close                 | PS | 12/16 | 12/22 | 12/29 | 01/10 | 01/18 | 01/27 | 02/10 | 02/19 |

**OLD TOWN SQUARE**  
**Construction Schedule**  
**BUILDING 18**  
09/22/97

**CONDO SCHEDULE - Front End**  
**Building Schedule (Summer)**

|                   |    |       |
|-------------------|----|-------|
| Excavate          | PS | 07/03 |
|                   | AS |       |
| Footings          | PS | 07/06 |
|                   | AS |       |
| Walls             | PS | 07/11 |
|                   | AS |       |
| Order Gas         | PS | 07/20 |
|                   | AS |       |
| Order Windows     | PS | 07/20 |
|                   | AS |       |
| Backfill          | PS | 07/20 |
|                   | AS |       |
| Undgd. Plumb.     | AS | 07/23 |
|                   | PS |       |
| Undgd. HVAC       | PS | 07/31 |
|                   | AS |       |
| Grade Slab        | PS | 08/05 |
|                   | AS |       |
| Pour Slab         | PS | 08/07 |
|                   | AS |       |
| Mason 1st Walls   | PS | 08/13 |
|                   | AS |       |
| Floor Truss 2nd   | PS | 08/29 |
|                   | AS |       |
| Mason 2nd Walls   | PS | 09/06 |
|                   | AS |       |
| Floor Truss 3rd   | PS | 09/21 |
|                   | AS |       |
| Mason 3rd Walls   | PS | 09/28 |
|                   | AS |       |
| Floor Truss 4th   | PS | 10/11 |
|                   | AS |       |
| Mason 4th Walls   | PS | 10/19 |
|                   | AS |       |
| Roof Truss        | PS | 11/05 |
|                   | AS |       |
| Fireplaces        | PS | 11/15 |
|                   | AS |       |
| Masonry Penthouse | PS | 11/10 |
|                   | AS |       |
| Flashing          | PS | 11/20 |
|                   | AS |       |
| Steel Stairs      | AS | 11/10 |
|                   | PS |       |
| Roofing           | PS | 11/24 |
|                   | AS |       |



**BUILDING 18**

**CONDO SCHEDULE - Back End 45 day**

|                       |    | 1501  | 1601  | 1502  | 1602  | 1503  | 1603  | 1504  | 1604  |
|-----------------------|----|-------|-------|-------|-------|-------|-------|-------|-------|
| Rough Plumbing        | PS | 11/05 | 11/13 | 11/28 | 12/07 | 12/15 | 12/27 | 01/04 | 01/13 |
|                       | AS |       |       |       |       |       |       |       |       |
| Rough HVAC            | PS | 11/09 | 11/17 | 12/02 | 12/11 | 12/19 | 12/31 | 01/08 | 01/17 |
|                       | AS |       |       |       |       |       |       |       |       |
| Rough Electric        | PS | 11/13 | 11/21 | 12/06 | 12/15 | 12/23 | 01/04 | 01/12 | 01/21 |
|                       | AS |       |       |       |       |       |       |       |       |
| Low Voltage           | PS | 11/22 | 11/30 | 12/15 | 12/24 | 01/01 | 01/13 | 01/21 | 01/30 |
|                       | AS |       |       |       |       |       |       |       |       |
| Insulation            | PS | 11/30 | 12/08 | 12/23 | 01/01 | 01/09 | 01/21 | 01/29 | 02/07 |
|                       | AS |       |       |       |       |       |       |       |       |
| Stock Drywall         | PS | 12/02 | 12/10 | 12/25 | 01/03 | 01/11 | 01/23 | 01/31 | 02/09 |
|                       | AS |       |       |       |       |       |       |       |       |
| Sand Rock             | PS | 12/12 | 12/20 | 01/04 | 01/13 | 01/21 | 02/02 | 02/10 | 02/19 |
|                       | AS |       |       |       |       |       |       |       |       |
| Prime Paint           | PS | 12/13 | 12/21 | 01/05 | 01/14 | 01/22 | 02/03 | 02/11 | 02/20 |
|                       | AS |       |       |       |       |       |       |       |       |
| Ceramic Flooring      | PS | 12/15 | 12/23 | 01/07 | 01/16 | 01/24 | 02/05 | 02/13 | 02/22 |
|                       | AS |       |       |       |       |       |       |       |       |
| Set Cabinets          | PS | 12/18 | 12/26 | 01/10 | 01/19 | 01/27 | 02/08 | 02/16 | 02/25 |
|                       | AS |       |       |       |       |       |       |       |       |
| Install Trim          | PS | 12/19 | 12/27 | 01/11 | 01/20 | 01/28 | 02/09 | 02/17 | 02/26 |
|                       | AS |       |       |       |       |       |       |       |       |
| Measure Tops          | PS | 12/19 | 12/27 | 01/11 | 01/20 | 01/28 | 02/09 | 02/17 | 02/26 |
|                       | AS |       |       |       |       |       |       |       |       |
| Paint / Stain         | PS | 12/26 | 01/03 | 01/18 | 01/27 | 02/04 | 02/16 | 02/24 | 03/04 |
|                       | AS |       |       |       |       |       |       |       |       |
| Mech. Trim            | PS | 12/30 | 01/07 | 01/22 | 01/31 | 02/08 | 02/20 | 02/28 | 03/08 |
|                       | AS |       |       |       |       |       |       |       |       |
| Set Tops              | PS | 12/31 | 01/08 | 01/23 | 02/01 | 02/09 | 02/21 | 02/29 | 03/09 |
|                       | AS |       |       |       |       |       |       |       |       |
| Deliver Appliances    | PS | 07/06 | 01/10 | 01/25 | 02/03 | 02/11 | 02/23 | 03/02 | 03/11 |
|                       | AS |       |       |       |       |       |       |       |       |
| Plumb. Trim           | PS | 01/03 | 01/11 | 01/26 | 02/04 | 02/12 | 02/24 | 03/03 | 03/12 |
|                       | AS |       |       |       |       |       |       |       |       |
| Install Mirrors       | PS | 01/04 | 01/12 | 01/27 | 02/05 | 02/13 | 02/25 | 03/04 | 03/13 |
|                       | AS |       |       |       |       |       |       |       |       |
| Install Closet Shelv. | PS | 01/04 | 01/12 | 01/27 | 02/05 | 02/13 | 02/25 | 03/04 | 03/13 |
|                       | AS |       |       |       |       |       |       |       |       |
| Punch                 | PS | 01/09 | 01/17 | 02/01 | 02/10 | 02/18 | 03/01 | 03/09 | 03/18 |
|                       | AS |       |       |       |       |       |       |       |       |
| Carpet                | PS | 01/10 | 01/18 | 02/02 | 02/11 | 02/19 | 03/02 | 03/10 | 03/19 |
|                       | AS |       |       |       |       |       |       |       |       |
| Final Clean           | PS | 01/12 | 01/20 | 02/04 | 02/13 | 02/21 | 03/04 | 03/12 | 03/21 |
|                       | AS |       |       |       |       |       |       |       |       |
| Walk                  | PS | 01/13 | 01/21 | 02/05 | 02/14 | 02/22 | 03/05 | 03/13 | 03/22 |
|                       | AS |       |       |       |       |       |       |       |       |
| Close                 | PS | 01/16 | 01/24 | 02/08 | 02/17 | 02/25 | 03/08 | 03/16 | 03/25 |



**Mohawk North Townhomes**  
**Cash Flow Projections** 23-Sep-97

**Growth Assumptions:**

Income 2.00%  
 Expenses 2.00%

|                                     | Total<br>Units | Year 1          | Per Unit/<br>Per Month | Year 2          | Year 3          | Year 4          | Year 5          | Year 6          | Year 7          | Year 8          | Year 9          | Year 10         |
|-------------------------------------|----------------|-----------------|------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Rental Income                       | 16             | \$76,800        | \$400                  | \$78,336        | \$79,903        | \$81,501        | \$83,131        | \$84,793        | \$86,489        | \$88,219        | \$89,983        | \$91,783        |
| Vacancy 0.00%                       |                | 0               | 0                      | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               |
| Utility Allowance (2)               |                | 0               | 0                      | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               |
| <b>Avail. Income for Operations</b> |                | <b>\$76,800</b> | <b>\$400</b>           | <b>\$78,336</b> | <b>\$79,903</b> | <b>\$81,501</b> | <b>\$83,131</b> | <b>\$84,793</b> | <b>\$86,489</b> | <b>\$88,219</b> | <b>\$89,983</b> | <b>\$91,783</b> |
| Management Fee                      |                | 3,649           | 19                     | 3,722           | 3,796           | 3,872           | 3,950           | 4,029           | 4,109           | 4,192           | 4,275           | 4,361           |
| Administrative Expenses             |                | 700             | 4                      | 714             | 728             | 743             | 758             | 773             | 788             | 804             | 820             | 837             |
| Accounting & Legal                  |                | 1,500           | 8                      | 1,530           | 1,561           | 1,592           | 1,624           | 1,656           | 1,689           | 1,723           | 1,757           | 1,793           |
| Association Assessments (1)         |                | 13,320          | 69                     | 13,586          | 13,858          | 14,135          | 14,418          | 14,706          | 15,000          | 15,300          | 15,607          | 15,919          |
| Utilities (2)                       |                | 0               | 0                      | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               | 0               |
| Maintenance                         |                | 5,457           | 28                     | 5,566           | 5,677           | 5,791           | 5,907           | 6,025           | 6,145           | 6,268           | 6,394           | 6,522           |
| Insurance                           |                | 200             | 1                      | 204             | 208             | 212             | 216             | 221             | 225             | 230             | 234             | 239             |
| Real Estate Taxes or PILOT          |                | 32,000          | 167                    | 32,640          | 33,293          | 33,959          | 34,638          | 35,331          | 36,037          | 36,758          | 37,493          | 38,243          |
| Replacement Reserves                |                | 12,000          | 63                     | 12,240          | 12,485          | 12,734          | 12,989          | 13,249          | 13,514          | 13,784          | 14,060          | 14,341          |
| <b>Total Operating Expenses</b>     |                | <b>\$68,826</b> | <b>\$358</b>           | <b>\$70,203</b> | <b>\$71,607</b> | <b>\$73,039</b> | <b>\$74,499</b> | <b>\$75,989</b> | <b>\$77,509</b> | <b>\$79,059</b> | <b>\$80,641</b> | <b>\$82,253</b> |
| <b>Net Operating Income</b>         |                | <b>\$7,974</b>  | <b>\$42</b>            | <b>\$8,133</b>  | <b>\$8,296</b>  | <b>\$8,462</b>  | <b>\$8,631</b>  | <b>\$8,804</b>  | <b>\$8,980</b>  | <b>\$9,160</b>  | <b>\$9,343</b>  | <b>\$9,530</b>  |

(1) Association Assessment includes common area insurance, water & sewer, trash collection, landscaping, and management fee.

(2) Utilities for each individual unit will be paid by the tenants. Common area utilities will be included in the Association Assessment. Each tenant will receive a utility allowance from CHA.

**Old Town Square Condominiums**  
**Cash Flow Projections**

**Growth Assumptions:**

Income 2.00%  
 Expenses 2.00%

|                                     | Total<br>Units | Year 1           | Per Unit/<br>Per Month | Year 2           | Year 3           | Year 4           | Year 5           | Year 6           | Year 7           | Year 8           | Year 9           | Year 10          |
|-------------------------------------|----------------|------------------|------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Rental Income                       | 28             | \$134,400        | \$400                  | \$137,088        | \$139,830        | \$142,626        | \$145,479        | \$148,388        | \$151,356        | \$154,383        | \$157,471        | \$160,620        |
| Vacancy 0.00%                       |                | 0                | 0                      | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                |
| Utility Allowance (2)               |                | 0                | 0                      | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                |
| <b>Avail. Income for Operations</b> |                | <b>\$134,400</b> | <b>\$400</b>           | <b>\$137,088</b> | <b>\$139,830</b> | <b>\$142,626</b> | <b>\$145,479</b> | <b>\$148,388</b> | <b>\$151,356</b> | <b>\$154,383</b> | <b>\$157,471</b> | <b>\$160,620</b> |
| Management Fee                      |                | 6,386            | 19                     | 6,513            | 6,644            | 6,777            | 6,912            | 7,050            | 7,191            | 7,335            | 7,482            | 7,632            |
| Administrative Expenses             |                | 1,225            | 4                      | 1,250            | 1,274            | 1,300            | 1,326            | 1,352            | 1,380            | 1,407            | 1,435            | 1,464            |
| Accounting & Legal                  |                | 2,625            | 8                      | 2,678            | 2,731            | 2,786            | 2,841            | 2,898            | 2,956            | 3,015            | 3,076            | 3,137            |
| Association Assessments (1)         |                | 23,310           | 69                     | 23,776           | 24,252           | 24,737           | 25,231           | 25,736           | 26,251           | 26,776           | 27,311           | 27,858           |
| Utilities (2)                       |                | 0                | 0                      | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                | 0                |
| Maintenance                         |                | 9,550            | 28                     | 9,741            | 9,936            | 10,134           | 10,337           | 10,544           | 10,755           | 10,970           | 11,189           | 11,413           |
| Insurance                           |                | 350              | 1                      | 357              | 364              | 371              | 379              | 386              | 394              | 402              | 410              | 418              |
| Real Estate Taxes or PILOT          |                | 56,000           | 167                    | 57,120           | 58,262           | 59,428           | 60,616           | 61,829           | 63,065           | 64,326           | 65,613           | 66,925           |
| Replacement Reserves                |                | 21,000           | 63                     | 21,420           | 21,848           | 22,285           | 22,731           | 23,186           | 23,649           | 24,122           | 24,605           | 25,097           |
| <b>Total Operating Expenses</b>     |                | <b>\$120,446</b> | <b>\$358</b>           | <b>\$122,854</b> | <b>\$125,311</b> | <b>\$127,818</b> | <b>\$130,374</b> | <b>\$132,982</b> | <b>\$135,641</b> | <b>\$138,354</b> | <b>\$141,121</b> | <b>\$143,944</b> |
| <b>Net Operating Income</b>         |                | <b>13,955</b>    | <b>42</b>              | <b>14,234</b>    | <b>14,518</b>    | <b>14,809</b>    | <b>15,105</b>    | <b>15,407</b>    | <b>15,715</b>    | <b>16,029</b>    | <b>16,350</b>    | <b>16,677</b>    |

(1) Association Assessment includes common area insurance, water & sewer, trash collection, landscaping, and management fee.

(2) Utilities for each individual unit will be paid by the tenants. Common area utilities will be included in the Association Assessment. Each tenant will receive a utility allowance from CHA.

**DRAFT**

MOHAWK/NORTH  
PROPOSED BUDGET

|                           | ANNUAL<br>BUDGET | PER UNIT<br>COST |
|---------------------------|------------------|------------------|
|                           | *****            | *****            |
| RENT REVENUE - GR POTENT. |                  |                  |
| -----                     |                  |                  |
| RENT INCOME APTS.- COOP   | 5120             |                  |
| GARAGE & PARKING SPACES   | 5170             |                  |
|                           | -----            | -----            |
| TOTAL RENTAL INCOME       |                  |                  |
|                           |                  |                  |
| VACANCIES                 |                  |                  |
| -----                     |                  |                  |
| APARTMENT VACANCIES       | 5220             |                  |
|                           | -----            | -----            |
| TOTAL VACANCIES           |                  |                  |
|                           |                  |                  |
| NET RENTAL INCOME         |                  |                  |
|                           |                  |                  |
| FINANCIAL REVENUE         |                  |                  |
| -----                     |                  |                  |
| INTEREST INCOME           | 5440             |                  |
|                           | -----            | -----            |
| TOTAL FINANCIAL REVENUE   |                  |                  |
|                           |                  |                  |
| OTHER REVENUE             |                  |                  |
| -----                     |                  |                  |
| LAUNDRY                   | 5910             |                  |
| NSF & LATE CHARGES        | 5920             |                  |
| DAMAGES & CLEANING FEES   | 5930             |                  |
|                           | -----            | -----            |
| TOTAL OTHER REVENUE       |                  |                  |
|                           |                  |                  |
| TOTAL INCOME              |                  |                  |



# DRAFT

MOHAWK/NORTH  
PROPOSED BUDGET

166 UNITS

|                                  |      | ANNUAL<br>BUDGET | PER UNIT<br>COST |
|----------------------------------|------|------------------|------------------|
| -----                            |      |                  |                  |
| ADMINISTRATIVE EXPENSES          |      |                  |                  |
| -----                            |      |                  |                  |
| ADVERTISING / MARKETING          | 6210 |                  |                  |
| OTHER RENTING EXPENSES           | 6250 |                  |                  |
| OFFICE SALARIES                  | 6310 |                  |                  |
| OFFICE SUPPLIES                  | 6311 | 200              | 12.50            |
| OFFICE EQUIPMENT RENTAL          | 6312 |                  |                  |
| MANAGEMENT FEE                   | 6320 | 3,649            | 228.06           |
| MANAGER SALARIES                 | 6330 |                  |                  |
| LEGAL / EVICTIONS                | 6340 | 500              | 31.25            |
| AUDIT EXPENSE                    | 6350 | 1,000            | 62.50            |
| TELEPHONE & ANSWERING            | 6360 |                  |                  |
| ADMIN. TRAVEL EXPENSE            | 6380 |                  |                  |
| TENANT ACTIVITIES                | 6385 | 500              | 31.25            |
| SEMINARS / TRAINING CLASSES      | 6386 |                  |                  |
| BANK CHARGES / SERVICE FEES      | 6387 |                  |                  |
| -----                            |      |                  |                  |
| TOTAL ADMINISTRATIVE EXP         |      | 5,849            | 365.56           |
|                                  |      |                  |                  |
| OPERATING & MAINTENANCE EXPENSES |      |                  |                  |
| -----                            |      |                  |                  |
| JANITOR / CLEANING PAYROLL       | 6510 |                  |                  |
| JANITOR / CLEANING SUPPLIES      | 6515 |                  |                  |
| JANITOR / CLEANING CONTRACTS     | 6517 |                  |                  |
| UNIFORM RENTAL                   | 6518 |                  |                  |
| EXTERM. PAYROLL / CONTRACT       | 6519 | 480              | 30.00            |
| GARBAGE & TRASH REMOVAL          | 6525 |                  |                  |
| SECURITY PAYROLL / CONTRACT      | 6530 |                  |                  |
| GROUNDS SUPPLIES                 | 6537 |                  |                  |
| REPAIRS PAYROLL                  | 6540 | 2,880            | 180.00           |
| REPAIRS MATERIAL                 | 6541 | 240              | 15.00            |
| REPAIR CONTRACT                  | 6542 | 500              | 31.25            |
| ELEVATOR MAINTENANCE / CONT      | 6545 |                  |                  |
| HEATING / COOLING REPAIR         | 6546 | 500              | 31.25            |
| SNOW REMOVAL                     | 6548 |                  |                  |
| DECOR. PAYROLL / CONTRACT        | 6560 | 800              | 50.00            |
| DECORATING SUPPLIES              | 6561 |                  |                  |
| VEHICLE & MAINT EQUIPT           | 6570 |                  |                  |
| OPER & MAINT TRAVEL              | 6580 |                  |                  |
| MONTHLY ASSESSMENTS              | 6591 | 13,377           | 836.06           |
| -----                            |      |                  |                  |
| TOTAL OPER & MAINT EXPENSE       |      | 18,777           | 1,173.56         |

MOHAWK/NORTH  
PROPOSED BUDGET

|                             |      | ANNUAL<br>BUDGET | PER UNIT<br>COST |
|-----------------------------|------|------------------|------------------|
|                             |      | -----            | -----            |
| <b>TAXES AND INSURANCE</b>  |      |                  |                  |
| -----                       |      |                  |                  |
| REAL ESTATE TAXES           | 6710 | 32,000           | 2,000.00         |
| PAYROLL TXS (PROJ SHARE     | 6711 |                  |                  |
| MISC TAXES LICENSES         | 6719 |                  |                  |
| PROPERTY & LIABILITY INS    | 6720 |                  |                  |
| FIDELITY BOND INSURANCE     | 6721 | 200              | 12.50            |
| WORKER'S COMPENSATION       | 6722 |                  |                  |
| HEALTH INSURANCE & OTHER    | 6723 |                  |                  |
|                             |      | -----            | -----            |
| TOTAL TAX AND INSURANCE     |      | 32,200           | 2,012.50         |
| <b>FINANCIAL EXPENSES</b>   |      |                  |                  |
| -----                       |      |                  |                  |
| INTEREST EXPENSE - SEC. DEP | 6860 |                  |                  |
|                             |      | -----            | -----            |
| TOTAL FINANCIAL EXPENSES    |      |                  |                  |
|                             |      | -----            | -----            |
| TOTAL EXPENSE               |      | 56,826.00        | 3,551.63         |
|                             |      | -----            | -----            |
| NET INCOME                  |      | =====            | =====            |
| BEFORE CAPITAL EXPENSE      |      | (\$56,826)       | (3,551.63)       |
| <b>CAPITAL EXPENSE</b>      |      |                  |                  |
| -----                       |      |                  |                  |
| REPLACEMENT RESERVE         | 1320 | 12,000           | 750.00           |
|                             |      | -----            | -----            |
| TOTAL CAPITAL EXPENSE       |      | \$12,000         | 750.00           |
|                             |      | -----            | -----            |
| NET INCOME                  |      | =====            | =====            |
| AFTER CAPITAL EXPENSE       |      | (\$68,826)       | (4,301.63)       |

## **Mohawk North** **Proposed Budget Narrative**

### **Monthly Assessment**

|                         |                 |
|-------------------------|-----------------|
| <b>Garden Apartment</b> | <b>\$ 65.00</b> |
| <b>1st. Floor</b>       | <b>\$ 70.00</b> |
| <b>2nd. Floor</b>       | <b>\$ 75.00</b> |

The monthly assessment covers water/sewer, trash collection, landscaping, management fee and insurance of common area.

### **Administrative Expenses**

#### **Account #**

- |             |                                                                                                                       |
|-------------|-----------------------------------------------------------------------------------------------------------------------|
| <b>6311</b> | Office Supplies budgeted amount of \$200 covers, leases, 5 day notices, ledger and any copying that needs to be done. |
| <b>6320</b> | Management Fee - Based on \$19.00 per month per unit.                                                                 |
| <b>6340</b> | Legal Fee - Based on an estimate of 2 evictions per year.                                                             |
| <b>6350</b> | Audit Expense - based on the cost of 16 units.                                                                        |
| <b>6385</b> | Tenant activity scheduled once a year by Administrative Staff.                                                        |

### **Operating & Maintenance Expense**

- |             |                                                                              |
|-------------|------------------------------------------------------------------------------|
| <b>6519</b> | Extermination Contract - Based on \$2.50 per apartment per month.            |
| <b>6540</b> | Repair Payroll - Based on 16 hrs. Per month rate of pay is \$15.00 per hour. |
| <b>6541</b> | Repair Material - Based on \$15.00 per unit per year.                        |
| <b>6546</b> | Heating & Cooling repair - \$15.00 per unit per year.                        |



Mohawk North  
Page 2

## Decorating Contract

6560 Decorating amount of \$800.00 based on painting 2 apartments per year.

## Taxes & Insurance

6710 Real Estate taxes \$2,000 per year per unit. Annual total \$32,000.

1320 Replacement Reserve based on \$750.00 per unit per year.

## Tenant Selection

Tenant selection will be a critical factor to ensure that the best applicant is chosen that fits the guidelines provided by the Chicago Housing Authority and William Moorehead & Associates.

Following the steps listed below will lead toward selecting responsible and conscientious tenants.

### 1. Tenant Folder

Review tenant data provided by the Chicago Housing Authority for standard and required information as prescribed by the Department of Housing and Urban Development.

### 2. Interview of Households

There are two interviews to be conducted. The first with the heads of household and the second with the entire family. The importance is to meet the applicant and to explain the processing procedures. At this interview, the applicant will be informed of the required credit check, income verification, apartment inspection, and family interview. The perspective resident will be told that the final decision of their acceptance into the property is based on the information resulting from these reports.

### 3. Credit Check and Verification of Income

The credit check will verify various types of information such as employment, landlord verification, criminal background check and the applicant's credit history. For our purpose and most important, the promptness of rent payment. A negative credit report is basis for rejecting an applicant.

During the first interview, the applicant will authorize an income verification form, which will determine the rent.

### 4. Apartment Inspection

William Moorehead & Associates will arrange an appointment to inspect the apartment the tenant applicant is currently residing in. This process will speak to their conscientiousness toward housekeeping. An unfavorable inspection is basis for rejection of an applicant.

## Group Orientation

Group orientation is a critical success factor for maintaining the enthusiasm of a new home, and enjoyable transitioning into a mixed income environment and to know that management will provide on-going assistance and support to make for a smooth transition.

During the orientation, the following are examples of what will be covered.

1. Re-review of House Rules
2. Re-review of leaseholders responsibilities

3. Respect of quiet enjoyment of their neighbor
4. Maintaining apartment to always pass housing inspections
5. Recommended cleaning frequency chart for floor, appliances, carpet, wood work, etc.
6. Handling of garbage

This quality orientation also serves as a vehicle of getting to know your neighbors, community leaders and a road map identifying the multiple services provided in the community.

## **Asset Management**

Upon release of the units to William Moorehead & Associates, all items under warranty will be identified with expiration dates to insure the owner takes full advantage of items requiring adjustments and replacement.

A physical inventory will be completed by identifying vendor, serial number and placed on a preventive maintenance schedule to achieve manufacturer suggested life cycles. During this period we will identify and establish a perpetual inventory to provide the necessary maintenance to deliver quality service.

## **5. Interview Entire Family**

Family interviews are an opportunity to explain house policies and procedures, particularly those regarding rent payment, work order requests, maintenance entering into the units when the tenants are not present, thorough review of lease, renewal and certification, passing of housing inspections are prescribed by William Moorehead & Associates.

Applicants who have been rejected, a letter will be sent within one week notifying them of the decision with an appropriate explanation. A copy of the rejection letter along with the folder will be forwarded back to the Chicago Housing Authority with supporting documentation should it be required.

## **Cash Management**

Residents will require on-going assistance and support not only through the transition of living in a mixed income environment but help to become aware and/or alter behavior patterns, encourage independence that will have a positive impact on the property and their neighbors.

The purpose of engaging/hiring a Social Worker/Case Manager is to help clients by assessing their situation; setting goals and obtaining required services. Essential job results are as follows.

1. Determine Nature of Clients' Situation by interviewing clients, assessing mental psychological, emotional, and social information; making on-site visits.
2. Establishes Course of Action by exploring options, setting goals with client.



3. Obtains Assistance for Client by referring him/her to community resources; arranging for appointments; establishing rapport with other agencies.
4. Fosters Client Acton of Adjustment by interpreting attitudes and patterns of behavior; explaining and pointing out new options.
5. Maintain Record of Case by documenting client's situation and client's own actions.
6. Monitors Planned Actions by periodic follow-up
7. Maintain Operations by following policies and procedures; participating in quality reviews; reporting needed changes.
8. Maintain Client Confidence and Protects Operations by keeping information confidential.

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### Recommended Funding Per Applicant

|                                              |                      |          |                   |                    |
|----------------------------------------------|----------------------|----------|-------------------|--------------------|
| <b><u>Tenant Screening</u></b>               | <b>16 applicants</b> | <b>x</b> | <b>\$225.00 =</b> | <b>\$ 3,600.00</b> |
| Administrative Processing                    |                      |          |                   |                    |
| Two Interviews                               |                      |          |                   |                    |
| Credit Check                                 |                      |          |                   |                    |
| Apartment Inspection                         |                      |          |                   |                    |
| Lease Preparation/Review                     |                      |          |                   |                    |
| Welcome Package                              |                      |          |                   |                    |
| Case Management                              |                      |          |                   |                    |
|                                              | <b>Sub Total</b>     |          |                   | <b>\$ 3,600.00</b> |
| <b><u>Group Orientation</u></b>              | <b>16 applicants</b> | <b>x</b> | <b>\$150.00 =</b> | <b>\$ 2,400.00</b> |
| Introduction to other residents              |                      |          |                   |                    |
| Information on Community                     |                      |          |                   |                    |
| House Rules Explanation                      |                      |          |                   |                    |
| Enforcement of Rules and Regulations         |                      |          |                   |                    |
| Information on how to take care of apartment |                      |          |                   |                    |
| Product Demonstrations                       |                      |          |                   |                    |
| Take away sample cleaning kit                |                      |          |                   |                    |
| 30 day supply                                |                      |          |                   |                    |
| Mild Cleaners                                |                      |          |                   |                    |
| Floor Cleaning Solutions                     |                      |          |                   |                    |
| Garbage bags                                 |                      |          |                   |                    |
| Toilet Bowl Cleaner                          |                      |          |                   |                    |
| Clean Rags                                   |                      |          |                   |                    |
| Oven Cleaner                                 |                      |          |                   |                    |
| Dish Liquid                                  |                      |          |                   |                    |
| Cake, Coffee, Punch                          |                      |          |                   |                    |
|                                              | <b>Sub Total</b>     |          |                   | <b>\$ 2,400.00</b> |
| <b><u>Asset Management</u></b>               | <b>16 Apartments</b> | <b>X</b> | <b>\$100.00</b>   | <b>\$ 1,600.00</b> |
| Warranty Tracking                            |                      |          |                   |                    |
| Physical/Perpetual Inventory                 |                      |          |                   |                    |
| Preventive Maintenance Scheduling/Tracking   |                      |          |                   |                    |
|                                              | <b>Sub Total</b>     |          |                   | <b>\$ 1,600.00</b> |
| <b><u>Case Management</u></b>                |                      |          |                   | <b>\$52,000.00</b> |
| Social Worker                                |                      |          |                   |                    |
|                                              | <b>Sub Total</b>     |          |                   | <b>\$52,000.00</b> |
|                                              | <b>BUDGET TOTAL</b>  |          |                   | <b>\$59,600.00</b> |